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Exclusive Interview

R. Rangarajan, M.D., HCL Infosystems

Research Papers

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Amity University, Amity Education Valley, Gurugram
Gurugram Office: Amity International School, Sec-46, Gurugram
Tel: 0124-2337015/16, 3225651, 2164864/5
www.amity.edu/gurugram, editor@ggn.amity.edu

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From the Desk of Editor-in-Chief

Despite the fact that Indian economy is one of the fastest growing economies of the world - its rate of economic growth during 2018-19 has been predicted between 7 and 8 per cent by different renowned global agencies and further that India's GDP grew at 8.2% during the April-June 2018 (Q1, 2018-19) (HT, Sept. 12, 2018) - its effects are yet to be felt by the common men to the extent the same should have been felt. The major reasons causing the said scenario are obvious. The inflation rate which affects the commoners the most has yet to show the downward trend. Another important factor is the steep rise in the petrol- diesel prices which have the multiplier effect due to which the commoners are the worst affected. The GST and the I/T rates too have to find favour with the majority of the people concerned. Drinking water, availability of power, intra-city transport facilities, and the like, which are matters of great concern for common men are yet to meet the expectations of the masses. Widening of current account deficit (CAD), import-export imbalance, are some of the other factors that have adversely impacted one and all. Internal political scenario is equally worrisome. Any move, good or bad, meets stiff opposition - at times even with violence, bandhs, unruly protests - stifling the smooth functioning of the administration. In most cases, opposition is just for the sake of opposition, causing unsurmountable loss to the economy.

Anyway, the scenario is not that bad also. Despite all shortcomings and mis-happenings, our economy has been withstanding the on slaught of both internal and external forces. It is mostly because of solid bases of our economy. India is rich in manpower, especially young manpower. The country has started skill development programmes at massive scale. Infrastructure has been strengthened significantly. Foreign policy has been very sound resulting in building of our nation's image abroad and maintaining good relations with countries that matter today. Scientific and technological development has been given a substantial boost resulting in a lot of innovations and mass production of goods and services including in the agriculture sector. Foreign reserves have shown upward trend. Make-in-India movement is also making its presence felt. Various Central government schemes supporting creation of employment, health care, social security and labour welfare, a great spurt in mobile and data services, transport and communication, and a lot of other measures initiated during the last 2 decades promise a sound future of the country. However, much depends on the political sagacity of the country, effective leadership and administration, transparency, updating of technology and higher education system, proper channelization of energy of the youth, mitigation of illiteracy, poverty and disease, and so on.

As such there is an urgent need of certain fiscal and other innovative steps to be initiated by the government to control inflationary trend, CAD, import-export balance, concentration of wealth under a few people, etc. and to eradicate corruption.

Prof (Dr) R C Sharma

Editor-in-Chief

Amity Management Analyst

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EXCERPTS FROM THE INTERVIEW OF **R. RANGARAJAN,** MANAGING DIRECTOR, HCL INFO SYSTEMS

(Interviewed by V Madhukar and D Sharma)

Mr Rangarajan shared the ups and downs of his 40 year long journey with HCL Infosystems. He has been a witness to the organization's transformation which is now on the path of becoming a lean organization. He was of the view that today technology is changing how services are provided to customers and inflection points are being reached sooner than before. He discarded the fear of reduction in job due to technology because according to him jobs will not be getting reduced; rather they will be getting displaced. Pride in his eyes was evident as he was sharing the role of HCL Infosystems in the execution of various nation building projects like Aadhaar.

You have been associated with HCL since 1978 and have held various senior positions while serving it. Now, you have recently been appointed as the Managing Director of HCL Info systems Ltd. How have the challenges the company is trying to solve through technology changed and how do you describe the growth of HCL?

It has been a privilege to be part of the HCL family for 40 years. It has been a lifetime and over the years I have thoroughly enjoyed my association with HCL. I have been part of various businesses in the group and have gained immense experience being part of different teams including ones that worked on scaling of businesses. One such example is the opportunity to head Global Operations for BPO Services and be part of the transformation story of moving a traditional BPO services to a next gen one. It was a success story and we were able to provide holistic next generation business and technical services to marquee Fortune 500 customers across the globe.

“..... the advent of Robotics which could impact repetitive jobs but I believe complex ones will not be impacted by technology”.

The experience and learning from such associations has been immense and enriching as it involves amalgamating different pieces to come up with the right winning formula. It's not only about mobilizing resources to create a success story but also to be a leader who can motivate a team to win, especially in times when things become or look difficult.

Today technology is changing how we provide services to our customers and partners. Inflection points are being reached sooner than before. It's exciting to visualize what will be the next inflection point for the human race — what would be the next product as exciting as the smart phone or the advent of the internet. For us it is also pertinent to understand what would be the next inflection point in enterprise technology. To deliver on the best technology solutions for our customers it is important that we ourselves as an IT organization leverage technology in our operations and processes.

HCL Infosystems is on a journey of its transformation. We are now focused on becoming a lean organization and focusing on areas that will drive us towards profitable growth in the future. The key focus of HCL Infosystems today is our distribution business encompassing both

Consumer and Enterprise IT products. Technology is playing an important role as an enabler in the conduct of our business and we are imbibing technology in our various functions and processes. For example OCEAN (Online Customer Engagement Application Network) that is a partner portal in our Consumer Distribution business where the entire customer or partner journey has been automated. Similarly for our Enterprise Distribution we have built a portal called as Premium Partner Portal or P3 for our partners. Internal processes have also been automated which has enabled better and faster decision-making.

Digital transformation, Automation and Machine learning along with Artificial Intelligence are the buzzwords today. All the major technological as well as non-technological companies are talking about them. Microsoft, IBM, Google etc are very active in these fields. How do you see HCL differentiating itself in this world to set apart a value proposition that is unique?

Our understanding of the technology requirements of the customer both in B2C and B2B spaces has been derived from working in this space since the last 40 years and we are leveraging this expertise to provide the best of technology experience and enablement to our customers. Today technology is changing at a very rapid pace but it is also important to understand and define the best and relevant technology suitable for a particular organization. Technology implementation and up gradation also have to be in sync with the requirements, capability and future growth of the organization.

Our partnerships with global and leading brands have enabled us to be at the forefront of providing best in class products and solutions to our customers. In terms of technology projects, HCL Infosystems over the last four decades has been involved in the execution of various nation building projects. The company has built unparalleled technology competencies in the successful delivery of such projects, including those in Defence, Telecom, Public Distribution and Power sectors. We are also the managed service provider for the world's largest identity management project — Aadhaar — where the 100-crore enrolment milestone has been crossed.

Today we are leveraging this expertise of delivering complex nation building projects which are truly world class. We are leveraging these robust system integration capabilities to offer complex solutions to our enterprise customers. Again in our Singapore business we are concentrating on a range of IT infrastructure services and associated applications. In this region we are already working on prestigious government projects and simultaneously building the private sector business. During FY 18 and now in FY 19 we have made investments in creating a new command center in Singapore to gear up for significant growth. We have built great trust, relationships and equity in Singapore and will continue to keep a strong focus on building this business.

There is a general apprehension that with the advent of latest technology like AI, lot of the jobs may get eliminated and new jobs may come up. What do you think about the future of work nature?

Artificial Intelligence is meant to improve decision cycle and transfer (from humans) more accurate decision making. As concepts like Machine Learning are manifesting in work places, computers are developing the ability to learn for themselves. Computers are being coded to think like humans and by giving them access to the internet and data, computers are mimicking human decision making at a much faster speed and at the same time are also being more accurate. In business, Artificial Intelligence is the vehicle to achieve more innovation and efficiency. By analyzing big data Artificial Intelligence has been able to make or offer real time business decisions within seconds. By analyzing consumer behavior Artificial Intelligence is enabling decision making in businesses in terms of product modifications or creations. Take the example of marketing, AI has been able to simulate various go to market scenarios, market forecasting or even enabling targeted advertising or content consumption. So essentially Artificial Intelligence will enable humans in their jobs to make better decisions and thereby become more effective. Another aspect here is the

advent of Robotics which could impact repetitive jobs but I believe complex ones will not be impacted by technology. Robotics or robots will ensure that repetitive tasks will be done quicker, safer and will be more reliable. Some repetitive tasks can also be hazardous or difficult to do for a human, but robots can do such tasks in a more efficient manner and also at the same time avoid the dangerous element for humans. So essentially robots can make the work environment safer for human employees. This will also free the time of human workers to involve themselves in work that requires creative thinking, innovation, human interactions or even empathy. Let me give you an example of a sales person who would typically spend a good amount of his time in identifying potential customers, creating collaterals and

sending emails rather than actually conversing with his defined audience and building a relationship with his prospect. Technology will free the salespersons' time to engage more with his potential customers then in identifying his prospects and even sending communication at desired intervals.

Indians basically are known to do what they are told to do. In such a context how do you encourage creative thinking at HCL organization and where do the great ideas come from in your organization?

"HCL has been an entrepreneurial incubator for a large number of leaders of the industry and people policies and systems are designed to encourage a culture of ownership".

HCL believes in grooming its people to become leaders of tomorrow. Hence we have an open and entrepreneurial environment. HCL has been an entrepreneurial incubator for a large number of leaders of the industry and people policies and systems

are designed to encourage a culture of ownership. Various enablers have been developed to create this culture of innovation such as a Leadership development school - iLead, Innovative Portal, Innovation wall of fame, Awards etc. In essence HCL provides for an environment where any employee with an executable idea is given a platform to take it forward. There have been many success stories such as the innovative thinking on a Home PC led to the creation of a business division around the HCL Home PC Beanstalk;

What is the biggest leadership challenge that you have faced till now and how have you dealt with it? Also, share what was the learning out of it?

Growing a business presents its own set of challenges and there have been many instances in my career where I had the opportunity to grow businesses. But from my experience I can say that creating a lean organization or business is more challenging. Growth in that sense is relatively easy!

Growth is unidirectional while creating a Lean organization means the inter play of many elements and as a leader one has to get a hold on multiple levers. We need to have systems in a lean organization which will enable efficiency, decrease costs and at the same time increase quality of operations and ultimately customer service.

Apart from bringing in the right set of systems, processes and tools, change management I believe is the biggest challenge. We have to align the right people to drive the changed processes and systems. We have also to balance how much we can learn by doing and how much we need to bring in training elements. Mobilizing resources and allocation to drive initiatives is another critical element and provides quite a challenge.

Another challenge is to ensure that this endeavour does not become an one time activity or take the shape of a time bound project. The challenge here as a leader is to ensure that the organization imbibe the changes as a continuous process. It should become the new culture of the organization and it is a critical task that the leader has to focus on to bring it alive. Getting participation of all people is of utmost importance of creating a lean organization. This is quite a challenge and as a leader one has to drive the change and ensure that all are on board on the journey. It should be made clear that it is a must do. It is not an uncommon occurrence to face resistance from various levels of the organization and a leader must be prepared to face such obstacles.

In the long run, another challenge of a lean organization is keeping it lean and still be able to maintain reasonable growth and profitability and remain competitive. In today's context, given market dynamics, businesses need to be lean to be able to stay competitive and at the same time keep growing profitably.

What traits or qualities do you think made it possible for you to grow to the current level in an organization like HCL?

From the very beginning of my career I have developed a habit of learning from others. This has become like a second nature to me. As a leader you have to face many difficult and tricky situations. I have learnt to tackle such situations to a great extent by learning from others — how they react to situations and solve them. Of course it is not enough to observe and learn from others. It is equally important and maybe more so to put in the hard work to ensure that what you have observed is put to practice and internalized. Keeping an open mind has been important to me to learn from others too.

The learning also includes, if I may say so is how not to react or act in certain situations! I have also learnt and observed how teams interact in an organization. I had also made it a point to watch and learn from the signals of change within the organization. Filtering is equally important, when learning from others filter in information that is relevant and filter out information that is not suitable. The learning terms of reference are dynamic, more so in a business environment that is constantly changing. In that sense it is also important to validate what you have learnt from other sources of information or knowledge and keep a flexible template.

As a person also I am quite simple and approachable and this trait I believe has helped me to connect with people. This has also enabled a lot of conversations with my colleagues and team to assimilate various viewpoints and reach better informed decisions. As a leader you need to keep the channels of communication open, employees should feel comfortable to approach you and raise any pertinent issue. Being simple I have always looked for simple responses or constructs to various business issues or problems. A leader should be able to cut through the complexities and offer a simple solution that everyone in the team can understand and follow to execute. Along with being approachable one should also be a good listener.

What message would you like to give to the young professionals who have recently started their professional life?

Young professionals who are starting on their respective careers would do well to get out of

their comfort zones. The first stages of one's career is the right time to gain as much varied knowledge as possible, try out new things and also in the process learn about oneself. Moving out of your comfort zone also throws light on your strengths and weaknesses. The learning will be immense and it is the right stepping stone to a successful and rewarding career. It is also the time of your career where you have time, energy and enthusiasm to try out new things that you are not comfortable with. There is also gratification for you when you step into an uncomfortable zone — the feeling that you will get once you succeed in an area where you thought you would not have done well will be great and a highly fulfilling emotion. And it will also do wonders to your self confidence.

Another thing that I would recommend and that I had done during the initial part of my career is to work in multiple locations. One should do this at least for 2 to 3 years till the time you get into a

senior position. This will enable you to know how to work in a different culture. Accordingly you also develop cross cultural communication skills. You will become more independent and resourceful when you work in different environments. To be successful in a career it is also important to be able to establish relationships with people. And working in different locations creates the experience of establishing relationships with people with different cultural backgrounds. This experience will hold you in good stead throughout your career. Working in different cities also makes you step out of your comfort zone and develop new experiences.

Working in a different city or geography will also enable you to build your own set or network of contacts. As you move forward in your career these contacts if nurtured well will be invaluable.

Determinants of Spirituality at Workplace: Does Demography Matter?

*Ujjal Mukherjee **Jerin Joseph

Most of the researches conducted in the western nations found a relationship between demographics and spirituality. This assumption has been tested empirically in this paper in the Indian scenario. The authors used cross-sectional study design to collect the responses of 259 employees in India. Employees from the 3 manufacturing and 3 service sector companies participated in the study. Judgmental sampling was used for the research. A 20-item instrument designed was used to measure spirituality at work place. The computed internal consistency reliability for this measure was 0.81 using coefficient Alpha. The perception of workplace spirituality is higher among females, managers and employees in the age group of 35-45 years and working in manufacturing sector. The statistical significance of the difference in the means and variance were estimated using T-test and ANOVA. Analysis revealed that perception of the level of workplace spirituality was found to be lower among employees in the service sector. So managers, particularly in the service sector, need to be aware of the existence of "Workplace Spirituality" and should be equipped to develop the same among the employees in the organization. By identifying and then developing employee's spirituality, organizations can help employees to reduce stress, burnout and improve their work life quality. Using a large sample, this study identifies a relationship between gender, age, sector, designation and spirituality in the Indian context.

Introduction:

With a Gross Value Added (GVA) of 73.99 lakh crores at the current prices, service sector is the largest sector in India. This is close to 55 per cent of India's GVA. Manufacturing sector comes a distant second with a contribution of 29 per cent to the overall GVA. So both these sectors have a major contribution in the Indian economy. World Bank (2017) in its latest report has predicted a 7.3 percent growth rate in the Indian economy for the next financial year which is higher than the current growth rate of 7 percent (2017-18). In spite of the disruption during the initial days of the implementation and demonetization, Goods and Service Tax (GST) is expected to add a few units in the growth rate of manufacturing sector.

Given the hype and expectation surrounding the economy, most organizations in India want to avail this opportunity and grow in their business. In order to avail this opportunity, organizations should ideally, among other things concentrate on a couple of things, like develop a good strategy which can help them to uniquely place their products in the market and retain talent. Research has revealed that the later has an influence on the later.

In order to improve on the retention rate and decrease the attrition rate of the talented workforce on whom the organizations spend millions of dollars every year, decision makers should understand the expectation that their employees have out of the work that they do on day to day basis. Employees now a days, have a desire to find meaning and purpose in the work they are performing to earn their living.. Organizations should not overlook this desire of the employees (Fry, 2003). Giacalone & Jurkiewicz (2003) actually underlined the importance work place spirituality in the progress of organization science. The importance of workplace spirituality to the welfare of individuals, organizations and the society has also been explained by Sheep (2006).

Work is no longer an eight hour shift commitment, it is increasingly seen as a tool to fulfil one's destiny. As Aurty (1994) puts that it is wasting far too much of one's life if work cannot provide spiritual and personal growth alongwith financial growth. Organizations are increasingly seen to finding ways which can enrich the mind of the employees, satisfy their souls and also help them to get rewarded financially. Among the several causes of growing

*Assistant Professor, Jain University, Bangalore, Karnataka, E-mail- f15ujjal@iima.ac.in

**Research Trainee, Jain University, Bangalore, Karnataka

inclination towards workplace spirituality, the following can be considered as the most relevant ones:

- mid- life soul searching by the baby- boomers
- the anxiety among employees caused by the ever increasing restructuring and downsizing
- employees quest to find meaning in the work that they are doing daily
- employees search for more holistic living.

Researchers have considered the “explosion” of interest towards spirituality as the most impactful trend since 1950’s (Howard, 2002) and considering Toffler’s (1980) technological wave as the third wave, they considered it as “organizational fourth wave” and termed it as “spirituality based firm”.

Bragues (2006) stated that employees now a days, are not only looking for mere employment but they also expect some value addition. It is not uncommon to find organizations helping employees to find ways in enhancing their work life balance or understanding and developing their potential, without compromising the job in hand. Successful multinationals such as Coca Cola and Intel have incorporated space for workplace spirituality in their culture and strategy. Even organizations such as Boeing and Sears are following this trend.

The focus of management has shifted from:

- an economic concern to quality of life, balance of profits, social responsibility, and spirituality issues (DeFoore and Renesch, 1995),
- service and stewardship from self- interest (Neck and Milliman,1994),
- interconnectedness from self- centeredness (Capra,1993), and
- spiritual orientation from materialistic (DeFoore and Renesch,1995;Fox, 1994).

The aim of these financially rewarding and new developments in the workplace is to create a mind enriching and spirit growing environment in the workplace. This emerging concept is widely called

“the spirituality movement”. This movement is considered as a major transformation, one which adds meaning , purpose and sense of community in the lives of the employees.

Quite a bit of research has taken place in the West in understanding the influence of workplace spirituality on different variables at the individual , group or organization level. But there has not been much work to understand whether the level of spirituality actually varies from person to person due to their age, gender, the place where they are working or the kind of role they are performing. This paper unravels the influence of gender, age, sector and designation in workplace spirituality.

Literature Review and Hypothesis Development:

Workplace Spirituality:

The word “spirituality” is derived from the Latin word “spiritus’ or “spiritualis” which means breathing, breath, air or wind (Merriam- Webster). Spiritus can be explained as ‘the principle held to give life to physical organisms”. The construct of workplace spirituality has been found to have two dimensions: definitive and correlated dimensions (Beazley, 1997).The correlated dimension consists of sub dimension such as service to others, humility and honesty. On the contrary, definitive dimension consists of :a continual faithful relationship with the Almighty and engaging in prayer and meditation. The achievement of the later dimension helps in the achievement of the former.

The researchers of workplace spirituality have defined it in different ways. There seems to be no “one’ definition of Workplace Spirituality.

Summing up the numerous definitions of spirituality leads to three dimensions or perspectives of workplace spirituality :

- a. Human resources perspective: Workplace Spirituality augments quality of life and employee well – being ;

- b. Philosophical perspective: Workplace Spirituality gives employees meaning and a feel of purpose at work; and
- c. Interpersonal perspective: Workplace Spirituality gives individuals a feel of community and interconnectedness.

The above perspective is relevant in the modern workplace as the employees spend a major proportion of time in the workplace. Place of work has transformed into a place where people seek meaning for the time spent, make friends and create value for the society (Fairholm, 1996).

Some critics of spirituality have categorized it as a passing fad. But a separate school of thought suggests that it is much more than a passing fad (Gotsis and Kortezi, 2008). It has the potential to develop a better understanding of human work, particularly at the workplace.

It has been more than two decades since researchers identified this dimension at work but still there is no commonly agreed definition (Ashforth and Pratt, 2003). The following components have been found to appear most commonly in the literature review of workplace spirituality (Ashmos and Duchon, 2000; Marques et al., 2005, 2007; deKlerk, 2005)

- Feeling of interconnectedness and belonging
- self joy and fulfillment
- meaning and purpose in life

Profits and success of organization have been found to be influenced by the workplace spirituality programs arranged in the organization. (Delbecq, 1999, Mitroff and Denton, 1999b; Dehler and Welsh, 1994; Turner, 1999; Konz and Ryan, 1999).

Spirituality at workplace is seen to be associated with positivity in the workplace (Thomas, 2005), individual performance (Joelle & Coelho, 2017), 360 degree feedback (Das & Panda, 2017), emotional, psychological, social, and spiritual well-being (Pawar, 2016). Harvard Business School researched

10 companies which were considered to have strong corporate culture and 10 companies having weak corporate culture. The results showed that companies where employees experienced more workplace spirituality performed more than 400 percent better than the companies where employees experienced less workplace spirituality.

Maria & Arnaldo (2017) concluded that the workplace spirituality influences job resourcefulness and affective commitment. Workplace spirituality has also been reported as an important predictor of employee commitment, work-life balance and job satisfaction. (Garg, 2017). Some researchers debate that workplace spirituality can be considered as an end in itself (Cavanagh and Bandsuch, 2002; Fernando, 2005). This leads to the four hypotheses of this research paper, wherein, spirituality has been considered as an end in itself.

Research Gap:

Developments in the last ten years in India gives the researchers a faint hint that demographic factors such as age, gender, sector and designation can serve as determinant of the level of workplace spirituality experienced by employees. The service sector in India is inducting the younger generation in the workforce of the contrary, the manufacturing sector has failed to attract the younger generation to that extent. This is the reason why the average age in the manufacturing industry is found to be slightly higher as compared to the service sector. Female employees have been reluctant to work in the manufacturing industry for different reasons. Hinds and Andrews (2011) in their research found gender affects the kind of supervision experience. They also found that female supervisors give greater attention to relationship building as compared to male supervisors. Supervisors have a tendency to use different strategies with male and female employees.

Recent experiences among Nigerian workgroup alluded to the fact that personal factors such as workers gender, age, job tenure, management levels and the type of organization are strong determinants of readiness to engage in OCB. Studies on different workplace behaviors have revealed the relationship between the variables and different demographic factors.

So it is worth studying the influence of demographic factors on the experience of workplace spirituality among employees in the Indian scenario.

Objective of the Study:

This study empirically examines the influence of demographic factors such as gender, age, sector and job level on the experience of workplace spirituality among employees working in India.

Hypotheses:

All the above stated assumptions and results of research led to the development of the following hypotheses :

- H₀₁: There is no difference in the level of experience of workplace spirituality among male and female employees in India.
- H₀₂: There is no difference in the level of experience of workplace spirituality among different age group of employees in India.
- H₀₃: There is no difference in the level of experience of workplace spirituality among manufacturing sector and service sector employees in India.
- H₀₄: There is no difference in the level of experience of workplace spirituality among managers and non- manager's employees in India.

Need and Rationale:

The researchers during the review of the literature did not come across any research which explained the influence of demographics on workplace spirituality. Most of the empirical studies on spirituality have been conducted in the western context and limited

attention has been paid to the exploration of this construct in other cultural contexts. The present study attempts to understand the influence of demography on workplace spirituality in the Indian context.

Literature reveals that there is a positive relationship between workplace spirituality and performance of individuals and organizations as against the background of ever fluctuating organizational performance. So it is important to understand the perceived influence of different components of demography on spirituality at workplace. The understanding of the same can help in better understanding of the unit performance.

Research Methodology:

Sampling Design:

Judgmental sampling was used for the research. Employees from the 3 manufacturing and 3 service sector companies participated in the study. Only those respondents were considered who had a minimum of 12 months of work experience. The data was collected from employees working in manufacturing and service sectors in the India. The data was collected in the months of July and August, 2017.

Participation in the study was voluntary; employees were informed that the study was for research and their response would be anonymous. Participants responded to a questionnaire of 20 items on a 5 point Likert scale 1 means strongly disagree, whereas 5 means strongly agree.

The sample size is 259. As far as age is concerned, most samples were less than 35 years (56%). 73% of the respondents were male, 93% of the them were having at least graduates and 75% were married. most of the respondents fall into the category of Non Managers (45%) having less than 5 years' experience (24%).

Methods of Data Collection:

Spirituality at work place was measured using the valid 20-item scale developed by Ashmos & Dunchon (2000). Employees were asked to mark the extent to which they agreed or disagreed with the statements concerning their behavior. Some of the items are –“I feel part of a community in my immediate workplace (department, unit etc)”, “The work I do is connected to what I think is important in life”, “My supervisor encourages my personal growth” etc. The computed internal consistency reliability for the instrument is 0.81 using coefficient Alpha.

The responses were received in two forms- soft and hard copy. A questionnaire using Google form was prepared for the respondents. Employees who were comfortable filling the online form were sent the soft copy and others were given hard copies. The

questionnaire was distributed to all the employees and the responses were collected from them. It was mentioned that the employees can meet the HR of the organization if they found any difficulty in understanding the questionnaire. There was a personal interaction held with the HR in order to give an idea on what the questions meant so that they can help the employees in need.

Statistics:

Descriptive statistics, t Test and ANOVA were used to test the hypotheses in Microsoft Excel Version 2010 and SPSS Version 17.

The Kolmogorov-Smirnov significance values of Psychological Capital (0.331) are greater than 0.05, indicating that the data is normal and thus ensuring the implementation of parametric tests.

Table 1: Descriptive statistics

	Gender	Age	Sector	Designation	Spirituality
Gender	1				
Age	-0.069	1			
Sector	0.017	-0.40	1		
Designation	0.014	-0.25	0.09	1	
Spirituality	0.04	0.29	-0.23	-0.05	1

Table 2: Mean value for the variables wise

	Gender		Sector		Age					Designation	
	Male	Female	Manuf.	Service	<25	25-35	35-45	45-55	55+	Managers	Non Managers
Spirituality	65.67	66.98	70.7	63.5	66.2	65.9	66.0	69.4	69.5	66.9	65.0

Results:

The perception of spirituality at workplace is higher among females (mean=66.98) as compared to males (mean=65.67). But there was no significant difference in the means of the perception of spirituality at workplace among males (M=65.67, SD=6.03) and females (M=66.98, SD=6.3); $t(126) = -0.66, p = 0.50$.

The perception of spirituality at workplace is higher among manufacturing sector (mean=70.7) as compared to service sector (mean=63.53). But there was significant difference in the means of the perception of spirituality at workplace among manufacturing sector (M=70.7) and service sector (M=63.53); $t(126) = 3.27, p = 0.00141$.

The perception of spirituality at workplace is higher among managers (mean=66.97) as compared to non-managers (mean=65.09). But there was no significant difference in the means of the perception of spirituality at workplace among managers (M=66.97) and non-managers (M=65.09); $t(126) = 1.04, p = 0.29$.

There was a significant effect on age on the perception of spirituality at the $p < .05$ level for five conditions (< 25 years, 25-35 years, 35-45 years, 45-55 years, 55+ years) - $F(1,516) = 5039.91, p = 1.9E-268$.

Discussion:

Spirituality at workplace is increasingly accepted as a core construct embedded in an employee's positive developmental state. Researchers argue that organizations should invest in the positive psychological development of their workforce to achieve variable, sustained growth and job satisfaction. Some studies have actually found relationship between the two.

Spirituality helps working professionals to develop a more integrated view on their family, firm, community neighbors, and self. Therefore, organizations are seen to develop a growing interest toward nurturing spirituality at the workplace. This growing interest towards this new concept can be noticed by the increasing number of articles, research paper and books written on this topic.

In this research, it is found that female have higher levels of workplace spirituality as compared to male employees though, the difference was not found to be statistically significant. Indian women in general, probably due to the Indian culture where we still find a lot of joint families, tend to develop a sense of community around themselves. More often than they are the ones in charge of providing services such as cooking, serving food, taking care of the younger ones at home. They start learning this ability of "caring and sharing" very early, probably from the childhood days. This ability actually developed over a period of time helps them probably, to accept the workplace

faster than the men around. Interconnectedness in the workplace is basically, out of the love and care that they spread around in the workplace.

The level of workplace spirituality is found to be significantly higher among the employees working in the manufacturing industry as compared to employees working in the service industry. Organized Service industry is a young industry as compared to the manufacturing industry. In the manufacturing industry, the average age is found to be higher and the attrition rate is lower, which means the employees have spent more number of years working with each other as compared to employees in the service sector. Some of the industries in the service sector like in BPO actually report an attrition rate of 55%. The employees in such organizations are generally young graduates, fresh out of the colleges who want to earn quick money and not really bothered about making a career. These employees hop from one company to another in search of better packages. So, the chance of developing interconnectedness and bonding is not really a top priority of these employees.

With the frequent layoff in the IT industry, the employees are not sure about their existence in the organization in the near future. In such scenario, people are more concerned about saving their jobs and not bothered about developing relationship with the coworkers. Therefore the sense of "feeling good" in the organization is really challenged.

The managers are found to be experiencing higher levels of workplace spirituality as compared to the non-managers. Managers in this study are those employees who are having at least 2 employees reporting to them for their day to day work. These managers can be expected to have higher average age and tenure in the organization. These managers generally take the responsibility of a mentor and guide the team so they have to meet and discuss their day to day operations. These interactions have the potential to develop a rapport between the manager and the employees. The employees

on the other hand, are asked to fulfill targets on an individual basis. Even if they have team goals, they are still evaluated for promotions or increments on individual achievement of targets. So the interconnectedness between employees is challenged by the professional competition that they have among themselves. On the contrary, the Key Responsibility Area's (KRA's) of a line manager is substantially achieved if all the members in his team achieve their individual goals. So the line manager whether he/she wants or not, but for professional reasons develops interconnectedness with his team members.

The level of workplace spirituality is found to be significantly higher among employees in the age of 45 and higher. This is the time when people do not want to change their job. They prefer to settle down in a particular organization. This can be attributed to their restricted physical ability at this age and importantly, their resistance to accept changes which might be the case if they join new organization. The additional causes of such phenomenon is that these senior employees (in terms of age) are generally, at a higher position (managerial) and might have spent substantial amount of time in the organization. As explained above, the managers can be expected to have higher levels of workplace spirituality. Similarly, when employees work longer for a certain organization, they tend to develop a sense of interconnectedness and "feel good" factor on being associated with the organization. Both these dimensions are important to develop, workplace spirituality among employees.

Recommendations:

Empirical research has found that workplace spirituality can be developed and managed successfully. There are organizations in the West which provide emotional and social support to employees in case of some unfortunate incident in their family. Research reveals that this is found to improve on the interconnectedness among employees.

Organizations, now a days provide budgets to departments in order to organise family get-togethers at the workplace. Organizations believe this can actually develop the sense of interconnectedness among employees. Organizations should look into the design of the jobs and make it sure that employees feel a sense of attachment with the job. Several leadership traits can be developed among employees which can enable them to help them to develop the desire to help fellow employees and also to support the development of others. Organizations can develop policies that help development and growth of employees. Top management can also have the philosophy which integrates the values of the organization with the core business values.

Scope for Future Research:

Future research can concentrate on considering demographics such as sector, gender etc as moderators and measure the influence of workplace spirituality on individual behavior. Organization culture and policies can also be considered as moderators explaining the relationship of workplace spirituality with employee behavior such as individual performance.

Workplace spirituality can also be considered as mediators to explain the relationship between individual level variables such as psychological capacities and individual behaviors like job satisfaction. Future researchers can conduct research on the influence of team or the organization level spirituality on the performance or culture of the organization.

Conclusion:

Research reveals spirituality contributes to the wellbeing and quality of life it helps to develop a "feel" of interconnectedness among employees and to sense of purpose and meaning at work. Researchers have indicated that workplace spirituality positively influences organizational commitments. Organizations where employees

secure higher level of workplace spirituality might exhibit high sense of responsibility and loyalty towards the organization. Previous researchers have also said that workplace spirituality influences at the individual level. So it can be safely said that workplace spirituality is an important ingredient in the development of organizational effectiveness and efficiency. Therefore, ways should be found out to develop the same in the organization through bereavement programs, Wellness information displayed and distributed, Employee Assistance Programs, Programs that integrate work/family.

This research suggests that managers, particularly in the service sector have the responsibility of creating an environment wherein, workplace spirituality among the employees can be improved. Due care should be taken to improve it among young employees specially men and non-managers as found in the current research.

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Entrepreneurial Behaviour and Small Scale Industries: An Empirical Study

*N S Bisht **Himani

The current study aims at finding out the impact of origin of profession, demographic factors and their significance on the level of business, it also focuses on opinion on business related problems and suggestion to improve the business related to small scale industries. Primary data was collected by conducting direct interviews using questionnaire. A sample of 200 small scale industries from Nainital District was selected randomly. The primary data collected was analysed using appropriate statistical tools. The secondary data was collected from journals, published and unpublished reports by government bodies and organizations. The study shows the strategic significance of SSIs in manufacturing sector, it was observed that different forms of enterprises i.e. sole proprietorship, partnership, public limited company and family business faced similar business related problems in setting up an enterprise. Demographic factors like age and gender, origin of business have no significant association with the level of business activity but education influences the performance level of the SSIs in a positive manner. There was no significant use of suggestion to improve business for various forms of enterprise, which means that entrepreneurs operating a firm as sole proprietorship continued operating it as that particular form of an enterprise and suggested no change in the running in business dealings if transformed to other form of enterprise.

Introduction:

Entrepreneurial vibrancy is a critical component for encouraging innovation and ensuring the growth of economy. Ideas, inventions and innovations are the important segments which nourish economic growth. Entrepreneurship contributes significantly to economic development which is an outcome of purposeful human activity. It is a purposive and dynamic process undertaken to originate/commence and perpetuate a profitable business. Entrepreneurship is a factor of production which is blended with abilities, combination of qualities and attributes that helps an entrepreneur to innovate, plan, take decision and invest under the conditions of risk and uncertainty. It is widely accepted that the availability of entrepreneurship is the most important determinant in the process of industrialisation and both industrialization and entrepreneurship are used interchangeably. The development of entrepreneurship has become imperative along with economic development, as both have a multiplier effect. It accelerates employment generation, empower rural entrepreneur, ensure more equitable distribution of income, provide balanced industrial development and facilitates an effective mobilisation of resources. (Desai, 2011, Khanka 1999)

Achieving higher growth and retaining favourable levels of employment, developing entrepreneurship through Small Scale Industries (SSI) is more favourable. Entrepreneurship and development of small scale industry has become a centre of planning process in most developing countries. It helps in solving many chronic economic problems (Chhabra, 2012; Khanka, 1999)

Small enterprises hold a prime importance in our economy, as they are labour intensive, create wide range of job opportunities, provide higher productivity as a result of low investment per worker. There is no heavy investment, no long gestation period and mostly are environment friendly.

Defining Small Scale Industries:

SSI being the backbone to entrepreneurship development, it has done considerably well and has enabled the country to achieve industrial growth and diversification. Thus, SSIs need to be promoted and developed to encourage self employment as a means of job-creation and to promote entrepreneurship.

*Professor, Department of Commerce, Kumaun University, Nainital (UK)

**Research Scholar, Department of Commerce, Kumaun University, Nainital (UK), E-mail- himani.cypress@gmail.com

In India, the definition of small scale industry has changed considering the pace with which economic development is taking place. The Second Five Year Plan was first to lay down the yardstick for the small scale industry with respect to purchase of land, building, plant, machinery and strength of the labour force.

However, for the purpose of this study working definition of the small scale enterprise was adopted according to the notification of Ministry of SSI, Government of India, where SSI is defined as any enterprise involved in producing goods related to industries in the First Schedule to Industries Act, 1951. These organisations have an investment limit in plant and machinery of above twenty-five lakh rupees but upto five crore rupees only.

However, the government has approved and issued a manifesto redefining MSME (i.e., micro, small and medium enterprises) on the basis of annual returns. Herein after, "enterprises having an annual turnover of five crore rupees is categorised as a micro-enterprise, those ranging between five crore and seventy five crore rupees as small and those with seventy five and two hundred and fifty crore rupees annual turnover are categorised as medium-sized enterprises.

This modification will enhance entrepreneurial activity and will facilitate in efficient working, eliminate extraneous inspections and enable the authorities to use sales data from the GST Network to verify claims of businesses.

Literature Review:

Shapero & Sokol (1982) examined, why individuals in developing economy have more inclination towards entrepreneurship. Based upon the literature related to self-efficacy and individual initiatives, he concluded that entrepreneurship education has positive and significant influence on entrepreneurial intentions.

Adegbite, (2006) evaluated the impact of entrepreneurial features and drivers that influence their rendition in optimising the business performance. Data from 100 manufacturing SSIs were randomly selected, the result indicated that human resource factors and the sales revenue were found to be inadequate and severely inhibited the potential of the enterprise for growth and performance. However, length of years in business and working experience were found to have positive contribution on their performance. The study concluded that the attributes like revenue, demand for efficiency only and product quality information seeking were the most critical factors in the poor performance of the small-scale manufacturing and need to be developed in the entrepreneurs through training.

Desai (1979, 1988) examined the problems and prospects of small industries. According to him, small industries face a lot of problems related to finance, marketing and modernisation. The authors propose the methods and resources to overcome all the hindrances through co-ordinated efforts of the government, the financial institutions and small entrepreneurs.

There are diverse research and studies dealing with various aspects of entrepreneurship and small scale industries. This field of study is so extensive that dynamic views of various kinds are in existence regarding financial, production, marketing, personnel management, government policies etc regarding the small scale industries. Virtually every aspect of small scale industries is studied and concrete results are derived, there is still scope for further research.

Research Methodology:

Research Design: The present study is empirical in nature based on descriptive research design. The objective of the research is to study and examine the growth and development of small scale enterprises. In this study, quantitative and qualitative data

were collected simultaneously from small scale entrepreneurs. This survey has been conducted under natural (un-manipulated) field conditions.

Study Area: The study area concentrates particularly in the Nainital district because of its uniqueness amongst other districts of Kumaun, as it comprises both urban (plain region) and hill (rural region). Besides, Nainital district has varied topographical zones ranging from tropical, subtropical, temperate, sub-alpine to alpine zones.

The district has eight development blocks namely Ramnagar, Kotabagh, Ramgarh, Bhimtal, Betalghat, Dhari, Okhalkanda and Haldwani. Five blocks out of eight fall in the hilly area. The district being rich in over all resources necessary for industrial development has vast potential for new MSMEs. Industries that can be developed and are developed include flour and rice mills, bakery and confectioneries, namkeen making industries, iron and steel fabrication, diamond cutting and polishing, fibre and glass industries, oil extraction industries, automobile assembling, candle making, printing press, wooden and steel furniture, fruit and food processing industries, handicrafts and handlooms, electronic based industries, enterprises based on soap stone and magnesite, industries based on aromatic and medicinal herbs and gems and jewellery, etc.

Nainital district has a broader spectrum of representative samples with varying commercial and industrial background. During the survey, it was observed that major concentration of industries were in plain blocks of the district i.e. Haldwani, Ramnagar and Kotabagh whereas the hilly blocks of the region had low industrial involvement and suffered serious setbacks due to lack of basic infrastructural facilities related to industry and other services sectors.

Data Source and Sample Size: The data has been collected by a planned personal interview and well structured questionnaire was framed with

a view to gather information on 200 small scale enterprises operating in the development of small scale industries of Nainital District of Kumaun Division engaged mainly in manufacturing, processing, chemical, servicing, automobile parts, electric goods/appliances, domestic items and computer related business etc. The secondary data was collected through Journals, published and unpublished reports by government bodies and organizations along with this related websites were also visited. The details regarding the industries were obtained from the Directorate of Industries Centre, Haldwani.

Sampling Techniques and Data Analysis: Primary data has been collected through random sampling technique. Responses from respondents have been coded and tabulated in SPSS. Hypothesis formulated has been tested applying different statistical test.

Research Objectives:

The existing review of literature has helped to frame the following objectives of the study:

- To trace the origins of entrepreneurs.
- To study the effect of demographic factors on level of business.
- To examine the difficulties faced by the entrepreneurs in promoting their business enterprises.

Hypotheses:

H₀₁: There is no significant difference between origin of profession and their opinion about business related problems.

H₀₂: There is no significant association between demographic factors of an entrepreneur and level of his business.

H_{02A}: There is no significant association between age of an entrepreneur and level of his business.

H_{02B}: There is no significant association between gender of an entrepreneur and level of his business.

H_{02C}: There is no significant association between level of education of an entrepreneur and level of his business.

H₀₃: There is no significant use of suggestion to improve business for various forms of enterprises.

Analysis And Discussion:

For this study, hypothesis testing was conducted to find out whether there is any significant relationship between various independent variables like gender,

education groups etc. and the problems of the business, levels of business. For this purpose various hypotheses have been formulated and tested using Chi-Square and ANOVA.

H₀₁: There is no significance different between origin of profession and their opinion about business related problems.

In this hypothesis origin of profession means how any trade or occupation transforms itself, as in the study how did the respondents took up entrepreneurship as a profession while they originally belonged to trader, farmer, artisan, warrior, priest and any other classes of profession. The business related problems for the study include availability of raw material, skilled labour, transportation, power, government policies, price of the product, competition etc. This hypothesis is tested with the help of ANOVA.

Table 1: ANOVA table for Business Problems

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Origin of Profession	Between Groups	5.172	15	.345	1.168	.300
	Within Groups	54.328	184	.295		
	Total	59.500	199			

Table 1, summarizes the results of an analysis of variance. Groups represent variation of the group means around the overall mean. Within Groups represents variation of the individual scores around their respective group means. Sig indicates the significance level of the F-test. Small significance values (<.05) indicate group differences, in this result of hypothesis test, the significance level is greater than .05 (.300>.05) means that opinion about the business problem is similar for different origin of profession i.e. Fcal (15, 184) = 1.168, p >.05.

Therefore, the null hypothesis is accepted stating that there is no significant difference between Origin of Profession and their opinion about business related problems

H₀₂: There is no significant association between demographic factors of an entrepreneur and level of his business.

Level of business is defined in the context of the amount of initial investment, scope of operation, area of operation, number of employees. Age, Gender and Level of education are considered as demographic factors of the respondents. This has resulted in postulating sub-hypothesis as follows-

H_{02A}: There is no significant association between age of an entrepreneur and level of his business.

H_{02B}: There is no significant association between gender of an entrepreneur and level of his business.

H_{02C}: There is no significant association between level of education of an entrepreneur and level of his business.

For this, level of business was categorized from various attributes stated in the questionnaire. All these attributes were added to obtain a comprehensive score of each respondent. The maximum score obtained was 25 and the minimum score obtained was 6. Accordingly, three intervals were developed between 6 and 25 on the basis of their scores as below and respectively were defined

by three categories (namely Small level business, Medium level business and Large level business)

Considered scale of business as Small level business for the range - 6-12.

Considered scale of business as Medium level business for the range- 13-19.

Considered scale of business as Large level business for the range- 20-26.

H_{02A}: There is no significant association between age of an entrepreneur and level of his business.

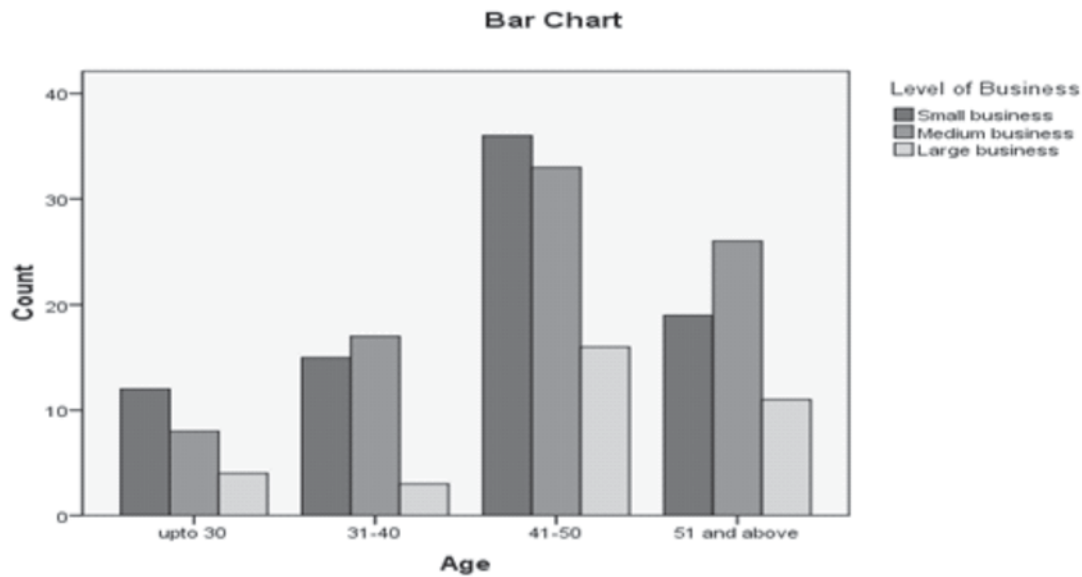


Figure 1: Graphical frequency distribution of age and level of business.

Table 2: Age * Level of Business Cross tabulation

			Level of Business			Total
			Small business	Medium business	Large business	
Age (in years)	up to 30	Count	12	8	4	24
		Expected Count	9.8	10.1	4.1	24.0
		% within Age	50.0%	33.3%	16.7%	100.0%
		% within Level of Business	14.6%	9.5%	11.8%	12.0%
		% of Total	6.0%	4.0%	2.0%	12.0%
	31-40	Count	15	17	3	35
		Expected Count	14.4	14.7	6.0	35.0

		% within Age	42.9%	48.6%	8.6%	100.0%
		% within Level of Business	18.3%	20.2%	8.8%	17.5%
		% of Total	7.5%	8.5%	1.5%	17.5%
	41-50	Count	36	33	16	85
		Expected Count	34.8	35.7	14.4	85.0
		% within Age	42.4%	38.8%	18.8%	100.0%
		% within Level of Business	43.9%	39.3%	47.1%	42.5%
		% of Total	18.0%	16.5%	8.0%	42.5%
	51 and above	Count	19	26	11	56
		Expected Count	23.0	23.5	9.5	56.0
		% within Age	33.9%	46.4%	19.6%	100.0%
		% within Level of Business	23.2%	31.0%	32.4%	28.0%
		% of Total	9.5%	13.0%	5.5%	28.0%
Total	Count	82	84	34	200	
	Expected Count	82.0	84.0	34.0	200.0	
	% within Age	41.0%	42.0%	17.0%	100.0%	
	% within Level of Business	100.0%	100.0%	100.0%	100.0%	
	% of Total	41.0%	42.0%	17.0%	100.0%	

The cross tabulation represented by Table 2 contains the number of cases that fall into each combination of categories i.e. Age and Level of business. It shows that 82 respondents i.e. 41% of total respondents are operating 'small level' businesses whereas 84 respondents i.e. 42% are having the 'middle level' businesses. Only 43, i.e. 17% of the total respondents have been successful to reach at 'large level' of business. On further analyzing the table, it is observed that 83.3% of the younger respondents (i.e. up to 30 years) have been successful in reaching up to the 'middle level' of business whereas only 16.7% have been able to take their business to 'large level'. Similarly, 32 out of 35 that are 91.4% under the

second category (i.e. 31-40) have been running the enterprises up to the middle level and only 8.6% are able to reach to large level of business. Respondents of third and fourth categories i.e. respondents whose age lie in the range of 41-50 years and respondents who lie in the range of '51 years and above' also follow the same pattern. Here also, it is observed that 81.2% (i.e. 69 out of 85 respondents) and 80.3% respectively have been successful to take their respective businesses up to the middle level and comparatively a smaller percentage i.e., 18.8% and 19.6% of respective categories succeeded in taking their enterprises to 'large level'

Table 3: Chi-square test for association of age with level of business

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.340a	6	.631
Likelihood Ratio	4.675	6	.586
Linear-by-Linear Association	1.899	1	.168
N of Valid Cases	200		

The calculated value of the chi-square statistic in the table is 4.340 (and the degrees of freedom) is the significance value. This value is highly non-significant ($p > .05$), indicating that age of the respondent does not affect the success of business.

The non-significant result indicates that there is no association between the age of the respondent and the level of business. What is meant by an association is that the pattern of responses under conditions is significantly different which is not the case here. Hence, based on discussions made above

and by making the comparison of values, the null hypothesis cannot be rejected at 5 per cent level of significance and concluded that there is a non-significant association between the 'Age' and 'Level of business' $\chi^2 = 4.34, p > .05$.

H_{02B} : There is no significant association between gender of an entrepreneur and level of business.

Second category i.e. Gender has been categorized into two categories i.e. male and female.

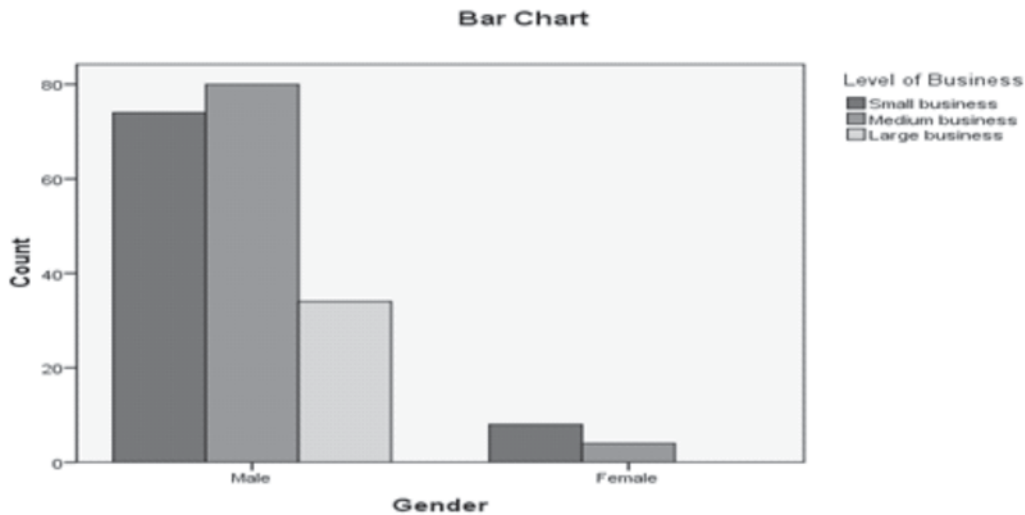


Figure 2: Male/female frequencies at different levels of business

Table 4: Gender * Level of Business Cross tabulation

			Level of Business			Total
			Small business	Medium business	Large business	
Gender	Male	Count	74	80	34	188
		Expected Count	77.1	79.0	32.0	188.0
		% within Gender	39.4%	42.6%	18.1%	100.0%
		% within Level of Business	90.2%	95.2%	100.0%	94.0%
		% of Total	37.0%	40.0%	17.0%	94.0%
	Female	Count	8	4	0	12
		Expected Count	4.9	5.0	2.0	12.0
		% within Gender	66.7%	33.3%	.0%	100.0%
		% within Level of Business	9.8%	4.8%	.0%	6.0%
		% of Total	4.0%	2.0%	.0%	6.0%
Total		Count	82	84	34	200
		Expected Count	82.0	84.0	34.0	200.0
		% within Gender	41.0%	42.0%	17.0%	100.0%
		% within Level of Business	100.0%	100.0%	100.0%	100.0%
		% of Total	41.0%	42.0%	17.0%	100.0%

Table 4 shows that out of total 200 respondents 188 are males that constitute 94% of the respondents and only 12 i.e. 6% of total respondents are females. This shows that data is highly skewed towards a particular category. It is also evident from the table that major percentage of female entrepreneurs i.e. 66.7% have been managing the business of 'low-

level' and no woman entrepreneur has succeeded in operating a 'large level' business. Even in case of male category, major proportion i.e. 82% are operating upto the level of 'middle level' of business and only 18% are able to take their enterprises at 'large level'.

Table 5: Chi-square test for association of gender with levels of business

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.450a	2	.108
Likelihood Ratio	6.195	2	.045
Linear-by-Linear Association	4.426	1	.035
N of Valid Cases	200		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 2.04.

The value of the chi-square statistic is 4.450. This value is highly non-significant ($p > .05$), indicating that gender of the respondent does not affect the success of business.

The non-significant result indicates that there is no association between the 'gender' of the respondent and the 'level of business'.

Hence, based upon discussion made above and by making the comparison of values, the null hypothesis cannot be rejected at 5 percent level of significance and concluded that there is a non-significant association between the 'Gender' and 'Level of business' $\chi^2 = 4.450, p > .05$

H_{02C} : There is no significant association between level of education of an entrepreneur and level of his business.

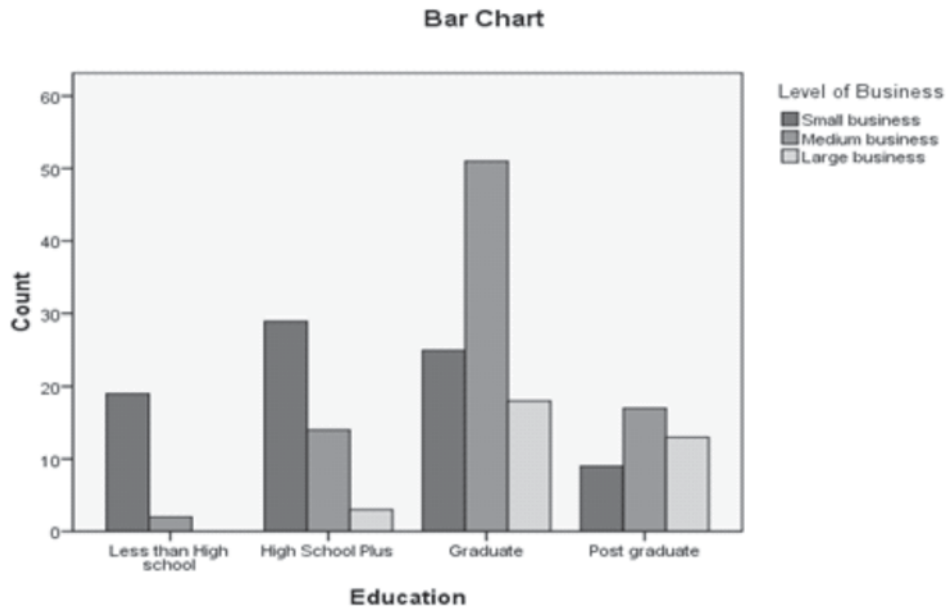


Figure 3: Graphical frequency distribution of education and levels of business

Table 6: Education * Level of Business Cross tabulation

		Level of Business			Total	
		Small business	Medium business	Large business		
Education	Less than High school	Count	19	2	0	21
		Expected Count	8.6	8.8	3.6	21.0
		% within Education	90.5%	9.5%	.0%	100.0%
		% within Level of Business	23.2%	2.4%	.0%	10.5%
		% of Total	9.5%	1.0%	.0%	10.5%
	High School Plus	Count	29	14	3	46
		Expected Count	18.9	19.3	7.8	46.0
		% within Education	63.0%	30.4%	6.5%	100.0%
		% within Level of Business	35.4%	16.7%	8.8%	23.0%
		% of Total	14.5%	7.0%	1.5%	23.0%

	Graduate	Count	25	51	18	94
		Expected Count	38.5	39.5	16.0	94.0
		% within Education	26.6%	54.3%	19.1%	100.0%
		% within Level of Business	30.5%	60.7%	52.9%	47.0%
		% of Total	12.5%	25.5%	9.0%	47.0%
	Post graduate	Count	9	17	13	39
		Expected Count	16.0	16.4	6.6	39.0
		% within Education	23.1%	43.6%	33.3%	100.0%
		% within Level of Business	11.0%	20.2%	38.2%	19.5%
		% of Total	4.5%	8.5%	6.5%	19.5%
	Total	Count	82	84	34	200
		Expected Count	82.0	84.0	34.0	200.0
		% within Education	41.0%	42.0%	17.0%	100.0%
		% within Level of Business	100.0%	100.0%	100.0%	100.0%
		% of Total	41.0%	42.0%	17.0%	100.0%

The cross tabulation represented by table 6 contains the number of cases that fall into each combination of categories i.e. Education and Level of business. It shows that 27, 46, 94 and 39 respondents i.e. 10.5% , 23%,47% and 19.5% of total respondents are having education 'upto high school', 'high school plus', 'graduate' and 'post-graduate' respectively. It may be inferred from this information that entrepreneurs with the education upto level of graduation are

the most successful one. It is also observed that no entrepreneur with the education level 'upto high school' has been able to make to the level of 'large businesses'. Analysis of the third column of the table makes it evident that as the level of education increased the percentage of the respondents in that category are falling in the 'large level' (i.e., 0%, 6.5%, 19.1%, 33.3%).

Table 7: Chi-square test for association of education with levels of business

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.842a	6	.000
Likelihood Ratio	51.514	6	.000
Linear-by-Linear Association	38.373	1	.000
N of Valid Cases	200		

a. 1 cells (8.3%) have expected count less than 5. The minimum expected count is 3.57.

The value of the chi-square statistic is 48.842. This value is highly significant ($p < .05$), indicating that education of the respondent does affect the success of business. The significant result indicates that there is association between the education of the respondent and the level of business.

Hence, based on discussion made above and by

making the comparison of values, the null hypothesis can be rejected at 5 per cent level of significance and concluded that there is a significant association between the 'Education' and 'Level of business' $\chi^2 = 48.842, p < .05$

H03: There is no significant use of suggestion to improve business for various forms of enterprises.

Table 8: One-Sample Statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Suggestions to improve (B11)	200	32.41	50.349	3.560
Form of Enterprise(C4)	200	1.70	1.186	.084

Table 8 shows the one sample statistics of form of enterprise and suggestions to improve. Here form of enterprise includes sole proprietorship, partnership firms, private ltd companies, public ltd companies

and family business. Table also shows the standard deviation and mean values for the variables. It also represents the number of respondents participated.

Table 9: One-Sample Test

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Suggestions to improve (B11)	9.103	199	.000	32.410	25.39	39.43
Form of Enterprise(C4)	20.268	199	.000	1.700	1.53	1.87

Table 9 shows that the mean differences in the population means for B11 and C4 are 32.41 and 1.7 ("Mean Difference" column) and the 95% confidence intervals (95% CI) of the difference are 25.39 and 1.53 to 39.43 and 1.87 ("lower" to "upper" columns). For the measures used, it will be sufficient to report the values to 3 decimal places.

The significant value of parameters such as form of enterprise and suggestions to improve, for both these parameters in table 9 shows that all significance values are 0.000, which is less than 0.05 (p value). This means that there is no significant use of suggestions to improve business for various forms of enterprise, which means that entrepreneurs operating a firm as sole proprietorship continued operating it as that particular form of an enterprise and suggested no change in the running in business dealings if converted/transformed to other form of enterprise.

Conclusion and Recommendations:

Studies under review of literature have shown that entrepreneurship is usually common can occur to all forms of businesses and corporations, but SSIs prove to be the driving force in the economy and beneficial to entrepreneurs as they are:

- Pre-requisite of balanced development.
- Important weapon for the rural removal of poverty and for improvement of socio-economic condition of the people.
- Widen the entrepreneurial base.
- Use local raw material and indigenous skills.
- More labour intensive and provide employment opportunities.
- Lower gestation period.
- Check on excessive urbanisation
- Taping rural savings.
- Bring about self-reliance and satisfaction but

will also prevent concentration of wealth and economic power in the hands of few.

- Generate production at low capital cost.
- Provide ancillary support to medium and large industries.
- Occupy a significant place in terms of production, employment, export, earning revenue and capital formation.
- Create economic stability in society by diffusing prosperity and by checking the expansion of monopolies

This empirical study has focused on the growth and development of entrepreneurship with reference to manufacturing small scale industries in Nainital district of Kumaun division of Uttarakhand.

Considering the strategic significance of SSIs in manufacturing sector, it was observed that different forms of enterprises i.e. sole proprietorship, partnership, public limited company and family business, faced similar business related problems in setting up an enterprise. Demographic factors like age and gender, origin of business have no significant association with the level of business activity but education has a significant and positive influence on the performance level of the SSIs. There was no significant use of suggestions to improve business for various forms of enterprise and suggested no change in the running in business dealings if converted/transformed to other form of enterprise.

Recommendations:

The government entity should craft policies and regulations to create suitable environment for development of SSIs in the hilly regions of the State of Uttarakhand. This will ensure sustainable economic growth in Uttarakhand. Though entrepreneurs with higher qualifications performed well but they lacked in innovation. It was observed during the survey that the entrepreneurs used traditional means for operating the enterprise, maximum firms had no knowledge and means for marketing their

product and they lacked efficient human resource management system. Thus, there is a need to design and develop training assessment centres to provide entrepreneurs with the required knowledge and skills to lead the firm. This will facilitate in effective competitive positioning of the products manufactured. There are various schemes like Nav Disha Yojana, Mahila Udyami Visesh Protshan Yojana, Chief Minister Swarojgar Yojna, Start Up Policy and Chief Minister's Self Employment Scheme run by the State Government for promoting and encouraging entrepreneurship among women and youths. The respondents were asked about the various government schemes for promoting and encouraging entrepreneurship and surprisingly they were unaware about such schemes. It was observed during the survey, that the youth and women participation in entrepreneurship was negligible. Therefore, there is a need to enlighten the upcoming entrepreneurs and empower the youth and women to take up self employment initiative to set up SSIs. Government policies should be widely spread to the entrepreneurs. In addition to this, special camps should be organised by the District Industries Centre from time to time especially in hilly rural areas to make people aware about the government policies and facilities provided to the small scale entrepreneurs to encourage entrepreneurship in the region.

Future Scope for Study:

Although this study provided a general picture on development of entrepreneurship in relation to demographic factors, form of enterprises, origin and business related problems focusing on manufacturing sector, it can be further developed to enhance its contribution to service sector and medium and large scale enterprises. There is still abundant scope for further research on the topic. It can be extended to a larger geographical area along with other factors like socio-cultural factors, exposure to industry and trade and problems faced can be dealt with.

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Effect of Capital Structure on Overall Profitability: A Study of Indian Banks

Sunita

Banking sector in India has achieved a remarkable growth. Growth of a nation largely depends upon a strong financial system where the banks as developers of financial system help to channelise the funds from surplus units to the deficient sector of the nation. This paper focusses upon how banks can design a suitable capital structure portraying optimum blend of debt and equity so as to enhance the returns available to the equity holders and overall profitability of the banks. A sample of twenty listed banks listed on NSE have been chosen equally from both public sector and private sector banks based on highest market capitalisation of the banks. The financial statements pertaining to period between 2012-2017 have been studied. A multivariate regression analysis is applied to study the effect of capital structure using debt to equity ratio(D/E) and debt to total asset ratio(DTTA) on the overall profitability comprising of return on equity(ROE), earning per share(EPS), return on total asset ratio(ROTA), return on capital employed(ROCE), net profit margin(NPM), net interest margin(NIM). The overall emphasis is to study the impact of debt in capital structure of banks while raising funds. The result showed that all variables of the capital structure is negatively correlated with overall profitability of selected banks. The debt equity ratio of selected banks is found to be 12.84 which is very high as compared with its advised ratio i.e. 2, it shows banks are very aggressive in financing its operations for growth with debt.

Introduction:

Banking sector is considered to be a backbone of Indian financial system. No economy can develop without the development of a sound banking sector. The Indian banking sector provides over 90% of commercial credit. The banks thrive to achieve growth by focussing on reducing its financing cost. The cost of raising funds can be reduced only if proper emphasis is made to mix optimally the internal finance i.e. equity and external finance i.e. debt. The board of directors' ultimate responsibility lie towards the shareholders acting as the owners. So managers responsibly acting as agent to the shareholder should always endeavour to design a suitable capital structure taking into consideration not only the shareholder and but employee, customer and the society also (Panday, 2009).

Theoretical framework: Capital Structure Theories:

Relevance theories of capital structure:

Net Income (NI) Approach: Capital structure has been defined by many scholars and authors. The Net income approach given by Durand(1959) asserted

that there is a relevance of capital structure in the valuation of firms. There lies change in overall 'cost of capital' and resulting total 'value of firm' due to change in financial leverage (Khan & Jain, 2004). If the degree of financial leverage increases, the overall cost of capital will decline, resulting in the increase of the value of firm and market prices of ordinary shares will increase. The basic assumptions underlying the NI approach are: there are no taxes, debt is a cheaper source of finance than equity and the use of debt does not enhance the risk perception in the minds of investors. On the line of such assumptions, the firm will have maximum value and minimum weighted average cost of capital only when it is 100 per cent financed by pure debt.

The Traditional View: The traditional view of capital structure asserts that the appropriate mix of equity and debt results into increasing the firm's value and the reduction in the overall cost of total capital only up to a certain amount of debt. Like Net Income approach, this view does not assume constantly falling weighted average cost of capital and constant cost of equity. The proponents of this approach believe that weighted average cost of

capital declines only within certain limit of financial leverage and afterwards it starts rising with more use of debt in the overall capital structure. Hence, the optimum capital structure position is achieved only at the point where weighted average cost of capital is minimum, hence resulting into maximising the value of firm.

Irrelevance theories of capital structure: NOI Approach and Modigliani- Miller (MM) Approach without taxes:

Net operating income (NOI) approach has also been pioneered by Durand(1950) popularly known as the theory of irrelevance of capital structure. This theory does not support the previously developed literature with regards to capital structure. According to this theory, any change in the financial leverage will not impact the market value of firm and market price of shares implying that cost of capital is always independent of degree of leverage. According to Net operating Income approach, the value of firm depends upon the net earnings and the total risk associated with its assets known as risk of doing business rather than the way in which the total assets are financed. Further it states that the market evaluates the firm as a whole; therefore the split of capitalisation between debt and equity is irrelevant (Khan &Jain,2004).As a result of increasing debt component in the overall capital structure, now the risk perception in the minds of equity holders increases. So the impact of cheaper debt is compensated by the increase in the expectation of returns by the equity shareholders which ultimately offset the benefit of reduction in overall cost of capital. So the weighted average cost of capital remains constant. So any capital structure according to NOI approach is optimum.

Modigliani- Miller (MM) Approach without taxes: proposition I :

Modigliani and Miller don't agree with the traditional view (Modigliani and Miller,1958).They

are of the belief that a firm's market value and cost of capital doesn't changes with a change in capital structure in the situation of perfect capital market, absence of taxes and transaction cost (Panday,2004). It also supports the NOI approach that important determinants of the value of the firm and market price of the share are its earnings and the risks of assets i.e. business risks rather than the way assets are financed. The key assumptions underlying the approach are perfect capital market, homogeneous risk class, no taxes, full payout i.e. firm distribute all earnings to shareholders. The MM hypothesis is based on 2 propositions described below:

Proposition I: (with No taxes) :MM stated that the value of firm is based on the net operating income and the associated operating risk. Firms with identical net operating income and operating risk(business risk),but with different capital structure, have the same total value. The values of levered and unlevered firms will always be same due to the fact that because of the concept of Arbitrage operates in the market. Value of levered firm= value of unlevered firm (under perfect capital market, no transaction cost, homogenous market)

$$\text{Value of firm} = \frac{\text{Net operating income}}{\text{Firm's opportunity cost of capital}}$$

Arbitrage process: Why should Proposition 1 work? As stated earlier, proposition I is based on the fact that two firms with similar assets in every respects, irrespective of financing, cannot command different market values. Arbitrage process as pioneered by MM is based on the assumption that two firm irrespective of the same operating income but different capital structure can't command different market values because of the tendency of the investors to engage in homemade or personal leverage opposite to corporate leverage, hence equilibrium in the market is restored. Thus in the absence of corporate taxes, the capital structure of firm doesn't have impact on its net operating income.

Relevance theories of capital structure-Modigliani Miller (MM) Approach with taxes: proposition II:

Proposition II: (With Taxes) Later, MM gave evidences asserting that the financial leverage i.e. increasing debt in the capital structure enhances the return on equity and earning per share. The EPS and ROE increases only when the interest rate on debt is less than the returns earned by firms on their assets. However corporate tax/es exist and whatever the interest paid is allowed as a deductible expense. With the taxes the debt becomes a cheaper source of finance because interest paid by firms on their debt has interest tax shield and are allowed as an expense to be deducted from the profits. MM emphasised that with the use of debt has two effects on capital structure; it increases the shareholders returns but also resulting in increasing the financial risk, so the required rate of return or cost of equity increases so as to indemnify for the increase in financial risk due to inclusion of more debt into the capital structure. This gap is known as financial risk premium. So, in case of levered firm(which employs debt) the opportunity cost of capital is equal to their weighted average cost of capital. The value of firm increases as debt becomes the cheaper source to finance the assets. Hence the value of levered firm is higher than that of unlevered firm which doesn't have benefit of treating interest paid on debt as deductible expense.

Other theories regarding the relationship between capital structure and profitability:

Trade off theory:-Costs of financial Distress and agency cost:

The trade-off theory is the further extension of MM approach to capital structure. It is a known fact that with the inclusion of debt in the capital structure enhances the earnings available. But there are certain disadvantages of using more debt in the capital structure. As the proportion of leverage increases, chances of financial distress increases as well. Financial distress refers to the inability of the firm to pay back the debt and interest obligations hence resulting into insolvency. The degree of business risk

of a firm depends upon operating leverage (i.e, the proportion of fixed costs) (Pandey, 2004).

Agency cost theory:

As per the Agency cost theory which is provided by Jensen and Meckling (1976) has discussed that there exists a conflict of personal interest between the shareholders acting as principal and the decision makers acting as agent for them. The cost of conflict between the interest of principal and agents is the agency cost. The conflict between the managers (pursuing their personal goals) and shareholders would be to not invest in risky and profitable projects is against the principle of shareholders' wealth maximisation, so such conflict also influences the capital structure decisions.

Pecking order theory- case of asymmetric information:

The Pecking order theory states that there lies a disparity of information i.e. the information is not symmetric to all parties concerned with firm. The managers being the agent of firm and the internal parties so they have more information than the outsiders. The managers tend to issue debt when they are positive about the future prospects and will issue equity when the future prospects are not secure. Myers(1984) has called it the "Pecking order theory" since there is not a well-defined debt equity target. So managers prefer to use the internal finance available in the form of retained earnings and internal equity first. When firms don't have internal finance, they shift to issuing secured debt followed by unsecured once again followed by hybrid such as convertible debentures.

Review of Literature:

Various researchers have studied on the same research work as follows:

Nasar(2016) has studied the impact of capital structure on financial firm performance of 136 industrial companies who are listed on Istanbul

Stock Engage(ISE), for a period of 8 years from 2005-2012. To measure the impact of capital structure, debt ratio(DR) was used as independent variable and firm performance indicators were measured using Return on Asset (ROA), Return on Equity (ROE) and Earning per Share (EPS). The result showed that there is a negative relationship between capital structure and firm performance. Pal (2014) has tried to explore the important factors which influence the capital structure of steel companies. The researcher has founded that tangibility, size and growth, non-debt tax shield profitability and business risk have significant effect of leverage on capital structure. Velnampy & Nireesh (2012) have done similar study where the researchers analysed the relationship between capital structure and profitability of Sri Lankans Banks over 8 years from 2002-2009. The study showed that there is negative relationship between capital structure and the profitability except between debt to equity ratio and return on equity ratio. The Sri Lankan banks are highly geared institutions as 89% of the total assets are financed through debt only. Ahmad et al(2012) research work studied the influence of capital structure on firm performance, using Return on Asset(ROA) and Return on Equity(ROE) with long term, short term and total debt. The study covered the analysis for 5 years from 2005-2010. The study found that only short term debt and total debt have significant relationship between ROA and ROE, while ROE has significant on each level of debt. Hung et al(2002) studied the interrelationship between profitability, cost of capital and capital structure among the contractors and property developers of Hong Kong. The researchers analysed that the use of debt is higher among the contractors than developers. Also, the capital use of debt is positively related with the assets but there is negative relation between assets and profit margins.

Research Methodology: Need of the study:

In the present era of widespread competition, banks have to survive through a cut throat competition

so as to enable it to be able to survive long in the market. Survival in the market is just not only the necessity but nowadays the emphasis has been shifted from mere survival to earning some returns out of the operations of the banks. The important factor affecting the profitability of banks which has been seen over a period of time is how well the banks have judiciously used proportion of debt and equity. So, in order to finance the operations, judicious and optimum use of debt and equity is necessary so as to encapsulate more returns for the banks to meet future expenses and growth of the business.

Objectives of the study:

1. To study the relationship between the capital structure and Banks profitability.
2. To suggest a viable capital structure associating with the best performance of banks.

Hypotheses : The following hypothesis were designed based on the study:

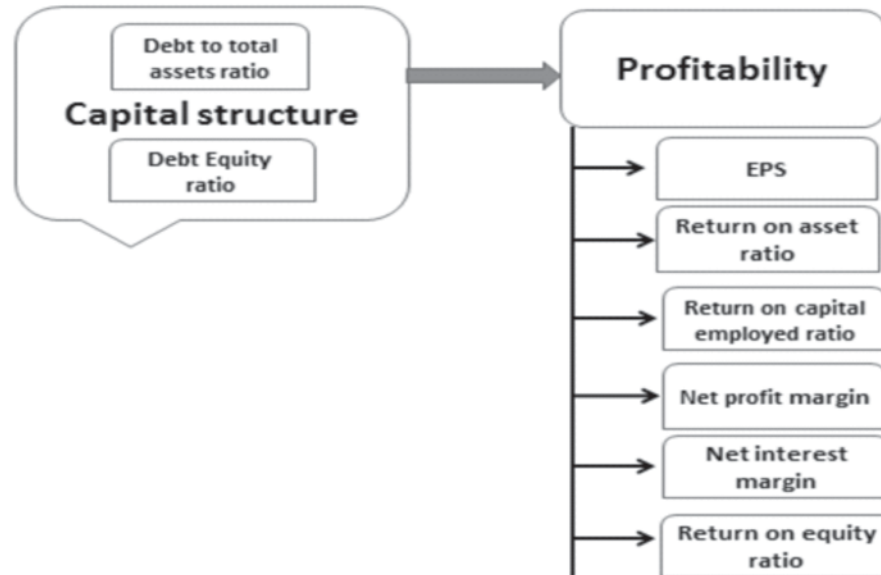
- H₁- There is a significant negative relationship between Debt to equity and earning per share.
- H₂- There is a significant negative relationship between Debt to equity and return on asset.
- H₃- There is a significant negative relationship between Debt to equity and return on capital employed.
- H₄- There is a significant negative relationship between Debt to equity and net profit.
- H₅- There is a significant negative relationship between Debt to equity and net interest margin
- H₆- There is a significant negative relationship between Debt to total asset and return on equity.
- H₇- There is a significant negative relationship between Debt to total asset and earning per share.
- H₈- There is a significant negative relationship between Debt to total asset and return on asset.
- H₉- There is a significant negative relationship between Debt to total asset and return on capital employed.
- H₁₀-There is a significant negative relationship between Debt to total asset and net profit.
- H₁₁-There is a significant negative relationship between Debt to total asset and net interest margin.

H₁₂-There is a significant negative relationship between Debt to total asset and return on equity.

Variables:

The research design of the present study consisted

of one independent variable- capital structure and one dependent variable Profitability. Further capital structure has been analysed using debt to equity and debt to total asset ratio. The Profitability variable



has been studied comprising of Earning per share (EPS), return on asset ratio (ROA), return on capital employed (ROCE), net profit ratio (NP), net interest margin (NIM) and return on equity(ROE).

Defining variables of study:

In the present study, capital structure comprises of: -

A. Total debt to total asset ratio:

= short term debt(maturing within a year)+long term debt(maturing after one year)/Overall Assets

This ratio is the good indicator of financial leverage. It explains the total proportion of assets financed by raising liabilities, external creditors and acquiring debt.The higher the ratio, the higher is the dependency on outsiders and hence the financial risk.it includes both long term and short term debt. A ratio greater than 1 shows that huge amount of debt is used to fund the assets.

B. Debt to equity ratio:

Debt Equity ratio: Total liabilities(external Equity)/ Shareholder’s equity(internal equity)

This ratio taken as financial measure to indicate how much debt banks are using to finance its assets as

compared to shareholder’s equity.The debt to equity ratio measures the relationship between the external equity and internal equity. The debt/equity ratio analysis a firm’s debt as compared to the value of its stock, hence it is always used as a barometer to see the extent to which a firm is taking debt as a way of leveraging (making efforts to enhance its value byutilising debt amount to finance various activities). A high debt to equity ratio is the indicative of being aggressive by the firms to obtain funds for sustaining activities. Aggressive leveraging practices are always attached withthe high level of risks undertaken. As a result of huge interest expense, the firm’s earnings would be volatile.

The overall profitability has been measured by following ratios:

A. EPS (Earning Per Share) = Dividend on preferred stock/ Average outstanding share

Earning per share is the indicator of a company’s profitability.Earning per share is indicative of the portion of total profits being available for outstanding stock.

B. Return on asset ratio = Net income/Total Assets

ROA indicates the efficiency of banks in their ability to how efficiently, the banks utilises its assets to encapsulate returns on the same. Also, this ratio indicates how well a firm is performing by comparing the profit generated by it to the capital invested in acquiring assets. The higher the return, the more productive and efficient management is seen in utilizing economic resources.

C. Net interest margin = Investment returns- Interest expenses/Average earning assets

NIM indicates how successful is the investment decision are as compared to its debt situations. If this ratio is negative, then it denotes that interest expenses are exceeding the amount of returns generated by investments so it has not taken the wise investment decision.

D. Return on capital Employed (ROCE) = Earnings Before interest and tax/ Capital employed

This ratio shows how efficiently the bank is generating returns (net operating profits) on every

single rupee of capital (debt+equity) invested by it. It defines how many rupees in profits each rupee of capital employed generates.

E. Return on equity = Net income (before dividend to common stock)/Shareholders equity

ROE measures how effectively the banks use the owner or shareholder equity to generate income. ROE is a better measure of efficiency. A rising ROE suggests that a firm is increasing its ability to generate returns without needing as much capital. It also determines how well a firm's management is deploying the shareholders' capital.

Sampling procedure: For the purpose of the present study, limited numbers of 20 Indian banks, which are listed on NSE have been approached. The selection of banks was done on the basis of highest market capitalisation as on 31st march 2017. The financial statements of the following sample banks were approached for the period covering the financial years 2012-2017.

PUBLIC SECTOR BANKS

1. SBI
2. Bank of Baroda
3. PNB
4. IDBI Bank
5. Canara Bank
6. Indian Bank
7. Central Bank
8. Bank of India
9. Union Bank
10. Vijaya Bank

PRIVATE SECTOR BANKS

1. HDFC Bank
2. Kotak Mahindra
3. ICICI Bank
4. Axis Bank
5. IndusInd Bank
6. Yes Bank
7. RBL Bank
8. Federal Bank
9. City union Bank
10. KarurVysya

Methods of data collection: The current study has utilised the secondary data on various listed banks. Secondary research includes reviewing of existing literature available on capital structure theories and profitability which had been emerged in the past. The various websites of banks containing the annual

statements of selected banks were approached in order to analyse the financial statements and retrieve required information. Websites of money control, Rediff, RBI statistics, ministry of corporate affairs etc. were also approached in order to have additional information.

Table 1.1: Descriptive Statistics Analysis:

D/E	DTTA	EPS	ROA	ROCE	NP				
margin	NIM	ROE							
N	Valid	20	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0	0
Mean	12.8435	.9070	31.3810	.8275	9.8995	9.3995	3.4825	9.0170	
Median	12.1450	.9200	30.8850	.7150	9.6050	9.0650	2.7000	9.5400	
Std. Deviation	4.12411	.04342	28.81797	.59214	1.30216	7.44338	3.12252	6.66486	
Range	14.21	.19	112.85	1.99	5.09	23.76	13.00	24.75	
Minimum	6.85	.76	-16.29	-.21	7.21	-3.36	1.67	-5.60	
Maximum	21.06	.95	96.56	1.78	12.30	20.40	14.67	19.15	

Results and Analysis:

Descriptive statistics analysis shows that the debt to total asset ratio is .90 indicating the total amount of overall debt in relation to its assets. The higher the ratio, the higher is the dependency on outsiders and hence the financial risk. A ratio greater than 1 shows that huge amount of debt is used to fund the assets. But in the present study the ratio is less than 1 so the banks have higher degree of financial flexibility. The debt equity ratio of selected banks is 12.84 since the debt equity ratio is very high as compared with its advised ratio i.e 2, it shows banks are very aggressive

in financing its operations for growth with debt. Additional interest expense may crop up. The maximum and minimum values indicate that the debt/equity composition differs among the Indian Banks. Return on asset ratio indicates how effectively, the banks utilise its assets to generate returns on the same. 1% return on assets indicates huge profits. In the present study, the average return on assets ratio of banks is 0.82%. The return on equity is 9.01%, indicating that on one rupee of equity invested, the banks are getting an average of 0.09 rupee returns on it.

Table 1.2: Correlation Analysis

Correlations								
Pearson Correlation Sig. (2-tailed)	D/E	DTTA	EPS	ROA	ROCE	NP		
Margin	NIM	ROE						
Debt equity ratio	1	.448*	-.170	-.831**	-.693**	-.773**	-.385	-.536*
Debt to total asset ratio	.448*	1	-.149	-.343	-.315	-.357	-.186	-.236
Earnings per share	-.170	-.149	1	.313	.031	.400	.160	.509*
Return on asset ratio	-.831**	-.343	.313	1	.784**	.968**	.541*	.868**
return on capital employed ratio	-.693**	-.315	.031	.784**	1	.728**	.607**	.690**
net profit margin ratio	-.773**	-.357	.400	.968**	.728**	1	.511*	.911**
Net interest margin ratio	-.385	-.186	.160	.541*	.607**	.511*	1	.496*
Return on equity ratio	-.536*	-.236	.509*	.868**	.690**	.911**	.496*	1
*. Correlation is significant at the 0.05 level (2-tailed).								
**. Correlation is significant at the 0.01 level (2-tailed).								

Correlation analysis shows the relationship between dependent and independent variables of capital structure and profitability. All the capital structure variables are negatively correlated with profitability variables. The result throws light on the fact that there exist a negative significant relation between DR and all financial performance variables.

1. The correlation between capital structure (debt equity)and EPS is negative i.e. -0.17 , so it indicates that if the dollar increases by one rupee there will be .17 rupee increase in EPS and vice versa.
2. Capital structure(debt equity) and Return and asset ratio are negatively correlated i.e. 0.831, indicates that one dollar increase in Debt equity will result in .831 decrease in EPS and vice versa.
3. Capital structure and Return on capital employed are negatively correlated and the coefficient of

determination is 0.480. that is 48% of variance in returns on capital employed is accounted by capital structure and 52% by other factors.

4. Capital structure and Return on net profit margin are negatively correlated and the coefficient of determination is .598. that is 59% of variance in returns on capital employed is accounted by capital structure and 41% by other factors.
5. Capital structure and Return on net interest margin are negatively correlated and the coefficient of determination is .149. that is 14% of variance in returns on capital employed is accounted by capital structure and 86% by other factors.
6. Capital structure and Return on return on equity are negatively correlated and the coefficient of determination is .287. that is 28% of variance in returns on capital employed is accounted by capital structure and 72% by other factors.

Table 1.3: Regression Analysis:

Model (N=20)	R	R square	Adjusted Rsquare	Std. error of estimate
Between capital structure and EPS	.189	.036	-.078	29.91862
Between capital structure & ROA	.831	.691	.655	.34788
Between capital structure & ROCE	.693	.480	.419	.99243
Between capital structure & NP margin	.773	.598	.551	4.98777
Between capital structure & NIM	.386	.149	.049	3.04584
Between capital structure & ROE	.536	.287	.203	5.95018

R square reveals how much of the variance is explained by the independent variable in the dependent variable. The coefficient of determination between capital structure and EPS is .036. i.e. 3.6% of variance in EPS is accounted by capital structure and rest of 96.4% of variance in EPS is by other factors. Also the coefficient of determination between capital structure and return on asset is 0.691 i.e. 69% of variance in return on assets is accounted by capital structure.

Hypotheses Testing:

The test of correlation shows all the variable of capital structure are negatively correlated with the variables of overall profitability with significant

value at 0.05 level, so all the hypothesis stating there exist significant negative relationship among the variables stand accepted.

Conclusion & Recommendation:

The present study has investigated the relationship between capital structure and overall profitability of 20 listed Indian Banks, 10 each from public sector and private sector limited banks. The study covered the period over 5 years from 2012-2017. The overall findings of the present research are discussed below:

The mean value of debt equity ratio of banks is 12.84 since the debt equity ratio is very high as

compared with its advised ratio i.e. 2. It means for every rupee of equity, the debt is 12.84 times greater. Implying that banks are very aggressive in financing its operations for growth with debt. The debt to total asset ratio is 0.90 and it is the indicator of financial leverage. It shows 90% of the banks assets are financed by creditors or debt and only 10% is financed by the owners. Since the percentage is higher, more risk is assumed. These findings have shown that banks are highly levered organisations. So to avoid the risk of insolvency the returns on assets and operations financed by such debt should be higher than the cost of debt.

All the correlation(R) values are found to be negative and significant between the capital structure and overall profitability, implying that the increase in debt in the capital structure has vice versa impact on profitability. So, if debt equity ratio increases by one it will have reduction in Net profit margin and net interest margin by 0.773 & 0.385 respectively. This concludes that an increase in the proportion of debt financing, leads to increase in the interest payments thus resulting into a decline in profitability. The banks should design capital structure keeping in view the interest of equity holders and financial requirements of company. The shareholders wealth maximisation should be given priority by banks while designing a capital structure in order to ensure long term growth and profitability of firms. Banks should follow competitive lending rates so that huge client base is achieved along with returns on lending operations.

Limitations And Future Scope Of Study:

This study is limited to the study on banks listed on NSE only. So generalisation to other financial sectors may not be effective. Finance & Insurance sector can also be studied to have deep understanding of how capital structure should be designed. Also research period covered only 5 years from 2012-2017 so in future the time period of study can be enhanced so as to develop more effective results. Also the study

was based on listed banks only, in future non listed banks analysis can be done.

Also apart from capital structures there are other drivers also which impact the profitability of banks such as size of assets, age, economic conditions, ownership status etc., hence there exists future scope to extend the research work to study above factors.

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Behavioural Finance and Retail Investors: A Study of Ahmedabad City

*Zeel Mehta, **Komal Sidhnani

There are certain factors that influence behaviour of investors a subject of curiosity for researchers. Literature talks about 'n' number of theories in behavioural finance, like anchoring decisions, innumeracy, mental accounting, overconfident decisions, prospect theory, loss aversion, biasness decisions, house money effect, trying to breakeven, snake bite affect, etc. So, the whole project is about to study the type of biasness that exists in the behaviour of the investors of Ahmedabad city in terms of investment decisions in addition to study further the level of biasness that exists in the behaviour of the investors of Ahmedabad city in terms of investment decisions. The present paper attempts to explore the area of behavioural finance and analyze its potential and understanding the investment practices in Ahmedabad city. Further, the paper concludes spelling out the degree of level and type of bias decisions. Convenience sampling was used to set questionnaire filled in.

Introduction:

Behavioural finance deals with the psychological aspects of financial decision-making. It discusses the influence of fear and greed on stock markets. It is also argued that that an individual is not as rational as traditional finance theory makes out it to be. Investor who is anxious to know how emotions and biases manipulate share prices-this field of study provides certain theories and explanations for it.

Review Of Literature:

In a study, Markowitz (1952) concluded that semi-standard divergence is a more suitable than the standard deviation for measuring risk. In another study, Kahneman and Tversky (1971, 1979) hypothesized that individuals are averse to loss and not to risk. They concluded that the pain of loss for the equivalent quantity is greater than the joy of gain.

Investor averse to loss attempts to lessen his normal loss due to incorrect investment decisions by applying mental accounting, like keeping aside unusual accounts to discipline spending or receipts, to alleviate self-control problems (Thaler, 1985; Tversky and Kahneman, 1981)

According to Shefrin and Statman (1993), regret is the sentiment of post decision guilt related to a decision that leads to a terrible result. And in order to eschew regret, investor moves his responsibility to a more careful agent. In case the principal-agent association reduces regret, the investors' usual value would be enhanced.

Lichtenstein, Fishchhoff, and Phillips (1977) found that individuals are usually overconfident and often overrate their acquaintance. Expert investors are found to be more positive about their predictions in areas of self-acclaimed proficiency, holding their prognostic aptitude stable. Ricciardi and Simon, (2000) viewed that psychological factors manipulate the financial decision making process of the individuals. One such psychological factor is knowledge which influences investors' decisions.

Ritter (2003) was of the view that the cognitive psychology comprises superciliousness when investors are convinced on their capabilities. In entrepreneurship framework, entrepreneurs are overconfident since they supposed partake in market trade do countenance risk and as a return, they make lofty profit. In finance, an instance exemplify in the study which is also little diversification, investors merely invest in one article rather than two or more.

*Assistant Prof., GLS University, Bhuj, Gujarat, E-mail- zeel.nrmba16@gmail.com

**Scholar, GLS University, Bhuj, Gujarat

Due to this, they invest too large an amount in stock company.

Buehler and Ross (1994) have mentioned that people with stronger beliefs are also having stronger confidence on themselves. After conducting a research among American equity investors, they said, people with greater confidence that equity funds will certainly assist them in achieving their monetary objective, have shown more assurance on equity funds were persist to spend on them regardless of many stock market bubbles.

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

Rao (2010). Similarly, Chan and Kogan (2002) concluded that normally friends are the main source to draw inspiration and motivation especially while undertaking any audacious performance. This is mainly correct in the situation of outlay decision. Whenever investors are making investments on such assets which are associated with risk, they tend to approach their friends to get mental support from them by getting their approval so that they can feel that they are doing nothing wrong.

Objectives and Methodology:

To study the type of biasness that exists in the behaviour of the investors of Ahmadabad city in terms of investment decisions and to study the level of biasness that exists in the behaviour of the investors of Ahmadabad city in terms of investment decisions.

Methodology: The data was collected through 200 investors of Ahmadabad City. Convenience

sampling was used to fill questionnaire well as for primary data structured questionnaire was used.

Data Analysis & Findings:

Investors were asked about knowledge adequacy regarding Indian stock market 41% respondents were neutral and only 6% respondents strongly agreed for the same. According to the survey, 35% respondents had agreed that investors predict that the increase or decrease in prices of stocks in the future on the basis of recent stock movements. Further, 33% respondents were neutral about it. 38% of respondents were neutral towards the opinion that skills and knowledge of stock marketplace can facilitate them to do better than the market, and 33.5% respondents agreed towards the same. It was also found that, 43% of respondents agreed to fact that the past savings successes ascription to their own skills as well as knowledge and only 1.5% strongly disagree towards the same.

Data also revealed that 38.5% of the respondents agreed that they had a tendency to form judgments based on stereotype about the performance of the company on the basis of past earning growth rate. Further, mixed response was found with regard to the neutral and strongly agree opinion that was around 25.5% and 20.5% respectively. From the above analysis, 54% of the respondents gave neutral opinion that they were very quick in detecting the patterns in data. 22.5% of respondents disagreed towards the same. According to the survey, 37% of the respondents disagreed to the fact that they had spent more time for searching the reasons supporting their views than opposing and 30% of the respondents gave neutral response. It was also recorded that 48% said that they had overlooked the information that they found contrary to their opinion and 26% of the respondents agreed that they often overlooked the contrary information.

34.5% and 32% of the respondents said that they paid more attention to big numbers and less weightage

to small figures. According to the survey, 43.5% of the respondents had neutral tendency of forming rational judgments between real and nominal changes. Further, 25% respondents agreed and around 19.5% of the respondents disagreed. Majority of the respondents (39.5%) said that they had overall control and liable of their combinations of stock performance. However, 2.5% strongly disagreed towards the same. 36% of the respondents gave a neutral opinion and around 35.5% agreed that their future investment decisions are dependent on the combination of their luck and skills.

It was also found that 38% of the respondents had a neutral opinion if Nifty would drop by 5% then it would recover within a few days. Further, around 28% of the respondents agreed towards the same. According to the survey, 37.7% of the respondents gave a neutral opinion and around 34% of the respondents agreed that they heavily relied on their intuition and gut feeling which involved mental shortcuts thereby causing biasness. According to the survey, around 35.5% of the respondents analyzed each elements of their portfolio investment separately. Further, 29% gave a neutral opinion. 33.5% of the respondents gave a neutral opinion on their connections between different investment possibilities. Further, 27% agreed and 25% disagreed on the same.

It was also found that 44.5% of the respondents were more inclined to bet on the stock performance when

they were aware about the probabilities of various outcomes than when they were ignorant towards the same. 35.5% agreed that they preferred to invest in home country stocks than foreign company stocks because of availability of information. However, 27.5% gave a neutral opinion. 38.5% of the respondents agreed that their past investment successes influenced their stock preferences whereas 28.5% gave a neutral opinion of the same. According to the survey, 32.5% agreed that they became risk averse after a prior loss. Apart from this, 26.5% respondents gave a neutral opinion.

For the current study, 53% respondents were male and 47% respondents were females, 38% respondents were falling under age group of below 25 years and 25% respondents were falling under age group of 26-35 years. Occupationwise, 35% respondents were doing business and 27% respondents were in jobs. Further, 45% respondents were graduates or above and only 7% respondents were under graduates. Also, 44% respondents were having income less than 5 lacs while 5% people who had income above 10 lacs.

Hypotheses Testing:

Following hypothesis were tested to attain the objectives of the study.

H_{01} :The knowledge that I have regarding Indian stock market is not sufficient.

One Sample:

Table 1.1: The knowledge that Investors have regarding Indian stock market is sufficient.

Test Value = 0						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The knowledge that I have regarding Indian stock market is sufficient.	40.047	199	.000	2.790	2.65	2.93

In one sample t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that the knowledge that Investors have regarding Indian stock market is sufficient.

H_{02} : Investors do not predict the increase or decrease in prices of stocks in the future on the basis of recent stock movements

Table 1.2: Investors predict that the increase or decrease in prices of stocks in the future on the basis of recent stock movements.

	Test Value = 0					
	T	Df	S i g . (2-tailed)	M e a n Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors predict the increase or decrease in prices of stocks in the future on the basis of recent stock movements.	44.256	199	.000	3.165	3.02	3.31

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors predict the increase or decrease in prices of stocks in the future on the basis of recent stock movements.

H_{03} : Investors do not think that their skills as well as knowledge of marketplace can help them to do better than the market.

Table 1.3: Investors think that their skills as well as knowledge of marketplace can help them to do better than the market.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors think that their skills as well as knowledge of marketplace can help them to do better than the market.	46.322	199	.000	3.220	3.08	3.36

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates Investors think that their

skills as well as knowledge of marketplace can help them to do better than the market.

H_{04} : Investors precedent investment successes are not accredited to their own skills as well as knowledge.

Table 1.4: Investors precedent investment successes are accredited to their own skills as well as knowledge.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors precedent investment successes are accredited to their own skills as well as knowledge.	55.682	199	.000	3.430	3.31	3.55

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that Investors precedent investment successes are accredited to their own skills as well as knowledge.

H_{05} : Investors do not have the tendency to form judgment based on stereotype about the performance of a company on the basis of past earning growth rate.

Table 1.5: Investors have the tendency to form judgment based on stereotype about the performance of a company on the basis of past earning growth rate.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I have tendency to form judgment based on stereotype about the performance of a company on the basis of past earning growth rate.	49.051	199	.000	3.610	3.46	3.76

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors have the tendency to form judgment based on stereotype

about the performance of a company on the basis of past earning growth rate.

H_{06} : Investors are not very quick in detecting pattern in data in available of information that are in fact random.

Table 1.6: Investors are very quick in detecting pattern in data in available of information that are in fact random.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I am very quick in detecting pattern in data in available of information that are in fact random.	46.383	199	.000	2.855	2.73	2.98

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors are very quick in detecting pattern in data in available of information that are in fact random.

H_{07} : Investors are not spending more time searching for reason supporting their views then opposing

Table 1.7: Investors are spending more time searching for reason supporting their views then opposing

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I spend more time searching for reasons supporting my views then opposing.	41.381	199	.000	2.895	2.76	3.03

In above one sample t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that Investors are spending more time searching for reason supporting their views than opposing.

H_{08} : Investors are overlooking to the information that seems contrary to their opinion.

Table 1.8: Investors are not overlooking to the information that seems contrary to their opinion.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I overlook to the information that seems contrary to my opinion.	47.399	199	.000	3.105	2.98	3.23

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors

are overlooking the information that seems contrary to their opinion.

H_{09} : Investors do not usually pay more attention to big numbers and less weight to small figures.

Table 1.9: Investors usually pay more attention to big numbers and less weight to small figures.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I usually pay more attention to big numbers and less weight to small figures.	42.162	199	.000	3.070	2.93	3.21

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors usually pay more attention to big numbers and less weight to small figures.

H_{10} : Investors do not have tendency of being unable to form rational judgment between real and nominal changes.

Table 1.10 - Investors have tendency of being unable to form rational judgment between real and nominal changes.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I have tendency of being unable to form rational judgement between real and nominal changes.	45.619	199	.000	3.095	2.96	3.23

According to the analysis, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors have tendency of being unable to form rational judgment between real and nominal changes.

H_{11} : Investor does not have overall control as well as liable for their performance of portfolio

Table 1.11: Investor has overall control as well as liable for their performance of portfolio.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investor has overall control as well as liable for their performance of portfolio	51.264	199	.000	3.570	3.43	3.71

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors have overall control as well as liable for their performance of portfolio.

H_{012} : Investors future investment decisions are not dependent on the combination of their luck and skills.

Table 1.12: Investors future investment decisions dependent on the combination of their luck and skills.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
My future investment decisions are dependent on the combination of my luck and skills.	48.070	199	.000	3.385	3.25	3.52

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that

future investment decisions are dependent on the combination of their luck and skills.

H_{013} : If Nifty downs by 5%, then it would not get better within few days.

Table 1.13: If Nifty downs by 5%, then it would get better within few days.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
If Nifty downs by 5%, then it would get better within few days.	39.782	199	.000	3.070	2.92	3.22

In above one sample t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that if Nifty goes down by 5%, then it would get better within few days.

H_{014} : Investors are usually not relying heavily on their intuition and gut feeling which involved mental shortcuts thereby causing biasness.

Table 1.14: Investors are usually relying heavily on their intuition and gut feeling which involved mental shortcuts thereby causing biasness.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I usually rely heavily on my intuition and gut feeling which involved mental shortcuts thereby causing biasness.	46.350	199	.000	3.240	3.10	3.38

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors are usually relying heavily on their intuition and

gut feeling which involved mental shortcuts thereby causing biasness.

H_{015} : Investors are inclined to analyze each component of their investment of stocks separately

Table 1.15: Investors inclined to analyze each component of their investment of stocks separately.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors inclined to analyze each component of their investment of stocks separately.	43.069	199	.000	3.380	3.23	3.53

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors are inclined to analyze each component of their investment of stocks separately.

H_{016} : Investors do not ignore the connection between different investment possibilities.

Table 1.16: Investors ignore the connection between different investment possibilities.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I ignore the connection between different investment possibilities.	40.258	199	.000	3.100	2.95	3.25

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors ignore the connection between different investment possibilities.

H_{017} : Investors are not more inclined to bet on the stock performance when they are aware about the probabilities of various outcomes than when they ignorant of the same.

Table 1.17: Investors are more inclined to bet on the stock performance when they are aware about the probabilities of various outcomes than when they ignorant of the same.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I am more inclined to bet on the stock performance when I am aware about the probabilities of various outcomes than when I am ignorant of the same.	49.224	199	.000	3.250	3.12	3.38

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors are more inclined towards bet on the stock performance when

they are aware about the probabilities of various outcomes than when they are ignorant of the same.

H_{018} : Investors do not prefer to invest in home country than foreign company stocks because of availability of information

Table 1.18: Investors prefer to invest in home country than foreign company stocks because of availability of information.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I prefer to invest in home country than foreign company stocks because of availability of information.	44.271	199	.000	3.480	3.32	3.64

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors prefer to invest in home country than

foreign company stocks because of availability of information.

H_{019} : Investors precedent Investment successes do not make them spend more in stock.

Table 1.19: Investors precedent Investment successes create them spend more in stock.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors precedent Investment successes make them spend more in stock.	46.613	199	.000	3.445	3.30	3.59

According to the analysis of t- test table, table value is higher than calculated, value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors

precedent Investment successes make them spend more in stock.

H_{020} : Once a precedent loss, investor does not turn to be risk averse

Table 1.20: Once a precedent loss, investor turns to be risk averse

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Once a precedent loss, investor turns to be risk averse	42.757	199	.000	3.545	3.38	3.71

According to the survey, in one sample t-test table, table value is higher than table value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that once a precedent loss, investor turns to be risk averse

H_{021} : I think that my skills as well as knowledge of marketplace can help me to do better than the market.

ANOVA:

Table 2.1: I think that my skills as well as knowledge of marketplace can help me to do better than the market.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.983	3	.661	.681	.565
Within Groups	190.337	196	.971		
Total	192.320	199			

Comparing the calculated value with the table value researcher found that the calculated value is higher than table value. ($0.565 > 0.05$) Hence, null hypothesis is accepted. There is not strong relationship between educational qualification and investors' performance

in the market. Educational qualification is not having direct impact on overconfidence of the respondent.

H_{022} : My precedent investment successes are accredited to my own skills as well as understanding

Table 2.2: My precedent investment successes are accredited my own skills as well as understanding.

Sum of Squares	Df	Mean Square	F	Sig.	
Between Groups	.830	3	.277	.361	.781
Within Groups	150.190	196	.766		
Total	151.020	199			

Comparing the calculated value with the table value researcher found that calculated value is higher than table value. ($0.781 > 0.05$) So, null hypothesis accepted. So, strong relationship is not observed between educational qualification and investor

precedent investments successes are accredited by own skills as well as understanding.

H_{023} : I am very quick in detecting pattern in data in available of information that are in fact random

Table 2.3: I am very quick in detecting pattern in data in available of information that are in fact random.

Sum of Squares	Df	Mean Square	F	Sig.	
Between Groups	1.849	4	.462	.605	.659
Within Groups	148.946	195	.764		
Total	150.795	199			

Comparing the calculated value with the table value researcher found that calculated value is higher than table value. ($0.659 > 0.05$) so, null hypothesis accepted. There is not significant relationship between educational qualification and Investors time taken for determining the pattern from data.

Conclusion:

Behavioural Finance deals with the psychology of investor. It is the science of behaviour of individuals and groups. For the primary analysis, a survey of 200 Investors in Ahmedabad city was conducted in which objective was to study the type and level of biasness that exists in the behaviour of the investors of Ahmedabad city in terms of investment decisions. From the whole analysis, it was found that at what level investors take bias decisions and apart from this what type of investors are falling from various theories: like investors are taking overconfident decisions, narrow framing decisions, bias decisions, anchoring decisions etc.

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Sai Sakthi Self Help Group- A Case Study

*S. G. Rama Rao, **K. V. Sandhya Vani, ***S. Anjani Devi

This case was about a self-help group of women in the West Godavari district, Andhra Pradesh that faced different challenges in marketing their products to ensure the growth of their lace industry. The various decision making situations for the protagonist were discussed in the case.

Introduction:

In the year 2016, Mrs. T. Ranga Nageswari, president of the Sri Adarsa Women Mutually Aided Co-operative Thrift and Credit Society Ltd. in the West Godavari district, Andhra Pradesh and member of Sai Sakthi Self-help group, Poduru was in a perplexed condition. She had a few issues before her and was having no clue to the solutions.

In the year 2015, she had applied to the Infrastructure and Leasing Financial Services (ILFS) for setting up a dyeing unit in her mandal in association with another society in Coimbatore. The proposal was accepted and the Central Government of India had sanctioned ₹ 3 crore to set up the unit. She wanted the unit to be set up in her mandal – Poduru, which would have benefited a number of lace making societies and the other societies involved in dyeing of cloth by saving time and cost. But to her dismay, her partner in the project withdrew for unknown reasons. She had no clue how to get the project back on track as there were funds available with the Central Government and she had lost an opportunity of availing these funds. There were other thoughts also running in her mind. To tap the huge 96 per cent of the foreign markets available for their products was the second challenge. The third challenge was the skills and expertise to streamline the proposal. She always felt handicapped in preparing business proposals as there was no one in her society who had the knowledge and expertise in preparation of business proposals.

Profile of Mrs. T. Ranga Nageswari:

Mrs. T. Ranga Nageswari and her husband were running a family owned Kirana (groceries) stores in Poduru village near Narsapur in Andhra Pradesh. After running into financial losses in their business, he went to Saudi Arabia in search of a job in the year 1995. He worked as a Proclaim operator in Zedah Shipyard for ₹ 12,000 per month. After working there for one and a half years he left the job and came back to his village.

Meanwhile, back home, Mrs. Ranga Nageswari, was thinking of financially supporting herself. Mrs. Mahalakshmi, the then Village Development Officer proposed her to take up lace making as a business. Mrs. Nageswari formed a Self-Help Group and started making laces. She was given a revolving fund of ₹ 25,000 basing on her six months savings in the bank. After 6 months she was holding a huge stock of the laces with which she did not know what to do. National Backward Classes Finance and Development Corporation (NBCFDC) promoted the lace products by sponsoring them for the Suraj Kund Mela at New Delhi and supported her with ₹ 1,600 as the financial support in the year 1999. Mr. S. K. Punia, Managing Director, arranged for their stalls in the Mela. Within two days she sold all the stock that she had and earned a profit of ₹ 30,000. Mrs. Geeta, Manager of Lepakshi, Delhi arranged four to five exhibitions cum sale for these lace products. Mr. Satyanarayana, of AP Tourism Hyderabad introduced her to the Development

*Assistant Professor, GITAM University, Vishakapatnam, Andhra Pradesh, E-mail- ram.sakha@gmail.com

** Assistant Professor, GITAM University, Vishakapatnam, Andhra Pradesh

*** Assistant Professor, GITAM University, Vishakapatnam, Andhra Pradesh

Commissioner of Handicrafts (DCH) and she was registered and issued an identity card at Vijayawada. Mr. Devaramuni, Assistant Director of DCH prepared a project with 2000 artisans and Mr. Kannababu from District Rural Development Agency (Exhibit – 1) was the project director. Mrs. Nageswari became the President of the Lace Park in 2004 and the Director from the year 2005 to 2008.

Lace Industry in Twin Godavari Districts:

Hand Crochet was introduced by the Dutch missionaries in the cities of east and west Godavari districts way back in the year 1780. It was to the Christian community only. Lace Industry in India is largely concentrated in these two districts of Andhra Pradesh. Around five lakh artisans from these districts make hand crochets, bed linens and other lace products. The concentration of these artisans is high in the towns of Narsapur, Palakol, Bheemavaram and Rajahmundry. There were around twenty exporters in this region who accounted for more than ₹ 100 crore businesses annually, while there were opportunities of more than ₹ 1,500 crore annually. Even for a business of this magnitude, the manufacturers did not possess an imported automated machine for lace trimming. Most of the artisans were in the unorganized sector and the exporters were indulging in self-defeating exercises to grab the overseas business. Of these 20 lace exporting companies only two were having the required machinery like tailoring and ironing units. Most of the artisans could make only the basic lace doilies and cushion. The raw material used for the lace was fine cotton yarn from the textile and composite spinning mills. There was a great demand for the lace products, particularly interior-home-linens, in the United States and European countries. These handfuls of exporters were able to compete with their international counterparts in China, Japan, Thailand and other European countries.

The Lace Park:

The lace park was a state government initiative to

provide infrastructure facilities to lace artisans. The Narsapur Lace Mega Cluster was the biggest cluster of Crochet lace artisans situated in the twin districts of West and East Godavari districts of Andhra Pradesh. More than one lakh home based lace making women were working in this cluster. The products of Narsapur mega cluster had potentiality as the production at a grass root level was substantial in order to cope up the supply and its marketing. But there was a need to provide market integration to build market led strong linkages in the cluster. Market Development and Trade Facilitation programs were designed for the Narsapur cluster to create opportunities for employment and also to enter into the export markets, thereby improving living standards of lakhs of crafts persons engaged in the cluster. It was also important to focus on building the domestic market presence of the lace products and to access new international markets. The International Lace Trade centre was established to strengthen the marketing infrastructure in the Narsapur cluster.

Human Resources:

The low remuneration and scarcity of able workers because of low payments had also confirmed to be the business's downtrend. "Lace was sold by kilo and fetches the artisans only ₹ 250-350 per kg, depending on the quality and finesse", explained by Kalavakolanu Tulasi, Managing Director, Pan Godavari Lace Facilities and Services. "Artisans were not paying attention to develop new designs to attract the market because of the remuneration is very low in the industry. The younger generations were not interested to continue this profession and they were looking into other sectors to get high payments. If there were no attractive incentives, artisans' number will declining" as opined by Mr. Nagabhushan Naidu, Project Manager at the lace park.

The younger generations were not interested in continuing this craft for three reasons. First, the artisans were unable to get fair prices and find

the right markets for the products; second, the significance of crafts was not included in the school curriculum and they did not understand the value of the handicrafts and the rich heritage they were supposed to carry forward. Finally, this was believed to be a family's craft which was linked to their caste. In many cases, artisans were looked down for being from the lower caste.

Present Scenario:

The dropping market share had condensed majority exporters and artisans of this industry, which was concentrated in villages like Narasapuram, Sitarampuram, Venkatrayapalem, Palakolu, Royapet and Mogalturu in West and East Godavari and Krishna districts of the state. Today it provides employment to nearly ₹ 1.5 lakh artisans, mainly women, who made crochets, curtains, bed linens, tableware, telephone covers for exports, as against nearly 5 lakh lace artisans nearly a decade ago. "A couple of years ago there were around 50 exporters, today there are barely 15-20 exporters left. The margins are drying up in this business and revenues are falling. "While I was able to garner revenues of around ₹ 1.2 lakh in 2011, last year I could manage only ₹ 90,000," said Mr. T. Raju, founder of Padmavathi Handicrafts and pointed out that he was planning to exit the industry.

Financial Support – Streenidhi Credit Cooperative Federation Ltd:

Development of Women and Children in rural areas (DWACRA) members receive financial support from StreeNidhi (Exhibit – 2) Credit Cooperative Federation Ltd. StreeNidhi business model was a unique one which used technology as well as the existing infrastructure. It was laudable that StreeNidhi had provided more than ₹ 1,500 crore worth loans to ₹ 8 lakh DWACRA women members. The members were given loans within 48 hours of loan application by using technology. Generally SHG's need to pay excess interest in case if they approach money lenders. But SreeNidhi was

providing loans comparatively at a lower rate of interest. They could avail loan facility at their convenience with the help of mobile banking. It was issuing to any member of the SHG from any part of the state for their medical, academics and also for the farming etc. Scrutiny of the applicants was done by Mandal samkhyas and Village Organisations, to help the members for the betterment of their livelihood. By availing this facility the members could also avoid the misleading activities of the money lenders.

To avail loans from StreeNidhi, Samrudhi deposits were compulsory for SHGs. Each SHG has to deposit ₹ 100 per month in Samrudhi account from 1st April, 2013. The SHGs has to maintain minutes of the meeting and should present the same to avail loans to income generating events. For health purpose, loan can be issued with the presence of at least 6 Executive Committee (EC) members of the Village Organisations.

National Backward Classes Finance & Development Corporation (NBCFDC):

The marketing facilities for the artisans were promoted by the National Backward Classes Finance & Development Corporation (Exhibit – 3). They were provided opportunities to participate in prominent national and international fairs viz. India International Trade Fair (IITF), DILLI HAAT, Suraj Kund Crafts Mela etc. NBCFDC also supported the artisans from the backward classes through promoting their participation in International Fairs and Exhibitions.

Markets:

For the last 225 years, the hand woven lace industry was flourishing in the coastal belt of Andhra Pradesh. There were danger bells for this industry because of Chinese products, global economic crisis and high input costs. Sri Devi exports managing director Mr. Shiva Hemdev pointed out that the exports have fall down from around ₹ 150 crore to ₹ 70-80 crore during the last decade because of global competition

mainly from China and global recession. The major global markets had slowed down and impacted the export revenues which were to the extent of eighty percent, Hemdev explained.

While Europe accounted for 60% of the total orders a few years ago, orders had declined drastically after the Eurozone crisis. Adding to this, the cheaper machine made products from China and Vietnam flooded the market. It was difficult to beat the competition from the Chinese markets as they were producing products at a cheaper price. They could do it due to the support from their government in terms of subsidies. Moreover, over products were handmade and mass production was not possible. The other reason, according to the exporters, was that many companies in developed countries wanted products that conform to factory compliance norms, which was difficult to ensure for a cottage industry.

Lace industry had both domestic and international markets for their various products like Poncho Hand Bags, Table Cloths, Border laces, Crochet Flower Brooches, etc. The domestic market constituted only four percent of the total market. Orders were received from the local markets only. They had no clue on how to reach the international markets and bring bulk orders. They had the capability of supplying for huge orders as they had good number of skilled artisans with innovative designing skills (Exhibits – 4). There were very few organizations which were supporting the artisans in marketing their products.

Export Promotion Council for Handicrafts (EPCH):

Export Promotion Council for Handicrafts (EPCH) was one of such non-profit organizations supporting and promoting the export of handicrafts in India. It is an apex body of handicrafts exporters, established in the year 1986-87 under Companies Act. It promoted the Indian handicrafts across the globe and ensured various measures to meet the international standards and specifications. The Council had

created an environment of awareness and necessary infrastructure, marketing and information facilities for both the exporters and importers by organizing workshops on export marketing procedures and documentation, packaging and designing. It also organizes Buyer Seller Meets, Open House etc., to facilitate interaction with Central and State Govt. and various other similar programs (Exhibit – 5).

Infrastructure Leasing & Financial Services Limited (IL&FS):

Infrastructure Leasing & Financial Services Limited (IL&FS) was supporting companies in financing and infrastructure development. Unit Trust of India (UTI), Housing Development Finance Corporation Limited (HDFC) and Central Bank of India (CBI) were promoting this organization. Commercialization and development of infrastructure project and design the value added financial services were the main focused areas. It was expertise in providing “the complete array of services necessary for successful project completion: visioning, documentation, development, finance, management, technology and execution.”

Majority of the SMEs in these clusters were facing a common problem of insufficient quality infrastructure, which was directly impacted on effectiveness. To address this issue, the IL&FS had initiated a special business unit, “Cluster Development Initiative.” This unit addresses the requirement of SMEs in technology, finance, market access, and infrastructure development through building equipped industrial clusters. The Government of India had appointed this body as a ‘Project Management Consultant’ to develop 25 combined clusters of textile parks.

Issues and Challenges in the Marketing of Lace:

Seasonal production: Crafts were activities that were taken up in households and were also many times seasonal. So these were produced during non-

harvest seasons. The techniques and processes used for crafts were very specific and differed from one craft to another. Artisans who were producing these products in an organized structure also worked within community settings.

Processing of Raw-material: The Jajmani system, acted as a source of mediation for the provision of goods and services between the local markets and the artisans caste in order to retain the livelihood of the village communities. But, it was challenging for the artisans to procure raw material at affordable prices, in the present modern competitive society. They were depending on the local traders for the raw material who were supplying for a higher price or they switched to non-traditional raw materials.

Quality Raw-material: Access to quality raw materials, funds and design inputs were three main issues for the artisans in the handicraft sector. The rural artisans had to compete with their urban counterparts who were using technology and superior quality raw materials, which were easily available to them through government subsidies. Due to poor recovery rates access to loans for working capital also was an issue. So they were forced to borrow from local lenders which were costly. Because of the digitalized and customized markets in the urban areas, the rural markets were facing the threats of the attracting the markets as communication was a major barrier and could not meet the expectations of the trend followed by the import and the export markets.

High Cost of production: The informal nature of the handicraft sector and the low literacy rate amongst the artisans created issues of unprofessional infrastructure like workshops, storage of products and packing and shipping problems. Most of the times these crafts needed the entire household to contribute in some capacity. So during the season, children would miss schooling which leads to low literacy among the artisan community. This in turn had a cascading effect on management skills

that was required to face the competition in the sector. Inventory handling, awareness and access to government schemes, ability to bargain with middlemen was lacking. The illiteracy rate of women was approximately ninety percent and men was around fifty percent according to World Bank information (Economic and Political Weekly, 2003). Lack of education leading to financial constraints also prevented them from using upgraded technology which had an impact on the ultimate quality and quantity of the products as well as the cost of production.

Markets and support system: Due to poor infrastructural and communication facilities in India, aggregating the products from different production units was a challenge. So the economies of scale in supply chain logistics of crafts were not possible. Artisans lost opportunities to reach the markets, as there were no incentives either for the buyers or for the retailers. Due to lack of knowledge and awareness of the marketing practices, marketing mix and the services mix were not adopted by them to attract the customers. While the markets for the craft products ranged from the local retails shops to exhibitions and exports, the artisans were restricted to the local markets only. The demand for ethnic products was actually were huge domestically as well as globally but supply chain inefficiencies have led to low supply of these products.

Lack of an enabling environment: The importance of these crafts is considered to be irrelevant in the technology driven economic growth of the country. The major gap associated was the shift from the traditional practices to the augmented practices. The government was also showing the inequality of the allocation of the resources for the urban and the rural markets and also between the import and the export markets. Around seventeen governing bodies were associated with the arts and crafts such as Textile Ministry, Women and Children Ministry which were creating a major gap in accessibility to the various grants.

Lack of interest by current generation: The struggle of the older generations to sustain in the market, the education system which did not support crafts in their curriculum and the strong association between caste and craft were causing disinterest among the present generation rural youth towards continuing their family crafts.

Self Help Groups:

SHG- grouping of below poverty line to uplift themselves for a better living. Women will associate to share their thoughts and strive for social and economic upliftment. All the group members will save on a regular basis and pool the amount in order to create the corpus fund. The amount which was collected will be given as loans for the members who are in financial need with nominal rate of interest.

Banking is unreached to the rural India. To inculcate the habit of savings for individuals, especially among rural women. This will create the confidence in organizing various activities that provides self-employment, self-development, women empowerment through education, improvising health, role of small families in better living, etc.

Sai Sakthi Self Help Group:

Sai Sakthi self-help group was established in the year 1997 and became a part of the Sri Adarsa Women Mutually Aided Co-operative Thrift and Credit Society Ltd. in the year 1999. The group consists of nine board members with one representative from each of the village covered by the society. The group functions with a revolving fund of ₹ 25000 which was three times their savings in the bank. Loan was provided by the bank at 25 paise interest rate. The group also was financially supported by Stree Nidhi. The potential to get loans was decided based on the group scores on promptness in repayment of loans. The loan repayment history of the group being very prompt, the group was sanctioned loans without any difficulty. Health insurance of ₹ 15,000 per family was provided for the group members. A death claim

of ₹ 1,00,000 and ₹ 30,000 for natural death were the other benefits the group got from the society. The premium for the insurance was ₹ 250 per annum. The member artisan was required to pay only ₹ 75 per annum as premium and the rest of the premium was borne by the central government. The group runs an eSeva and provides a number of services to the public through it.

The group had been performing very well in terms of loan repayment as well as fulfilling the orders that were placed in time (Exhibit – 6). The group had been encouraging their members in bringing huge domestic orders. Members of the group were capable of developing new and innovative designs. There existed skill among the artisans of this group. Moreover, the groups were training new members in making laces and also in coming up with new designs. The members could buy the thread on their own and make laces or thread and needles were provided by the group to its members. The threads that they procured from local markets were dyed with different colors to make the designs attractive and innovative. But the cost of the products could not be reduced due to lack of automation in areas like dyeing of threads. Mrs. Nageswari, had tried to collaborate with a similar unit in Coimbatore and procure a dyeing unit with the financial support from IL&FS. She intended to install the unit in her mandal, so that transportation and storage costs could be reduced and the price of the products could be brought down. Though the funds were sanctioned, unfortunately her partner in this proposal withdrew for reasons unknown and caused loss to the Lace Park in West Godavari district. It was a setback for the development of the Lace Park. Similarly, they also lacked the marketing capabilities and were depending upon middlemen or some malicious businessmen to identify markets and sell their products. These businessmen made higher profits by selling the products in the market and paying less to the artisans. Ultimately, the artisan was not benefitted and the middlemen were benefitted. Untapped international markets also existed to the scale of 96 per cent. The artisan

group had no communication skills to identify and target these markets. They also had no knowledge of approaching these markets and drafting project proposals. Lack of professional knowledge and skills in bringing new international orders to their group was another cause for concern. The hardships in identifying and selling their products and slow development rate were making this industry unattractive to the younger generations. They were thus moving into some petty jobs where they could earn little money. To motivate these young people in to their craft was another challenge before the society president, Mrs. Nageswari.

Conclusion:

With all the initiatives from the government and infrastructural and financial support for the lace industry through various institutions, the opportunities for the development of artisan clusters were there. The international markets were still untapped by the Lace artisans of West Godavari District. There were opportunities clearly seen in the markets but at the same time there were weaknesses in the Self Help Group which needed to be addressed. The few questions before Mrs. Nageswari were how to get the dyeing unit to her mandal and benefit lace and textile industry in her region; how to tap the international markets which were around 96 per cent; and how to overcome the problem of drafting project proposals. Though there were middlemen or businessmen who were ready to do the drafting of project proposals, they were taking advantage of the artisans' ignorance and converting the proposal into their own business and making profits. This was again a concern for the self-help groups as they were not benefitted ultimately. Motivating the upcoming generation into the lace making industry was another Herculean task before her.

Questions for discussion:

1. How can Mrs. Nageswari get the project back on track for the dyeing unit?

2. What marketing strategies do you suggest her to improve domestic markets?
3. What strategies do you suggest to tap the huge foreign markets for the lace products?
4. How can she develop skills to prepare business proposals?
5. What suggestions do you have to make the self-help groups stronger and profitable?

Exhibit 1: District Rural Development Agency (DRDA)

DRDA 's primary role is to undertake the programmes to uplift the weaker sections of society at the district level and associated with Ministry of Rural Development in coordination with the Integrated Rural Development Programme (IRDA). State and the central government initiations had also taken up by the DRDA in order to improve the livelihood of the below poverty line. Since 1st April 2018, DRDA administration was also created to strengthen the DRDA and monitor the activities. They act as mediators between the ministry and the district level authorities to implement various schemes.

For the geographical approach DRDA's programme were decentralised through the agencies. Members of the DRDA were the representation of various political and non-political sector which include MP's, MLA's, NGO's and representatives from various weaker sections of the society. The district collector acts as the chairman of the governing body. So DRDA, along with the Managerial and technical support it also provides the funds for the projects undertaken under various schemes.

Exhibit 2: StreeNidhi Credit Co-operative Federation Ltd

Procedural simplicity in sanctioning loans, disbursement of loan at their doorstep, inadequate bank loans and the delay in renewal of bank loans which was more than three months period, encouraged the members of the self-help groups

and their federations like the Mandal Samakhyas (MSs)/Town Level Federations (TLFs) to high cost borrowings from Micro Finance Institutions (MFIs)/ Money lenders to meet their various needs. In the absence of a reliable alternative to the micro finance institutions which provided high cost credit to the poor, there was a need to promote MFIs with low operations cost through technology adoption. To fill this gap the StreeNidhi Credit Co-operative Federation Ltd. (StreeNidhi) was promoted by the Mandal Samakhyas (MSs) promoted by Society for Elimination of Rural Poverty (SERP) and Town Level Federations (TLFs) promoted by Mission for Elimination for Poverty in Municipal Areas (MEPMA), in association with Government of Andhra Pradesh. Established on 07th September, 2011, StreeNidhi was registered with Registrar of Cooperatives under Andhra Pradesh Cooperative Societies Act, 1964 it had started its commercial operations from 6th October 2011.

Objectives of Stree Nidhi:

- To supplement credit to SHG members while ensuring that SHGs will give first priority for availing of loans from banking sector and then only look at the option to avail from StreeNidhi.
- 'StreeNidhi' address credit needs of the SHG members to meet situations like exigencies and short term loans for business purposes as SHGs/ members do not get another loan as and when required in case of need.
- To ensure timely credit availability preferably within 48 hours from the time of request for loan
- To ensure that poorest of the poor get 50% of the loan disbursed.
- To improve functioning of SHGs and their federations
- To provide low cost credit to the poor as one of the strategies for poverty alleviation with the support of SERP/MEPMA.

StreeNidhi provides loans for a number of purposes. The major purposes along with their limits and repayment period were as follows.

Sl. No.	Purpose of the Loan	Max. Amount ()	Loan Repayment period
1.	Education Loan	25,000	24 months
2.	Health Loan	15,000	24 months
3.	Marriage Loan	25,000	24 months
4.	Income Generation Activity	25,000	24 months
5.	Dairy loan	25,000	24 months
6.	Agriculture	20,000	24 months
7.	Weavers loan	25,000	24 months
8.	Short term loan	12,000	12 months

Source: Annual Report 2015-16, NABARD

Exhibit 3: National Backward Classes Finance and Development Corporation (NBCFDC)

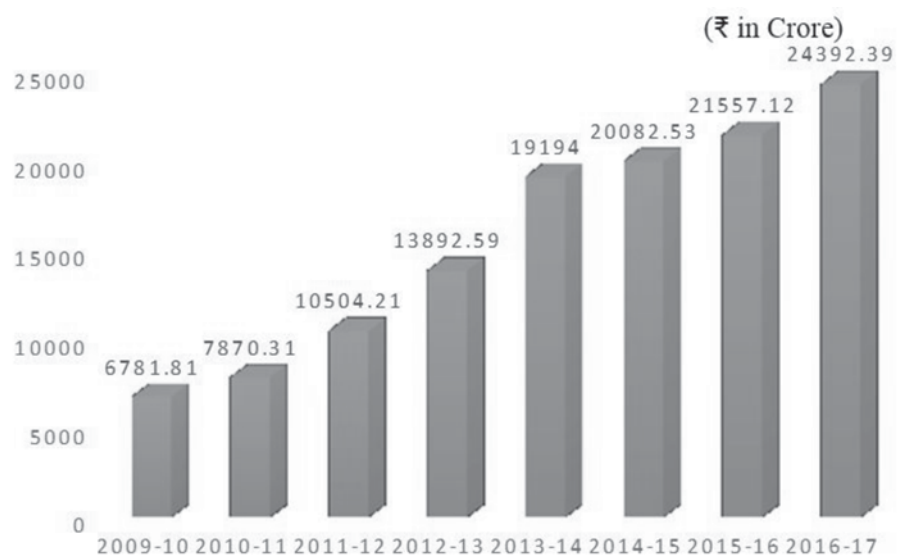
NBCFDC was established under section 25 of the Companies Act, 1956 on 13-01-2018. The objective of NBCFDC is to assist the weaker sections of the society by providing them with the development

activities which will nourish self-development and self-employment. It provides the Micro Financing through SCAs/ Self Help Groups (SHGs) for the farmers, Small and Medium Enterprise, traditional sectors, professional sectors, logistics and services sectors.

Exhibit – 4: Exports of Embroidered & Crocheted Goods (₹ in Crore)

S.No.	Country	2014-15	2015-16	2016-17
1	Australia	83.52	131.78	124.36
2	Canada	39.1	39.32	49.51
3	France	175.69	177.26	222.83
4	Germany	104.71	115.41	109.03
5	Italy	49.50	87.10	197.56
6	Japan	20.55	22.49	29.62
7	Netherland	84.64	99.34	118
8	UAE	131.58	148.04	136.88
9	Switzerland	16.76	21.82	23.25
10	U.S.A.	773.13	1072.41	1219.21
11	U.K.	183.56	250.47	231
12	Latin American Countries	53.58	70.68	45.12
13	Other Countries	714.61	701.09	720.63
TOTAL	2430.93	2937.21	3227.00	

Source: <http://www.epch.in/moreDetails.htm>, retrieved on 22-04-2018.

Exhibit – 5: Exports of Handicrafts

Source: <http://www.epch.in/moreDetails.htm>, retrieved on 22-04-2018.

Exhibit – 6: Progress Under Microfinance – Cooperative Banks' NPAs against Bank loans to SHGs as on 31st March 2017 (₹ in Crore)

Sr. No.	Name of Bank	For Total SHGs		Out of Total - Exclusive Women SHGs		For SHGs under NRLM/SGSY		For SHGs under NULM/SJSRY	
		Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S
ANDHRA PRADESH									
1	The Anantpur District Co-Operative Central Bank Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	The Chittoor District Co-Operative Central Bank Ltd.	14.29	5.57	14.29	5.57	0.00	0.00	0.00	0.00
3	The District Co-Operative Central Bank Ltd., Eluru	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	The District Cooperative Central Bank Ltd., Kakinada	9.23	7.42	9.23	7.42	0.00	0.00	0.00	0.00
5	The District Cooperative Central Bank Ltd., Kurnool	1.00	1.32	1.00	1.32	1.00	1.32	0.00	0.00
6	The District Co-Operative Central Bank Ltd., Srikakulam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	The District Co-Operative Central Bank Ltd., Visakhapatnam	69.17	7.71	69.17	7.71	56.00	10.72	0.00	0.00
8	The District Co-Operative Central Bank Ltd., Vizianagaram	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	The Guntur District Co-Operative Central Bank	230.62	15.94	229.69	15.89	0.00	0.00	0.00	0.00
10	The Krishna District Co-Operative Central Bank Ltd.	275.83	2.06	275.83	2.06	0.00	0.00	0.00	0.00
11	The Nellore District Co-Operative Central Bank Ltd.	2.63	100.00	2.37	100.00	0.00	0.00	0.00	0.00
12	The Prakasam District Co-Operative Central Bank Ltd.	12.84	1.28	12.84	1.28	0.00	0.00	0.00	0.00
	Total	615.61	2.99	614.42	2.98	57.00	9.43	0.00	0.00

Source: Status of Micro Finance in India 2016-17, pp.247-248.

Book Review

Title: The Power of Positivity–Optimism and the 7th Sense

Author: Prof. (Dr) Padmakali Banerjee, Pro-Vice Chancellor, Dean Academics & Director ABS, Amity University Gurugram, Haryana

Publisher: SAGE Publication India Pvt. Ltd., New Delhi

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Reviewed by: Prof. (Dr) Vikas Madhukar, Professor and Dy. Director, Amity Business School, Amity University Gurugram

We humans are embodiments of intelligence, feelings, emotions, hope and pride. All that we feel and do is propelled by an attitude, and that attitude controls, drives and lifts us when the chips are down – a power that shows us the light when darkness is ready to engulf us. What is the driving force? A force, a sense, an intelligence, a quotient which is bigger and loftier than any that we know of! It's 'seventh sense' – a miracle that helps one achieve the impossible.

The book under review talks about a 'seventh sense', which can be understood as optimism intelligence, to be nurtured throughout life with far-reaching benefits to individuals, both personally and professionally.

The whole book is divided into seven chapters which takes you through a roadmap of life situations and emphasizes the fact that cultivating the spirit of optimism can empower individuals to achieve their dreams. The first chapter simplifies the concept of optimism with an introduction to the seventh sense, analyzing the lives of self-actualized leaders

by providing a quick snapshot of their life stories, which include, spiritual leaders like Gautam Budha, Swami Vivekanand to international political leaders Mahatma Gandhi, Mother Teresa; from business leaders like Bill Gates, Steve Jobs to eminent scientists Prof Stephens W Hawking. These stories provide us glimpses of lifetime experiences that they went through, thereby making a complete transformation of respective communities of their dwelling. Optimism act as a tonic in realization and empowerment of individual to work in a constructive manner, provides desired inner strength of mind that has divine potential to effect change in positive direction leading success and happiness.

The second chapter describes the concept of 'optimism' with the help of some past and present studies, and unfolds the ideas of optimism linking this with higher levels of engagement, proactive networking and coping capabilities in individuals. Author states that one can experience a beautiful life even in adverse situations by developing an attitude of positivity and optimism, which also enhances the mental health and well being of people.

The third chapter presents optimism as an effective tool which keeps us healthy, happy and supports us in living a meaningful life. The author explained all this with a plenty of research backed evidences which indicates that optimists seem to have a better quality of life than pessimists which eventually leads to the longevity of life, faster recovery from illness, better quality of sleep, high immunity levels and graceful aging and satisfying life.

Chapter four represents the most important part of the book which describes the framework of measuring, enhancing and sustaining optimism attitude for overall success of an individual and an organization. The framework called PEROMA comprises of Positive Emotion= The Affect, Engagement = Involvement and Commitment,

Relationship Network, Meaningfulness and Achievement. The framework uses 'Optimism Index' (Oi 1.1) – a powerful psychometric tool and OAM model - which reveals a step by step process to improve self-efficacy to predict success. The test to calculate the Optimism Index includes 60 items measuring various dimensions of the PEROMA framework. Thus, besides the overall score of optimism, which ranges from (100 -300), Oi computes scores on the six dimensions of the PEROMA framework. The Optimism Index further classifies the individuals into 10 categories based on the different bands of their scores which highlights their attributes and strengths and creates distinction. The chapter ends with describing the real cases in which OAM therapy was used on individuals to overcome their emotional barriers.

The fifth chapter describes peace through mindful meditation, which can help people deal with conflicts of day-to-day life. The author recommends a practical tool to practice mindful meditation, which is the 'Labyrinth Meditation' – an approach to practice mindful meditation.

Outcomes and impacts are dealt with in the sixth chapter. It describes how cultivating the power of

optimism has a transformational effect on all of us to realize the power of 'seventh sense' that lies within us to deal effectively and successfully with dynamic life situations and enable us to achieve glory and self-actualization.

Seventh and the last chapter of the book, titled, 'Every Time You are Happy, You Win' talks about the lives of harbingers of optimism and describes real life examples of great leaders who became stars despite all odds and found new meaning in their life by following spirit of optimism.

The author has written this book with an objective to unfold the concept of Optimism as the 'seventh sense' for its readers from all walks of life and to cultivate and practice optimism for living a successful, happy, contented and a blissful life. The key message it conveys to its readers is that the world can be transformed into a happier place through attitude of positivity and optimism. Overall, the book represents an excellent work of the author discusses the overwhelming effects of being positive, inculcating a sense of optimism in all endeavors of life. The book is a valuable aid for students, academicians, leaders, psychologists, practitioners and other thinkers to learn and practice the optimism and promotes happiness and well being all round.

Book Review

Title: Human Resource Management: Theory and Practice

Authors: Prof. (Dr) R.C. Sharma, Professor Emeritus, Amity Business School and Founder Vice-Chancellor, Amity University Gurugram, Haryana

Nipun Sharma, Executive Vice-President and Business Head (UP-E), Vodafone Mobile Services Ltd., Lucknow

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Reviewed by: Prof. (Dr) Deependra Sharma, Professor, Amity Business School, Amity University Gurugram

Good business needs good HR management and all the organizations need to understand it. Selecting, retaining and managing the employees are few of the most crucial activities that may facilitate or hamper business's capability to flourish.

In reality, there exists a chasm between appreciating the significance of HRM and having the knack to manage various HR issues, effectively and efficiently. The present text is an endeavor in the direction of bridging this gap.

The book makes an honest attempt to pacify this urgent need for an active collaboration between the academia and the industry. This text book is, therefore, is a fine blend of the theoretical concepts, definitions, theories, tools and techniques on the one hand and the practices being followed/likely to be followed in human resource management in the near future, particularly in the corporate sector, on the

other hand. The text provides conceptual clarity of human resource management and helps understand the current problems in this domain that require programmatic research and realistic solutions. This approach makes this HR book an excellent resource.

The text is divided into six parts. The first part comprising two chapters addresses the basics and fundamentals of HRM - in retrospect and prospect. While the second part consisting of three chapters deals with the complicated issues related to acquiring human resources and placement and induction. The third part includes the next two chapters and deals with the current problems of training and executive development. The fourth part comprises another four chapters and discusses the problems of compensation and reward management including performance and potential appraisal, employee compensation and fringe benefits and services. While the fifth part contains the next four chapters and takes care of issues relating to relational issues like employee motivation, job satisfaction, employee morale, communication, supervision, leadership, employee discipline, and grievance handling. Last i.e., the sixth part comprises the next four chapters of the text and deals with the employee relations including human and industrial relations, collective bargaining, trade unions and international human resource management.

Additionally, another two chapters numbered 20 and 21, dealing with technological change, industrial accidents and safety, industrial health and hygiene, working environment and fatigue, HR records, reports, audit and research, are available on companion website (https://study.sagepub.in/sharma_HRM). However, it would have been better if these two chapters could have also been included in the book itself instead of placing the same on website. Anyway, the book takes care of the complete anatomy of HRM.

The style followed is very lucid and authors have explained the complex concepts in a very easy-to-understand approach. The book is rich in pedagogical features, including learning objectives mentioned in the beginning of the chapter, and summary, key terms, discussion questions, individual and group activities at the end of each chapter. Numerous case studies are provided in the text. Another special feature of the book is that it throws light on the recent developments related to relevant topics and also suggests probable management strategies for the issues concerned.

The book is heavily loaded with authentic data, tables and figures to enhance conceptual

understanding and know the current status. There are 212 exhibits included in the book to illustrate the issues concerned. Several annexure provided at appropriate places afford a rigorous approach to the chapters. Footnotes widen the scope for study. Author and subject indices provided towards the end of the text, help in locating the issue(s) concerned. It would have been better if the number of models given in the book could have been increased.

All said and done, the text is a magnum opus and will prove extremely useful not only to the students of management courses but also to professionals, corporate trainers and researchers.

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I, Prof (Dr) R C Sharma, hereby declare that the particulars given are true to the best of my knowledge and belief.

(Sd/-)
Prof (Dr) R C Sharma
(Signature of the Editor)

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Amity Management Analyst(AMA) invites original research-based papers and management cases from both academicians and practitioners on topics addressing contemporary issues pertaining to the area of management and allied fields.

Guidelines to be followed for submissions by the contributors.

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02. Nature of Submission:
 - o Full length articles (5000–8000 words): Original high-quality research papers.
 - o Management Cases (5000–7000 words exclusive of teaching notes).
 - o Interview of renowned academician/ corporate personnel- (4000-5000 words with the consent letter of the interviewee)

Manuscripts should be submitted by electronic mail with the cover page bearing only title of the paper and author (s) names, designations, official addresses, phone/ fax numbers and e-mail addresses. The title page should clearly mention the name of corresponding author who will be handling communications at all stages of refereeing and publication, even post-publication.

03. Abstracts: All the manuscripts should include an abstract of about 150 to 200 words with five keywords. It shall cover purpose of the study, methodology used, results, uniqueness, and implications.
04. Footnotes: All footnotes should be indicated by serial numbers in the text and literature cited should be detailed at the end of the paper..
05. Tables and Figures: Tables/ Figures should be placed within the text. Table should contain the detail of the source and unit of measurement. The heading of the tables should be left aligned. A punctuation mark (:) i.e. Colon should be used after the numbering of the table.

Ex. Table 1: summary of the review.

06. References: For all sources APA format to be used. Place the references at the end of the manuscript. For more than one publication by the same author, list them in chronological order, with the older item first. For more than one publication in one year by the same author, use small (lower case) letters to distinguish them (e.g., 1980a, 1980b). Following are some hypothetical examples:

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From the Desk of Editor-in-Chief

Despite the fact that Indian economy is one of the fastest growing economies of the world - its rate of economic growth during 2018-19 has been predicted between 7 and 8 per cent by different renowned global agencies and further that India's GDP grew at 8.2% during the April-June 2018 (Q1, 2018-19) (HT, Sept. 12, 2018) - its effects are yet to be felt by the common men to the extent the same should have been felt. The major reasons causing the said scenario are obvious. The inflation rate which affects the commoners the most has yet to show the downward trend. Another important factor is the steep rise in the petrol- diesel prices which have the multiplier effect due to which the commoners are the worst affected. The GST and the I/T rates too have to find favour with the majority of the people concerned. Drinking water, availability of power, intra-city transport facilities, and the like, which are matters of great concern for common men are yet to meet the expectations of the masses. Widening of current account deficit (CAD), import-export imbalance, are some of the other factors that have adversely impacted one and all. Internal political scenario is equally worrisome. Any move, good or bad, meets stiff opposition - at times even with violence, bandhs, unruly protests - stifling the smooth functioning of the administration. In most cases, opposition is just for the sake of opposition, causing unsurmountable loss to the economy.

Anyway, the scenario is not that bad also. Despite all shortcomings and mis-happenings, our economy has been withstanding the on slaught of both internal and external forces. It is mostly because of solid bases of our economy. India is rich in manpower, especially young manpower. The country has started skill development programmes at massive scale. Infrastructure has been strengthened significantly. Foreign policy has been very sound resulting in building of our nation's image abroad and maintaining good relations with countries that matter today. Scientific and technological development has been given a substantial boost resulting in a lot of innovations and mass production of goods and services including in the agriculture sector. Foreign reserves have shown upward trend. Make-in-India movement is also making its presence felt. Various Central government schemes supporting creation of employment, health care, social security and labour welfare, a great spurt in mobile and data services, transport and communication, and a lot of other measures initiated during the last 2 decades promise a sound future of the country. However, much depends on the political sagacity of the country, effective leadership and administration, transparency, updating of technology and higher education system, proper channelization of energy of the youth, mitigation of illiteracy, poverty and disease, and so on.

As such there is an urgent need of certain fiscal and other innovative steps to be initiated by the government to control inflationary trend, CAD, import-export balance, concentration of wealth under a few people, etc. and to eradicate corruption.

Prof (Dr) R C Sharma

Editor-in-Chief

Amity Management Analyst

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You have been associated with HCL since 1978 and have held various senior positions while serving it. Now, you have recently been appointed as the Managing Director of HCL Info systems Ltd. How have the challenges the company is trying to solve through technology changed and how do you describe the growth of HCL?

It has been a privilege to be part of the HCL family for 40 years. It has been a lifetime and over the years I have thoroughly enjoyed my association with HCL. I have been part of various businesses in the group and have gained immense experience being part of different teams including ones that worked on scaling of businesses. One such example is the opportunity to head Global Operations for BPO Services and be part of the transformation story of moving a traditional BPO services to a next gen one. It was a success story and we were able to provide holistic next generation business and technical services to marquee Fortune 500 customers across the globe.

“..... the advent of Robotics which could impact repetitive jobs but I believe complex ones will not be impacted by technology”.

The experience and learning from such associations has been immense and enriching as it involves amalgamating different pieces to come up with the right winning formula. It's not only about mobilizing resources to create a success story but also to be a leader who can motivate a team to win, especially in times when things become or look difficult.

Today technology is changing how we provide services to our customers and partners. Inflection points are being reached sooner than before. It's exciting to visualize what will be the next inflection point for the human race — what would be the next product as exciting as the smart phone or the advent of the internet. For us it is also pertinent to understand what would be the next inflection point in enterprise technology. To deliver on the best technology solutions for our customers it is important that we ourselves as an IT organization leverage technology in our operations and processes.

HCL Infosystems is on a journey of its transformation. We are now focused on becoming a lean organization and focusing on areas that will drive us towards profitable growth in the future. The key focus of HCL Infosystems today is our distribution business encompassing both

Consumer and Enterprise IT products. Technology is playing an important role as an enabler in the conduct of our business and we are imbibing technology in our various functions and processes. For example OCEAN (Online Customer Engagement Application Network) that is a partner portal in our Consumer Distribution business where the entire customer or partner journey has been automated. Similarly for our Enterprise Distribution we have built a portal called as Premium Partner Portal or P3 for our partners. Internal processes have also been automated which has enabled better and faster decision-making.

Digital transformation, Automation and Machine learning along with Artificial Intelligence are the buzzwords today. All the major technological as well as non-technological companies are talking about them. Microsoft, IBM, Google etc are very active in these fields. How do you see HCL differentiating itself in this world to set apart a value proposition that is unique?

Our understanding of the technology requirements of the customer both in B2C and B2B spaces has been derived from working in this space since the last 40 years and we are leveraging this expertise to provide the best of technology experience and enablement to our customers. Today technology is changing at a very rapid pace but it is also important to understand and define the best and relevant technology suitable for a particular organization. Technology implementation and up gradation also have to be in sync with the requirements, capability and future growth of the organization.

Our partnerships with global and leading brands have enabled us to be at the forefront of providing best in class products and solutions to our customers. In terms of technology projects, HCL Infosystems over the last four decades has been involved in the execution of various nation building projects. The company has built unparalleled technology competencies in the successful delivery of such projects, including those in Defence, Telecom, Public Distribution and Power sectors. We are also the managed service provider for the world's largest identity management project — Aadhaar — where the 100-crore enrolment milestone has been crossed.

Today we are leveraging this expertise of delivering complex nation building projects which are truly world class. We are leveraging these robust system integration capabilities to offer complex solutions to our enterprise customers. Again in our Singapore business we are concentrating on a range of IT infrastructure services and associated applications. In this region we are already working on prestigious government projects and simultaneously building the private sector business. During FY 18 and now in FY 19 we have made investments in creating a new command center in Singapore to gear up for significant growth. We have built great trust, relationships and equity in Singapore and will continue to keep a strong focus on building this business.

There is a general apprehension that with the advent of latest technology like AI, lot of the jobs may get eliminated and new jobs may come up. What do you think about the future of work nature?

Artificial Intelligence is meant to improve decision cycle and transfer (from humans) more accurate decision making. As concepts like Machine Learning are manifesting in work places, computers are developing the ability to learn for themselves. Computers are being coded to think like humans and by giving them access to the internet and data, computers are mimicking human decision making at a much faster speed and at the same time are also being more accurate. In business, Artificial Intelligence is the vehicle to achieve more innovation and efficiency. By analyzing big data Artificial Intelligence has been able to make or offer real time business decisions within seconds. By analyzing consumer behavior Artificial Intelligence is enabling decision making in businesses in terms of product modifications or creations. Take the example of marketing, AI has been able to simulate various go to market scenarios, market forecasting or even enabling targeted advertising or content consumption. So essentially Artificial Intelligence will enable humans in their jobs to make better decisions and thereby become more effective. Another aspect here is the

advent of Robotics which could impact repetitive jobs but I believe complex ones will not be impacted by technology. Robotics or robots will ensure that repetitive tasks will be done quicker, safer and will be more reliable. Some repetitive tasks can also be hazardous or difficult to do for a human, but robots can do such tasks in a more efficient manner and also at the same time avoid the dangerous element for humans. So essentially robots can make the work environment safer for human employees. This will also free the time of human workers to involve themselves in work that requires creative thinking, innovation, human interactions or even empathy. Let me give you an example of a sales person who would typically spend a good amount of his time in identifying potential customers, creating collaterals and

sending emails rather than actually conversing with his defined audience and building a relationship with his prospect. Technology will free the salespersons' time to engage more with his potential customers then in identifying his prospects and even sending communication at desired intervals.

Indians basically are known to do what they are told to do. In such a context how do you encourage creative thinking at HCL organization and where do the great ideas come from in your organization?

"HCL has been an entrepreneurial incubator for a large number of leaders of the industry and people policies and systems are designed to encourage a culture of ownership".

HCL believes in grooming its people to become leaders of tomorrow. Hence we have an open and entrepreneurial environment. HCL has been an entrepreneurial incubator for a large number of leaders of the industry and people policies and systems

are designed to encourage a culture of ownership. Various enablers have been developed to create this culture of innovation such as a Leadership development school - iLead, Innovative Portal, Innovation wall of fame, Awards etc. In essence HCL provides for an environment where any employee with an executable idea is given a platform to take it forward. There have been many success stories such as the innovative thinking on a Home PC led to the creation of a business division around the HCL Home PC Beanstalk;

What is the biggest leadership challenge that you have faced till now and how have you dealt with it? Also, share what was the learning out of it?

Growing a business presents its own set of challenges and there have been many instances in my career where I had the opportunity to grow businesses. But from my experience I can say that creating a lean organization or business is more challenging. Growth in that sense is relatively easy!

Growth is unidirectional while creating a Lean organization means the inter play of many elements and as a leader one has to get a hold on multiple levers. We need to have systems in a lean organization which will enable efficiency, decrease costs and at the same time increase quality of operations and ultimately customer service.

Apart from bringing in the right set of systems, processes and tools, change management I believe is the biggest challenge. We have to align the right people to drive the changed processes and systems. We have also to balance how much we can learn by doing and how much we need to bring in training elements. Mobilizing resources and allocation to drive initiatives is another critical element and provides quite a challenge.

Another challenge is to ensure that this endeavour does not become an one time activity or take the shape of a time bound project. The challenge here as a leader is to ensure that the organization imbibe the changes as a continuous process. It should become the new culture of the organization and it is a critical task that the leader has to focus on to bring it alive. Getting participation of all people is of utmost importance of creating a lean organization. This is quite a challenge and as a leader one has to drive the change and ensure that all are on board on the journey. It should be made clear that it is a must do. It is not an uncommon occurrence to face resistance from various levels of the organization and a leader must be prepared to face such obstacles.

In the long run, another challenge of a lean organization is keeping it lean and still be able to maintain reasonable growth and profitability and remain competitive. In today's context, given market dynamics, businesses need to be lean to be able to stay competitive and at the same time keep growing profitably.

What traits or qualities do you think made it possible for you to grow to the current level in an organization like HCL?

From the very beginning of my career I have developed a habit of learning from others. This has become like a second nature to me. As a leader you have to face many difficult and tricky situations. I have learnt to tackle such situations to a great extent by learning from others — how they react to situations and solve them. Of course it is not enough to observe and learn from others. It is equally important and maybe more so to put in the hard work to ensure that what you have observed is put to practice and internalized. Keeping an open mind has been important to me to learn from others too.

The learning also includes, if I may say so is how not to react or act in certain situations! I have also learnt and observed how teams interact in an organization. I had also made it a point to watch and learn from the signals of change within the organization. Filtering is equally important, when learning from others filter in information that is relevant and filter out information that is not suitable. The learning terms of reference are dynamic, more so in a business environment that is constantly changing. In that sense it is also important to validate what you have learnt from other sources of information or knowledge and keep a flexible template.

As a person also I am quite simple and approachable and this trait I believe has helped me to connect with people. This has also enabled a lot of conversations with my colleagues and team to assimilate various viewpoints and reach better informed decisions. As a leader you need to keep the channels of communication open, employees should feel comfortable to approach you and raise any pertinent issue. Being simple I have always looked for simple responses or constructs to various business issues or problems. A leader should be able to cut through the complexities and offer a simple solution that everyone in the team can understand and follow to execute. Along with being approachable one should also be a good listener.

What message would you like to give to the young professionals who have recently started their professional life?

Young professionals who are starting on their respective careers would do well to get out of

their comfort zones. The first stages of one's career is the right time to gain as much varied knowledge as possible, try out new things and also in the process learn about oneself. Moving out of your comfort zone also throws light on your strengths and weaknesses. The learning will be immense and it is the right stepping stone to a successful and rewarding career. It is also the time of your career where you have time, energy and enthusiasm to try out new things that you are not comfortable with. There is also gratification for you when you step into an uncomfortable zone — the feeling that you will get once you succeed in an area where you thought you would not have done well will be great and a highly fulfilling emotion. And it will also do wonders to your self confidence.

Another thing that I would recommend and that I had done during the initial part of my career is to work in multiple locations. One should do this at least for 2 to 3 years till the time you get into a

senior position. This will enable you to know how to work in a different culture. Accordingly you also develop cross cultural communication skills. You will become more independent and resourceful when you work in different environments. To be successful in a career it is also important to be able to establish relationships with people. And working in different locations creates the experience of establishing relationships with people with different cultural backgrounds. This experience will hold you in good stead throughout your career. Working in different cities also makes you step out of your comfort zone and develop new experiences.

Working in a different city or geography will also enable you to build your own set or network of contacts. As you move forward in your career these contacts if nurtured well will be invaluable.

Determinants of Spirituality at Workplace: Does Demography Matter?

*Ujjal Mukherjee **Jerin Joseph

Most of the researches conducted in the western nations found a relationship between demographics and spirituality. This assumption has been tested empirically in this paper in the Indian scenario. The authors used cross-sectional study design to collect the responses of 259 employees in India. Employees from the 3 manufacturing and 3 service sector companies participated in the study. Judgmental sampling was used for the research. A 20-item instrument designed was used to measure spirituality at work place. The computed internal consistency reliability for this measure was 0.81 using coefficient Alpha. The perception of workplace spirituality is higher among females, managers and employees in the age group of 35-45 years and working in manufacturing sector. The statistical significance of the difference in the means and variance were estimated using T-test and ANOVA. Analysis revealed that perception of the level of workplace spirituality was found to be lower among employees in the service sector. So managers, particularly in the service sector, need to be aware of the existence of "Workplace Spirituality" and should be equipped to develop the same among the employees in the organization. By identifying and then developing employee's spirituality, organizations can help employees to reduce stress, burnout and improve their work life quality. Using a large sample, this study identifies a relationship between gender, age, sector, designation and spirituality in the Indian context.

Introduction:

With a Gross Value Added (GVA) of 73.99 lakh crores at the current prices, service sector is the largest sector in India. This is close to 55 per cent of India's GVA. Manufacturing sector comes a distant second with a contribution of 29 per cent to the overall GVA. So both these sectors have a major contribution in the Indian economy. World Bank (2017) in its latest report has predicted a 7.3 percent growth rate in the Indian economy for the next financial year which is higher than the current growth rate of 7 percent (2017-18). In spite of the disruption during the initial days of the implementation and demonetization, Goods and Service Tax (GST) is expected to add a few units in the growth rate of manufacturing sector.

Given the hype and expectation surrounding the economy, most organizations in India want to avail this opportunity and grow in their business. In order to avail this opportunity, organizations should ideally, among other things concentrate on a couple of things, like develop a good strategy which can help them to uniquely place their products in the market and retain talent. Research has revealed that the later has an influence on the later.

In order to improve on the retention rate and decrease the attrition rate of the talented workforce on whom the organizations spend millions of dollars every year, decision makers should understand the expectation that their employees have out of the work that they do on day to day basis. Employees now a days, have a desire to find meaning and purpose in the work they are performing to earn their living.. Organizations should not overlook this desire of the employees (Fry, 2003). Giacalone & Jurkiewicz (2003) actually underlined the importance work place spirituality in the progress of organization science. The importance of workplace spirituality to the welfare of individuals, organizations and the society has also been explained by Sheep (2006).

Work is no longer an eight hour shift commitment, it is increasingly seen as a tool to fulfil one's destiny. As Aurty (1994) puts that it is wasting far too much of one's life if work cannot provide spiritual and personal growth alongwith financial growth. Organizations are increasingly seen to finding ways which can enrich the mind of the employees, satisfy their souls and also help them to get rewarded financially. Among the several causes of growing

*Assistant Professor, Jain University, Bangalore, Karnataka, E-mail- f15ujjal@mima.ac.in

**Research Trainee, Jain University, Bangalore, Karnataka

inclination towards workplace spirituality, the following can be considered as the most relevant ones:

- mid- life soul searching by the baby- boomers
- the anxiety among employees caused by the ever increasing restructuring and downsizing
- employees quest to find meaning in the work that they are doing daily
- employees search for more holistic living.

Researchers have considered the “explosion” of interest towards spirituality as the most impactful trend since 1950’s (Howard, 2002) and considering Toffler’s (1980) technological wave as the third wave, they considered it as “organizational fourth wave” and termed it as “spirituality based firm”.

Bragues (2006) stated that employees now a days, are not only looking for mere employment but they also expect some value addition. It is not uncommon to find organizations helping employees to find ways in enhancing their work life balance or understanding and developing their potential, without compromising the job in hand. Successful multinationals such as Coca Cola and Intel have incorporated space for workplace spirituality in their culture and strategy. Even organizations such as Boeing and Sears are following this trend.

The focus of management has shifted from:

- an economic concern to quality of life, balance of profits, social responsibility, and spirituality issues (DeFoore and Renesch, 1995),
- service and stewardship from self- interest (Neck and Milliman,1994),
- interconnectedness from self- centeredness (Capra,1993), and
- spiritual orientation from materialistic (DeFoore and Renesch,1995;Fox, 1994).

The aim of these financially rewarding and new developments in the workplace is to create a mind enriching and spirit growing environment in the workplace. This emerging concept is widely called

“the spirituality movement”. This movement is considered as a major transformation, one which adds meaning , purpose and sense of community in the lives of the employees.

Quite a bit of research has taken place in the West in understanding the influence of workplace spirituality on different variables at the individual , group or organization level. But there has not been much work to understand whether the level of spirituality actually varies from person to person due to their age, gender, the place where they are working or the kind of role they are performing. This paper unravels the influence of gender, age, sector and designation in workplace spirituality.

Literature Review and Hypothesis Development:

Workplace Spirituality:

The word “spirituality” is derived from the Latin word “spiritus’ or “spiritualis” which means breathing, breath, air or wind (Merriam- Webster). Spiritus can be explained as ‘the principle held to give life to physical organisms”. The construct of workplace spirituality has been found to have two dimensions: definitive and correlated dimensions (Beazley, 1997).The correlated dimension consists of sub dimension such as service to others, humility and honesty. On the contrary, definitive dimension consists of :a continual faithful relationship with the Almighty and engaging in prayer and meditation. The achievement of the later dimension helps in the achievement of the former.

The researchers of workplace spirituality have defined it in different ways. There seems to be no “one’ definition of Workplace Spirituality.

Summing up the numerous definitions of spirituality leads to three dimensions or perspectives of workplace spirituality :

- a. Human resources perspective: Workplace Spirituality augments quality of life and employee well – being ;

- b. Philosophical perspective: Workplace Spirituality gives employees meaning and a feel of purpose at work; and
- c. Interpersonal perspective: Workplace Spirituality gives individuals a feel of community and interconnectedness.

The above perspective is relevant in the modern workplace as the employees spend a major proportion of time in the workplace. Place of work has transformed into a place where people seek meaning for the time spent, make friends and create value for the society (Fairholm, 1996).

Some critics of spirituality have categorized it as a passing FAD. But a separate school of thought suggests that it is much more than a passing FAD (Gotsis and Kortezi, 2008). It has the potential to develop a better understanding of human work, particularly at the workplace.

It has been more than two decades since researchers identified this dimension at work but still there is no commonly agreed definition (Ashforth and Pratt, 2003). The following components have been found to appear most commonly in the literature review of workplace spirituality (Ashmos and Duchon, 2000; Marques et al., 2005, 2007; deKlerk, 2005)

- Feeling of interconnectedness and belonging
- self joy and fulfillment
- meaning and purpose in life

Profits and success of organization have been found to be influenced by the workplace spirituality programs arranged in the organization. (Delbecq, 1999, Mitroff and Denton, 1999b; Dehler and Welsh, 1994; Turner, 1999; Konz and Ryan, 1999).

Spirituality at workplace is seen to be associated with positivity in the workplace (Thomas, 2005), individual performance (Joelle & Coelho, 2017), 360 degree feedback (Das & Panda, 2017), emotional, psychological, social, and spiritual well-being (Pawar, 2016). Harvard Business School researched

10 companies which were considered to have strong corporate culture and 10 companies having weak corporate culture. The results showed that companies where employees experienced more workplace spirituality performed more than 400 percent better than the companies where employees experienced less work place spirituality.

Maria & Arnaldo (2017) concluded that the workplace spirituality influences job resourcefulness and affective commitment. Workplace spirituality has also been reported as an important predictor of employee commitment, work-life balance and job satisfaction. (Garg, 2017). Some researchers debate that workplace spirituality can be considered as an end in itself (Cavanagh and Bandsuch, 2002; Fernando, 2005). This leads to the four hypotheses of this research paper, wherein, spirituality has been considered as an end in itself.

Research Gap:

Developments in the last ten years in India gives the researchers a faint hint that demographic factors such as age, gender, sector and designation can serve as determinant of the level of workplace spirituality experienced by employees. The service sector in India is inducting the younger generation in the workforce of the contrary, the manufacturing sector has failed to attract the younger generation to that extent. This is the reason why the average age in the manufacturing industry is found to be slightly higher as compared to the service sector. Female employees have been reluctant to work in the manufacturing industry for different reasons. Hinds and Andrews (2011) in their research found gender affects the kind of supervision experience. They also found that female supervisors give greater attention to relationship building as compared to male supervisors. Supervisors have a tendency to use different strategies with male and female employees.

Recent experiences among Nigerian workgroup alluded to the fact that personal factors such as workers gender, age, job tenure, management levels and the type of organization are strong determinants of readiness to engage in OCB. Studies on different workplace behaviors have revealed the relationship between the variables and different demographic factors.

So it is worth studying the influence of demographic factors on the experience of workplace spirituality among employees in the Indian scenario.

Objective of the Study:

This study empirically examines the influence of demographic factors such as gender, age, sector and job level on the experience of workplace spirituality among employees working in India.

Hypotheses:

All the above stated assumptions and results of research led to the development of the following hypotheses :

- H₀₁: There is no difference in the level of experience of workplace spirituality among male and female employees in India.
- H₀₂: There is no difference in the level of experience of workplace spirituality among different age group of employees in India.
- H₀₃: There is no difference in the level of experience of workplace spirituality among manufacturing sector and service sector employees in India.
- H₀₄: There is no difference in the level of experience of workplace spirituality among managers and non- manager's employees in India.

Need and Rationale:

The researchers during the review of the literature did not come across any research which explained the influence of demographics on workplace spirituality. Most of the empirical studies on spirituality have been conducted in the western context and limited

attention has been paid to the exploration of this construct in other cultural contexts. The present study attempts to understand the influence of demography on workplace spirituality in the Indian context.

Literature reveals that there is a positive relationship between workplace spirituality and performance of individuals and organizations as against the background of ever fluctuating organizational performance. So it is important to understand the perceived influence of different components of demography on spirituality at workplace. The understanding of the same can help in better understanding of the unit performance.

Research Methodology:

Sampling Design:

Judgmental sampling was used for the research. Employees from the 3 manufacturing and 3 service sector companies participated in the study. Only those respondents were considered who had a minimum of 12 months of work experience. The data was collected from employees working in manufacturing and service sectors in the India. The data was collected in the months of July and August, 2017.

Participation in the study was voluntary; employees were informed that the study was for research and their response would be anonymous. Participants responded to a questionnaire of 20 items on a 5 point Likert scale 1 means strongly disagree, whereas 5 means strongly agree.

The sample size is 259. As far as age is concerned, most samples were less than 35 years (56%). 73% of the respondents were male, 93% of the them were having at least graduates and 75% were married. most of the respondents fall into the category of Non Managers (45%) having less than 5 years' experience (24%).

Methods of Data Collection:

Spirituality at work place was measured using the valid 20-item scale developed by Ashmos & Dunchon (2000). Employees were asked to mark the extent to which they agreed or disagreed with the statements concerning their behavior. Some of the items are –“I feel part of a community in my immediate workplace (department, unit etc)”, “The work I do is connected to what I think is important in life”, “My supervisor encourages my personal growth” etc. The computed internal consistency reliability for the instrument is 0.81 using coefficient Alpha.

The responses were received in two forms- soft and hard copy. A questionnaire using Google form was prepared for the respondents. Employees who were comfortable filling the online form were sent the soft copy and others were given hard copies. The

questionnaire was distributed to all the employees and the responses were collected from them. It was mentioned that the employees can meet the HR of the organization if they found any difficulty in understanding the questionnaire. There was a personal interaction held with the HR in order to give an idea on what the questions meant so that they can help the employees in need.

Statistics:

Descriptive statistics, t Test and ANOVA were used to test the hypotheses in Microsoft Excel Version 2010 and SPSS Version 17.

The Kolmogorov-Smirnov significance values of Psychological Capital (0.331) are greater than 0.05, indicating that the data is normal and thus ensuring the implementation of parametric tests.

Table 1: Descriptive statistics

	Gender	Age	Sector	Designation	Spirituality
Gender	1				
Age	-0.069	1			
Sector	0.017	-0.40	1		
Designation	0.014	-0.25	0.09	1	
Spirituality	0.04	0.29	-0.23	-0.05	1

Table 2: Mean value for the variables wise

	Gender		Sector		Age					Designation	
	Male	Female	Manuf.	Service	<25	25-35	35-45	45-55	55+	Managers	Non Managers
Spirituality	65.67	66.98	70.7	63.5	66.2	65.9	66.0	69.4	69.5	66.9	65.0

Results:

The perception of spirituality at workplace is higher among females (mean=66.98) as compared to males (mean=65.67). But there was no significant difference in the means of the perception of spirituality at workplace among males (M=65.67, SD=6.03) and females (M=66.98, SD=6.3); $t(126) = -0.66, p = 0.50$.

The perception of spirituality at workplace is higher among manufacturing sector (mean=70.7) as compared to service sector (mean=63.53). But there was significant difference in the means of the perception of spirituality at workplace among manufacturing sector (M=70.7) and service sector (M=63.53); $t(126) = 3.27, p = 0.00141$.

The perception of spirituality at workplace is higher among managers (mean=66.97) as compared to non-managers (mean=65.09). But there was no significant difference in the means of the perception of spirituality at workplace among managers (M=66.97) and non-managers (M=65.09); $t(126) = 1.04, p = 0.29$.

There was a significant effect on age on the perception of spirituality at the $p < .05$ level for five conditions (< 25 years, 25-35 years, 35-45 years, 45-55 years, 55+ years) - $F(1,516) = 5039.91, p = 1.9E-268$.

Discussion:

Spirituality at workplace is increasingly accepted as a core construct embedded in an employee's positive developmental state. Researchers argue that organizations should invest in the positive psychological development of their workforce to achieve variable, sustained growth and job satisfaction. Some studies have actually found relationship between the two.

Spirituality helps working professionals to develop a more integrated view on their family, firm, community neighbors, and self. Therefore, organizations are seen to develop a growing interest toward nurturing spirituality at the workplace. This growing interest towards this new concept can be noticed by the increasing number of articles, research paper and books written on this topic.

In this research, it is found that female have higher levels of workplace spirituality as compared to male employees though, the difference was not found to be statistically significant. Indian women in general, probably due to the Indian culture where we still find a lot of joint families, tend to develop a sense of community around themselves. More often than they are the ones in charge of providing services such as cooking, serving food, taking care of the younger ones at home. They start learning this ability of "caring and sharing" very early, probably from the childhood days. This ability actually developed over a period of time helps them probably, to accept the workplace

faster than the men around. Interconnectedness in the workplace is basically, out of the love and care that they spread around in the workplace.

The level of workplace spirituality is found to be significantly higher among the employees working in the manufacturing industry as compared to employees working in the service industry. Organized Service industry is a young industry as compared to the manufacturing industry. In the manufacturing industry, the average age is found to be higher and the attrition rate is lower, which means the employees have spent more number of years working with each other as compared to employees in the service sector. Some of the industries in the service sector like in BPO actually report an attrition rate of 55%. The employees in such organizations are generally young graduates, fresh out of the colleges who want to earn quick money and not really bothered about making a career. These employees hop from one company to another in search of better packages. So, the chance of developing interconnectedness and bonding is not really a top priority of these employees.

With the frequent layoff in the IT industry, the employees are not sure about their existence in the organization in the near future. In such scenario, people are more concerned about saving their jobs and not bothered about developing relationship with the coworkers. Therefore the sense of "feeling good" in the organization is really challenged.

The managers are found to be experiencing higher levels of workplace spirituality as compared to the non-managers. Managers in this study are those employees who are having at least 2 employees reporting to them for their day to day work. These managers can be expected to have higher average age and tenure in the organization. These managers generally take the responsibility of a mentor and guide the team so they have to meet and discuss their day to day operations. These interactions have the potential to develop a rapport between the manager and the employees. The employees

on the other hand, are asked to fulfill targets on an individual basis. Even if they have team goals, they are still evaluated for promotions or increments on individual achievement of targets. So the interconnectedness between employees is challenged by the professional competition that they have among themselves. On the contrary, the Key Responsibility Area's (KRA's) of a line manager is substantially achieved if all the members in his team achieve their individual goals. So the line manager whether he/she wants or not, but for professional reasons develops interconnectedness with his team members.

The level of workplace spirituality is found to be significantly higher among employees in the age of 45 and higher. This is the time when people do not want to change their job. They prefer to settle down in a particular organization. This can be attributed to their restricted physical ability at this age and importantly, their resistance to accept changes which might be the case if they join new organization. The additional causes of such phenomenon is that these senior employees (in terms of age) are generally, at a higher position (managerial) and might have spent substantial amount of time in the organization. As explained above, the managers can be expected to have higher levels of workplace spirituality. Similarly, when employees work longer for a certain organization, they tend to develop a sense of interconnectedness and "feel good" factor on being associated with the organization. Both these dimensions are important to develop, workplace spirituality among employees.

Recommendations:

Empirical research has found that workplace spirituality can be developed and managed successfully. There are organizations in the West which provide emotional and social support to employees in case of some unfortunate incident in their family. Research reveals that this is found to improve on the interconnectedness among employees.

Organizations, now a days provide budgets to departments in order to organise family get-togethers at the workplace. Organizations believe this can actually develop the sense of interconnectedness among employees. Organizations should look into the design of the jobs and make it sure that employees feel a sense of attachment with the job. Several leadership traits can be developed among employees which can enable them to help them to develop the desire to help fellow employees and also to support the development of others. Organizations can develop policies that help development and growth of employees. Top management can also have the philosophy which integrates the values of the organization with the core business values.

Scope for Future Research:

Future research can concentrate on considering demographics such as sector, gender etc as moderators and measure the influence of workplace spirituality on individual behavior. Organization culture and policies can also be considered as moderators explaining the relationship of workplace spirituality with employee behavior such as individual performance.

Workplace spirituality can also be considered as mediators to explain the relationship between individual level variables such as psychological capacities and individual behaviors like job satisfaction. Future researchers can conduct research on the influence of team or the organization level spirituality on the performance or culture of the organization.

Conclusion:

Research reveals spirituality contributes to the wellbeing and quality of life it helps to develop a "feel" of interconnectedness among employees and to sense of purpose and meaning at work. Researchers have indicated that workplace spirituality positively influences organizational commitments. Organizations where employees

secure higher level of workplace spirituality might exhibit high sense of responsibility and loyalty towards the organization. Previous researchers have also said that workplace spirituality influences at the individual level. So it can be safely said that workplace spirituality is an important ingredient in the development of organizational effectiveness and efficiency. Therefore, ways should be found out to develop the same in the organization through bereavement programs, Wellness information displayed and distributed, Employee Assistance Programs., Programs that integrate work/family.

This research suggests that managers, particularly in the service sector have the responsibility of creating an environment wherein, workplace spirituality among the employees can be improved. Due care should be taken to improve it among young employees specially men and non-managers as found in the current research.

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Entrepreneurial Behaviour and Small Scale Industries: An Empirical Study

*N S Bisht **Himani

The current study aims at finding out the impact of origin of profession, demographic factors and their significance on the level of business, it also focuses on opinion on business related problems and suggestion to improve the business related to small scale industries. Primary data was collected by conducting direct interviews using questionnaire. A sample of 200 small scale industries from Nainital District was selected randomly. The primary data collected was analysed using appropriate statistical tools. The secondary data was collected from journals, published and unpublished reports by government bodies and organizations. The study shows the strategic significance of SSIs in manufacturing sector, it was observed that different forms of enterprises i.e. sole proprietorship, partnership, public limited company and family business faced similar business related problems in setting up an enterprise. Demographic factors like age and gender, origin of business have no significant association with the level of business activity but education influences the performance level of the SSIs in a positive manner. There was no significant use of suggestion to improve business for various forms of enterprise, which means that entrepreneurs operating a firm as sole proprietorship continued operating it as that particular form of an enterprise and suggested no change in the running in business dealings if transformed to other form of enterprise.

Introduction:

Entrepreneurial vibrancy is a critical component for encouraging innovation and ensuring the growth of economy. Ideas, inventions and innovations are the important segments which nourish economic growth. Entrepreneurship contributes significantly to economic development which is an outcome of purposeful human activity. It is a purposive and dynamic process undertaken to originate/commence and perpetuate a profitable business. Entrepreneurship is a factor of production which is blended with abilities, combination of qualities and attributes that helps an entrepreneur to innovate, plan, take decision and invest under the conditions of risk and uncertainty. It is widely accepted that the availability of entrepreneurship is the most important determinant in the process of industrialisation and both industrialization and entrepreneurship are used interchangeably. The development of entrepreneurship has become imperative along with economic development, as both have a multiplier effect. It accelerates employment generation, empower rural entrepreneur, ensure more equitable distribution of income, provide balanced industrial development and facilitates an effective mobilisation of resources. (Desai, 2011, Khanka 1999)

Achieving higher growth and retaining favourable levels of employment, developing entrepreneurship through Small Scale Industries (SSI) is more favourable. Entrepreneurship and development of small scale industry has become a centre of planning process in most developing countries. It helps in solving many chronic economic problems (Chhabra, 2012; Khanka, 1999)

Small enterprises hold a prime importance in our economy, as they are labour intensive, create wide range of job opportunities, provide higher productivity as a result of low investment per worker. There is no heavy investment, no long gestation period and mostly are environment friendly.

Defining Small Scale Industries:

SSI being the backbone to entrepreneurship development, it has done considerably well and has enabled the country to achieve industrial growth and diversification. Thus, SSIs need to be promoted and developed to encourage self employment as a means of job-creation and to promote entrepreneurship.

*Professor, Department of Commerce, Kumaun University, Nainital (UK)

**Research Scholar, Department of Commerce, Kumaun University, Nainital (UK), E-mail- himani.cypress@gmail.com

In India, the definition of small scale industry has changed considering the pace with which economic development is taking place. The Second Five Year Plan was first to lay down the yardstick for the small scale industry with respect to purchase of land, building, plant, machinery and strength of the labour force.

However, for the purpose of this study working definition of the small scale enterprise was adopted according to the notification of Ministry of SSI, Government of India, where SSI is defined as any enterprise involved in producing goods related to industries in the First Schedule to Industries Act, 1951. These organisations have an investment limit in plant and machinery of above twenty-five lakh rupees but upto five crore rupees only.

However, the government has approved and issued a manifesto redefining MSME (i.e., micro, small and medium enterprises) on the basis of annual returns. Herein after, "enterprises having an annual turnover of five crore rupees is categorised as a micro-enterprise, those ranging between five crore and seventy five crore rupees as small and those with seventy five and two hundred and fifty crore rupees annual turnover are categorised as medium-sized enterprises.

This modification will enhance entrepreneurial activity and will facilitate in efficient working, eliminate extraneous inspections and enable the authorities to use sales data from the GST Network to verify claims of businesses.

Literature Review:

Shapero & Sokol (1982) examined, why individuals in developing economy have more inclination towards entrepreneurship. Based upon the literature related to self-efficacy and individual initiatives, he concluded that entrepreneurship education has positive and significant influence on entrepreneurial intentions.

Adegbite, (2006) evaluated the impact of entrepreneurial features and drivers that influence their rendition in optimising the business performance. Data from 100 manufacturing SSIs were randomly selected, the result indicated that human resource factors and the sales revenue were found to be inadequate and severely inhibited the potential of the enterprise for growth and performance. However, length of years in business and working experience were found to have positive contribution on their performance. The study concluded that the attributes like revenue, demand for efficiency only and product quality information seeking were the most critical factors in the poor performance of the small-scale manufacturing and need to be developed in the entrepreneurs through training.

Desai (1979, 1988) examined the problems and prospects of small industries. According to him, small industries face a lot of problems related to finance, marketing and modernisation. The authors propose the methods and resources to overcome all the hindrances through co-ordinated efforts of the government, the financial institutions and small entrepreneurs.

There are diverse research and studies dealing with various aspects of entrepreneurship and small scale industries. This field of study is so extensive that dynamic views of various kinds are in existence regarding financial, production, marketing, personnel management, government policies etc regarding the small scale industries. Virtually every aspect of small scale industries is studied and concrete results are derived, there is still scope for further research.

Research Methodology:

Research Design: The present study is empirical in nature based on descriptive research design. The objective of the research is to study and examine the growth and development of small scale enterprises. In this study, quantitative and qualitative data

were collected simultaneously from small scale entrepreneurs. This survey has been conducted under natural (un-manipulated) field conditions.

Study Area: The study area concentrates particularly in the Nainital district because of its uniqueness amongst other districts of Kumaun, as it comprises both urban (plain region) and hill (rural region). Besides, Nainital district has varied topographical zones ranging from tropical, subtropical, temperate, sub-alpine to alpine zones.

The district has eight development blocks namely Ramnagar, Kotabagh, Ramgarh, Bhimtal, Betalghat, Dhari, Okhalkanda and Haldwani. Five blocks out of eight fall in the hilly area. The district being rich in over all resources necessary for industrial development has vast potential for new MSMEs. Industries that can be developed and are developed include flour and rice mills, bakery and confectioneries, namkeen making industries, iron and steel fabrication, diamond cutting and polishing, fibre and glass industries, oil extraction industries, automobile assembling, candle making, printing press, wooden and steel furniture, fruit and food processing industries, handicrafts and handlooms, electronic based industries, enterprises based on soap stone and magnesite, industries based on aromatic and medicinal herbs and gems and jewellery, etc.

Nainital district has a broader spectrum of representative samples with varying commercial and industrial background. During the survey, it was observed that major concentration of industries were in plain blocks of the district i.e. Haldwani, Ramnagar and Kotabagh whereas the hilly blocks of the region had low industrial involvement and suffered serious setbacks due to lack of basic infrastructural facilities related to industry and other services sectors.

Data Source and Sample Size: The data has been collected by a planned personal interview and well structured questionnaire was framed with

a view to gather information on 200 small scale enterprises operating in the development of small scale industries of Nainital District of Kumaun Division engaged mainly in manufacturing, processing, chemical, servicing, automobile parts, electric goods/appliances, domestic items and computer related business etc. The secondary data was collected through Journals, published and unpublished reports by government bodies and organizations along with this related websites were also visited. The details regarding the industries were obtained from the Directorate of Industries Centre, Haldwani.

Sampling Techniques and Data Analysis: Primary data has been collected through random sampling technique. Responses from respondents have been coded and tabulated in SPSS. Hypothesis formulated has been tested applying different statistical test.

Research Objectives:

The existing review of literature has helped to frame the following objectives of the study:

- To trace the origins of entrepreneurs.
- To study the effect of demographic factors on level of business.
- To examine the difficulties faced by the entrepreneurs in promoting their business enterprises.

Hypotheses:

H₀₁: There is no significant difference between origin of profession and their opinion about business related problems.

H₀₂: There is no significant association between demographic factors of an entrepreneur and level of his business.

H_{02A}: There is no significant association between age of an entrepreneur and level of his business.

H_{02B}: There is no significant association between gender of an entrepreneur and level of his business.

H_{02C}: There is no significant association between level of education of an entrepreneur and level of his business.

H₀₃: There is no significant use of suggestion to improve business for various forms of enterprises.

Analysis And Discussion:

For this study, hypothesis testing was conducted to find out whether there is any significant relationship between various independent variables like gender,

education groups etc. and the problems of the business, levels of business. For this purpose various hypotheses have been formulated and tested using Chi-Square and ANOVA.

H₀₁: There is no significance different between origin of profession and their opinion about business related problems.

In this hypothesis origin of profession means how any trade or occupation transforms itself, as in the study how did the respondents took up entrepreneurship as a profession while they originally belonged to trader, farmer, artisan, warrior, priest and any other classes of profession. The business related problems for the study include availability of raw material, skilled labour, transportation, power, government policies, price of the product, competition etc. This hypothesis is tested with the help of ANOVA.

Table 1: ANOVA table for Business Problems

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Origin of Profession	Between Groups	5.172	15	.345	1.168	.300
	Within Groups	54.328	184	.295		
	Total	59.500	199			

Table 1, summarizes the results of an analysis of variance. Groups represent variation of the group means around the overall mean. Within Groups represents variation of the individual scores around their respective group means. Sig indicates the significance level of the F-test. Small significance values (<.05) indicate group differences, in this result of hypothesis test, the significance level is greater than .05 (.300>.05) means that opinion about the business problem is similar for different origin of profession i.e. Fcal (15, 184) = 1.168, p >.05.

Therefore, the null hypothesis is accepted stating that there is no significant difference between Origin of Profession and their opinion about business related problems

H₀₂: There is no significant association between demographic factors of an entrepreneur and level of his business.

Level of business is defined in the context of the amount of initial investment, scope of operation, area of operation, number of employees. Age, Gender and Level of education are considered as demographic factors of the respondents. This has resulted in postulating sub-hypothesis as follows-

H_{02A}: There is no significant association between age of an entrepreneur and level of his business.

H_{02B}: There is no significant association between gender of an entrepreneur and level of his business.

H_{02C}: There is no significant association between level of education of an entrepreneur and level of his business.

For this, level of business was categorized from various attributes stated in the questionnaire. All these attributes were added to obtain a comprehensive score of each respondent. The maximum score obtained was 25 and the minimum score obtained was 6. Accordingly, three intervals were developed between 6 and 25 on the basis of their scores as below and respectively were defined

by three categories (namely Small level business, Medium level business and Large level business)

Considered scale of business as Small level business for the range - 6-12.

Considered scale of business as Medium level business for the range- 13-19.

Considered scale of business as Large level business for the range- 20-26.

H_{02A}: There is no significant association between age of an entrepreneur and level of his business.

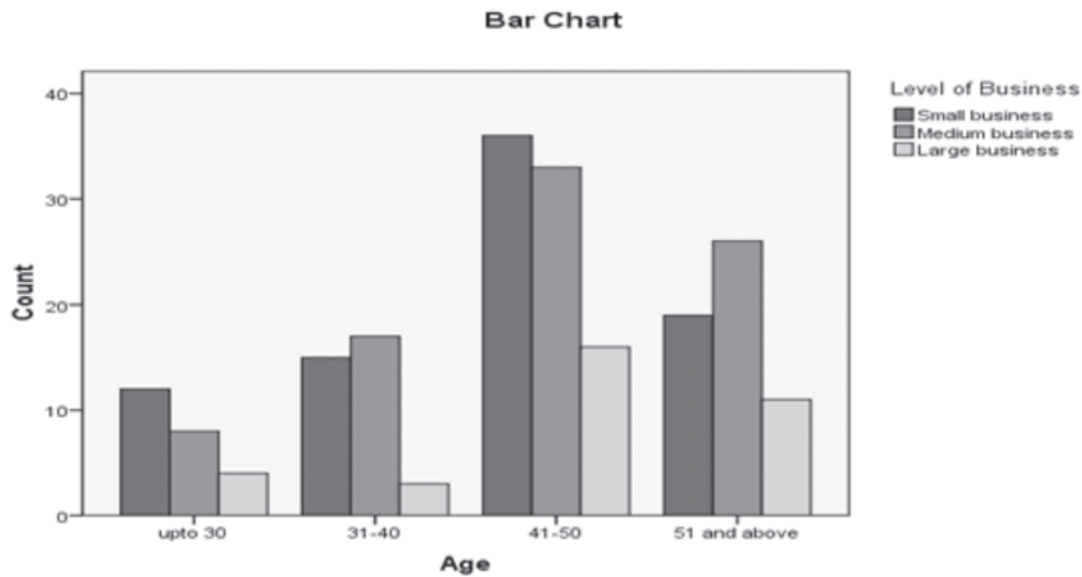


Figure 1: Graphical frequency distribution of age and level of business.

Table 2: Age * Level of Business Cross tabulation

		Level of Business			Total	
		Small business	Medium business	Large business		
Age (in years)	up to 30	Count	12	8	4	24
		Expected Count	9.8	10.1	4.1	24.0
		% within Age	50.0%	33.3%	16.7%	100.0%
		% within Level of Business	14.6%	9.5%	11.8%	12.0%
		% of Total	6.0%	4.0%	2.0%	12.0%
	31-40	Count	15	17	3	35
		Expected Count	14.4	14.7	6.0	35.0

		% within Age	42.9%	48.6%	8.6%	100.0%
		% within Level of Business	18.3%	20.2%	8.8%	17.5%
		% of Total	7.5%	8.5%	1.5%	17.5%
	41-50	Count	36	33	16	85
		Expected Count	34.8	35.7	14.4	85.0
		% within Age	42.4%	38.8%	18.8%	100.0%
		% within Level of Business	43.9%	39.3%	47.1%	42.5%
		% of Total	18.0%	16.5%	8.0%	42.5%
	51 and above	Count	19	26	11	56
		Expected Count	23.0	23.5	9.5	56.0
		% within Age	33.9%	46.4%	19.6%	100.0%
		% within Level of Business	23.2%	31.0%	32.4%	28.0%
		% of Total	9.5%	13.0%	5.5%	28.0%
Total	Count	82	84	34	200	
	Expected Count	82.0	84.0	34.0	200.0	
	% within Age	41.0%	42.0%	17.0%	100.0%	
	% within Level of Business	100.0%	100.0%	100.0%	100.0%	
	% of Total	41.0%	42.0%	17.0%	100.0%	

The cross tabulation represented by Table 2 contains the number of cases that fall into each combination of categories i.e. Age and Level of business. It shows that 82 respondents i.e. 41% of total respondents are operating 'small level' businesses whereas 84 respondents i.e. 42% are having the 'middle level' businesses. Only 43, i.e. 17% of the total respondents have been successful to reach at 'large level' of business. On further analyzing the table, it is observed that 83.3% of the younger respondents (i.e. up to 30 years) have been successful in reaching up to the 'middle level' of business whereas only 16.7% have been able to take their business to 'large level'. Similarly, 32 out of 35 that are 91.4% under the

second category (i.e. 31-40) have been running the enterprises up to the middle level and only 8.6% are able to reach to large level of business. Respondents of third and fourth categories i.e. respondents whose age lie in the range of 41-50 years and respondents who lie in the range of '51 years and above' also follow the same pattern. Here also, it is observed that 81.2% (i.e. 69 out of 85 respondents) and 80.3% respectively have been successful to take their respective businesses up to the middle level and comparatively a smaller percentage i.e., 18.8% and 19.6% of respective categories succeeded in taking their enterprises to 'large level'

Table 3: Chi-square test for association of age with level of business

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.340a	6	.631
Likelihood Ratio	4.675	6	.586
Linear-by-Linear Association	1.899	1	.168
N of Valid Cases	200		

The calculated value of the chi-square statistic in the table is 4.340 (and the degrees of freedom) is the significance value. This value is highly non-significant ($p > .05$), indicating that age of the respondent does not affect the success of business.

The non-significant result indicates that there is no association between the age of the respondent and the level of business. What is meant by an association is that the pattern of responses under conditions is significantly different which is not the case here. Hence, based on discussions made above

and by making the comparison of values, the null hypothesis cannot be rejected at 5 per cent level of significance and concluded that there is a non-significant association between the 'Age' and 'Level of business' $\chi^2 = 4.34, p > .05$.

H_{02B} : There is no significant association between gender of an entrepreneur and level of business.

Second category i.e. Gender has been categorized into two categories i.e. male and female.

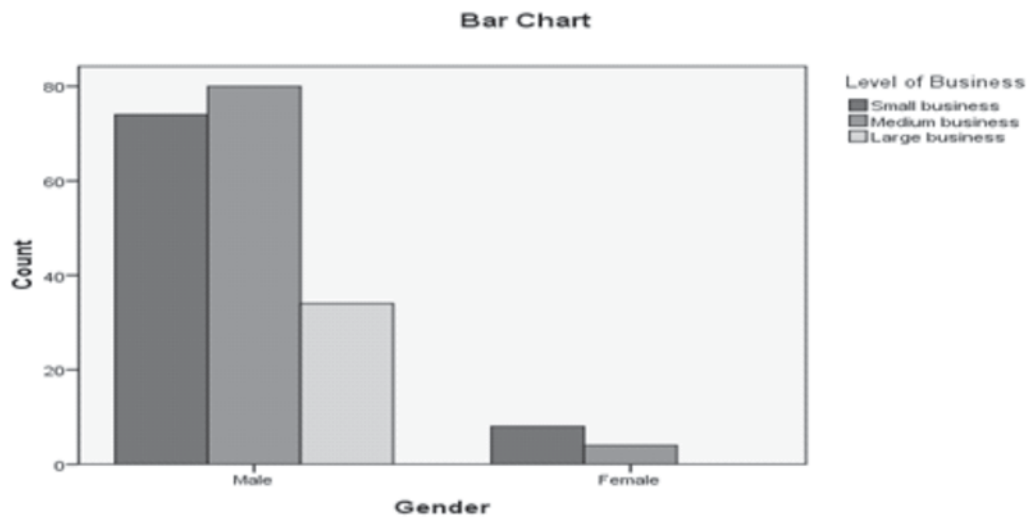


Figure 2: Male/female frequencies at different levels of business

Table 4: Gender * Level of Business Cross tabulation

			Level of Business			Total
			Small business	Medium business	Large business	
Gender	Male	Count	74	80	34	188
		Expected Count	77.1	79.0	32.0	188.0
		% within Gender	39.4%	42.6%	18.1%	100.0%
		% within Level of Business	90.2%	95.2%	100.0%	94.0%
		% of Total	37.0%	40.0%	17.0%	94.0%
	Female	Count	8	4	0	12
		Expected Count	4.9	5.0	2.0	12.0
		% within Gender	66.7%	33.3%	.0%	100.0%
		% within Level of Business	9.8%	4.8%	.0%	6.0%
		% of Total	4.0%	2.0%	.0%	6.0%
Total		Count	82	84	34	200
		Expected Count	82.0	84.0	34.0	200.0
		% within Gender	41.0%	42.0%	17.0%	100.0%
		% within Level of Business	100.0%	100.0%	100.0%	100.0%
		% of Total	41.0%	42.0%	17.0%	100.0%

Table 4 shows that out of total 200 respondents 188 are males that constitute 94% of the respondents and only 12 i.e. 6% of total respondents are females. This shows that data is highly skewed towards a particular category. It is also evident from the table that major percentage of female entrepreneurs i.e. 66.7% have been managing the business of 'low-

level' and no woman entrepreneur has succeeded in operating a 'large level' business. Even in case of male category, major proportion i.e. 82% are operating upto the level of 'middle level' of business and only 18% are able to take their enterprises at 'large level'.

Table 5: Chi-square test for association of gender with levels of business

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.450a	2	.108
Likelihood Ratio	6.195	2	.045
Linear-by-Linear Association	4.426	1	.035
N of Valid Cases	200		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 2.04.

The value of the chi-square statistic is 4.450. This value is highly non-significant ($p > .05$), indicating that gender of the respondent does not affect the success of business.

The non-significant result indicates that there is no association between the 'gender' of the respondent and the 'level of business'.

Hence, based upon discussion made above and by making the comparison of values, the null hypothesis cannot be rejected at 5 percent level of significance and concluded that there is a non-significant association between the 'Gender' and 'Level of business' $\chi^2 = 4.450, p > .05$

H_{02C} : There is no significant association between level of education of an entrepreneur and level of his business.

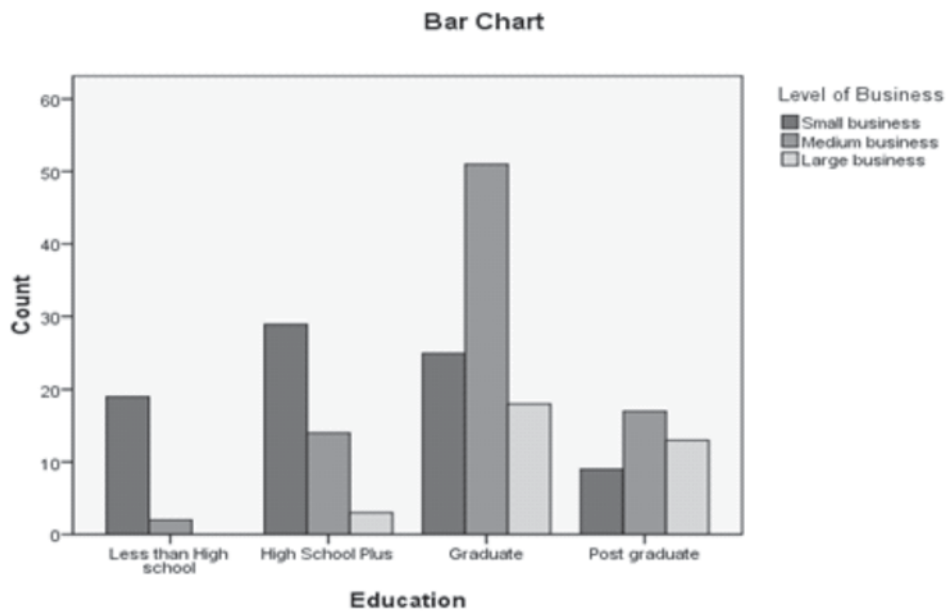


Figure 3: Graphical frequency distribution of education and levels of business

Table 6: Education * Level of Business Cross tabulation

		Level of Business			Total	
		Small business	Medium business	Large business		
Education	Less than High school	Count	19	2	0	21
		Expected Count	8.6	8.8	3.6	21.0
		% within Education	90.5%	9.5%	.0%	100.0%
		% within Level of Business	23.2%	2.4%	.0%	10.5%
		% of Total	9.5%	1.0%	.0%	10.5%
	High School Plus	Count	29	14	3	46
		Expected Count	18.9	19.3	7.8	46.0
		% within Education	63.0%	30.4%	6.5%	100.0%
		% within Level of Business	35.4%	16.7%	8.8%	23.0%
		% of Total	14.5%	7.0%	1.5%	23.0%

	Graduate	Count	25	51	18	94
		Expected Count	38.5	39.5	16.0	94.0
		% within Education	26.6%	54.3%	19.1%	100.0%
		% within Level of Business	30.5%	60.7%	52.9%	47.0%
		% of Total	12.5%	25.5%	9.0%	47.0%
	Post graduate	Count	9	17	13	39
		Expected Count	16.0	16.4	6.6	39.0
		% within Education	23.1%	43.6%	33.3%	100.0%
		% within Level of Business	11.0%	20.2%	38.2%	19.5%
		% of Total	4.5%	8.5%	6.5%	19.5%
	Total	Count	82	84	34	200
		Expected Count	82.0	84.0	34.0	200.0
		% within Education	41.0%	42.0%	17.0%	100.0%
		% within Level of Business	100.0%	100.0%	100.0%	100.0%
		% of Total	41.0%	42.0%	17.0%	100.0%

The cross tabulation represented by table 6 contains the number of cases that fall into each combination of categories i.e. Education and Level of business. It shows that 27, 46, 94 and 39 respondents i.e. 10.5% , 23%,47% and 19.5% of total respondents are having education 'upto high school', 'high school plus', 'graduate' and 'post-graduate' respectively. It may be inferred from this information that entrepreneurs with the education upto level of graduation are

the most successful one. It is also observed that no entrepreneur with the education level 'upto high school' has been able to make to the level of 'large businesses'. Analysis of the third column of the table makes it evident that as the level of education increased the percentage of the respondents in that category are falling in the 'large level' (i.e., 0%, 6.5%, 19.1%, 33.3%).

Table 7: Chi-square test for association of education with levels of business

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.842a	6	.000
Likelihood Ratio	51.514	6	.000
Linear-by-Linear Association	38.373	1	.000
N of Valid Cases	200		

a. 1 cells (8.3%) have expected count less than 5. The minimum expected count is 3.57.

The value of the chi-square statistic is 48.842. This value is highly significant ($p < .05$), indicating that education of the respondent does affect the success of business. The significant result indicates that there is association between the education of the respondent and the level of business.

Hence, based on discussion made above and by

making the comparison of values, the null hypothesis can be rejected at 5 per cent level of significance and concluded that there is a significant association between the 'Education' and 'Level of business' $\chi^2 = 48.842, p < .05$

H03: There is no significant use of suggestion to improve business for various forms of enterprises.

Table 8: One-Sample Statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Suggestions to improve (B11)	200	32.41	50.349	3.560
Form of Enterprise(C4)	200	1.70	1.186	.084

Table 8 shows the one sample statistics of form of enterprise and suggestions to improve. Here form of enterprise includes sole proprietorship, partnership firms, private ltd companies, public ltd companies

and family business. Table also shows the standard deviation and mean values for the variables. It also represents the number of respondents participated.

Table 9: One-Sample Test

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Suggestions to improve (B11)	9.103	199	.000	32.410	25.39	39.43
Form of Enterprise(C4)	20.268	199	.000	1.700	1.53	1.87

Table 9 shows that the mean differences in the population means for B11 and C4 are 32.41 and 1.7 ("Mean Difference" column) and the 95% confidence intervals (95% CI) of the difference are 25.39 and 1.53 to 39.43 and 1.87 ("lower" to "upper" columns). For the measures used, it will be sufficient to report the values to 3 decimal places.

The significant value of parameters such as form of enterprise and suggestions to improve, for both these parameters in table 9 shows that all significance values are 0.000, which is less than 0.05 (p value). This means that there is no significant use of suggestions to improve business for various forms of enterprise, which means that entrepreneurs operating a firm as sole proprietorship continued operating it as that particular form of an enterprise and suggested no change in the running in business dealings if converted/transformed to other form of enterprise.

Conclusion and Recommendations:

Studies under review of literature have shown that entrepreneurship is usually common can occur to all forms of businesses and corporations, but SSIs prove to be the driving force in the economy and beneficial to entrepreneurs as they are:

- Pre-requisite of balanced development.
- Important weapon for the rural removal of poverty and for improvement of socio-economic condition of the people.
- Widen the entrepreneurial base.
- Use local raw material and indigenous skills.
- More labour intensive and provide employment opportunities.
- Lower gestation period.
- Check on excessive urbanisation
- Taping rural savings.
- Bring about self-reliance and satisfaction but

will also prevent concentration of wealth and economic power in the hands of few.

- Generate production at low capital cost.
- Provide ancillary support to medium and large industries.
- Occupy a significant place in terms of production, employment, export, earning revenue and capital formation.
- Create economic stability in society by diffusing prosperity and by checking the expansion of monopolies

This empirical study has focused on the growth and development of entrepreneurship with reference to manufacturing small scale industries in Nainital district of Kumaun division of Uttarakhand.

Considering the strategic significance of SSIs in manufacturing sector, it was observed that different forms of enterprises i.e. sole proprietorship, partnership, public limited company and family business, faced similar business related problems in setting up an enterprise. Demographic factors like age and gender, origin of business have no significant association with the level of business activity but education has a significant and positive influence on the performance level of the SSIs. There was no significant use of suggestions to improve business for various forms of enterprise and suggested no change in the running in business dealings if converted/transformed to other form of enterprise.

Recommendations:

The government entity should craft policies and regulations to create suitable environment for development of SSIs in the hilly regions of the State of Uttarakhand. This will ensure sustainable economic growth in Uttarakhand. Though entrepreneurs with higher qualifications performed well but they lacked in innovation. It was observed during the survey that the entrepreneurs used traditional means for operating the enterprise, maximum firms had no knowledge and means for marketing their

product and they lacked efficient human resource management system. Thus, there is a need to design and develop training assessment centres to provide entrepreneurs with the required knowledge and skills to lead the firm. This will facilitate in effective competitive positioning of the products manufactured. There are various schemes like Nav Disha Yojana, Mahila Udyami Visesh Protshan Yojana, Chief Minister Swarojgar Yojna, Start Up Policy and Chief Minister's Self Employment Scheme run by the State Government for promoting and encouraging entrepreneurship among women and youths. The respondents were asked about the various government schemes for promoting and encouraging entrepreneurship and surprisingly they were unaware about such schemes. It was observed during the survey, that the youth and women participation in entrepreneurship was negligible. Therefore, there is a need to enlighten the upcoming entrepreneurs and empower the youth and women to take up self employment initiative to set up SSIs. Government policies should be widely spread to the entrepreneurs. In addition to this, special camps should be organised by the District Industries Centre from time to time especially in hilly rural areas to make people aware about the government policies and facilities provided to the small scale entrepreneurs to encourage entrepreneurship in the region.

Future Scope for Study:

Although this study provided a general picture on development of entrepreneurship in relation to demographic factors, form of enterprises, origin and business related problems focusing on manufacturing sector, it can be further developed to enhance its contribution to service sector and medium and large scale enterprises. There is still abundant scope for further research on the topic. It can be extended to a larger geographical area along with other factors like socio-cultural factors, exposure to industry and trade and problems faced can be dealt with.

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Effect of Capital Structure on Overall Profitability: A Study of Indian Banks

Sunita

Banking sector in India has achieved a remarkable growth. Growth of a nation largely depends upon a strong financial system where the banks as developers of financial system help to channelise the funds from surplus units to the deficient sector of the nation. This paper focusses upon how banks can design a suitable capital structure portraying optimum blend of debt and equity so as to enhance the returns available to the equity holders and overall profitability of the banks. A sample of twenty listed banks listed on NSE have been chosen equally from both public sector and private sector banks based on highest market capitalisation of the banks. The financial statements pertaining to period between 2012-2017 have been studied. A multivariate regression analysis is applied to study the effect of capital structure using debt to equity ratio(D/E) and debt to total asset ratio(DTTA) on the overall profitability comprising of return on equity(ROE), earning per share(EPS), return on total asset ratio(ROTA), return on capital employed(ROCE), net profit margin(NPM), net interest margin(NIM). The overall emphasis is to study the impact of debt in capital structure of banks while raising funds. The result showed that all variables of the capital structure is negatively correlated with overall profitability of selected banks. The debt equity ratio of selected banks is found to be 12.84 which is very high as compared with its advised ratio i.e. 2, it shows banks are very aggressive in financing its operations for growth with debt.

Introduction:

Banking sector is considered to be a backbone of Indian financial system. No economy can develop without the development of a sound banking sector. The Indian banking sector provides over 90% of commercial credit. The banks thrive to achieve growth by focussing on reducing its financing cost. The cost of raising funds can be reduced only if proper emphasis is made to mix optimally the internal finance i.e. equity and external finance i.e. debt. The board of directors' ultimate responsibility lie towards the shareholders acting as the owners. So managers responsibly acting as agent to the shareholder should always endeavour to design a suitable capital structure taking into consideration not only the shareholder and but employee, customer and the society also (Panday, 2009).

Theoretical framework: Capital Structure Theories:

Relevance theories of capital structure:

Net Income (NI) Approach: Capital structure has been defined by many scholars and authors. The Net income approach given by Durand(1959) asserted

that there is a relevance of capital structure in the valuation of firms. There lies change in overall 'cost of capital' and resulting total 'value of firm' due to change in financial leverage (Khan & Jain, 2004). If the degree of financial leverage increases, the overall cost of capital will decline, resulting in the increase of the value of firm and market prices of ordinary shares will increase. The basic assumptions underlying the NI approach are: there are no taxes, debt is a cheaper source of finance than equity and the use of debt does not enhance the risk perception in the minds of investors. On the line of such assumptions, the firm will have maximum value and minimum weighted average cost of capital only when it is 100 per cent financed by pure debt.

The Traditional View: The traditional view of capital structure asserts that the appropriate mix of equity and debt results into increasing the firm's value and the reduction in the overall cost of total capital only up to a certain amount of debt. Like Net Income approach, this view does not assume constantly falling weighted average cost of capital and constant cost of equity. The proponents of this approach believe that weighted average cost of

capital declines only within certain limit of financial leverage and afterwards it starts rising with more use of debt in the overall capital structure. Hence, the optimum capital structure position is achieved only at the point where weighted average cost of capital is minimum, hence resulting into maximising the value of firm.

Irrelevance theories of capital structure: NOI Approach and Modigliani- Miller (MM) Approach without taxes:

Net operating income (NOI) approach has also been pioneered by Durand(1950) popularly known as the theory of irrelevance of capital structure. This theory does not support the previously developed literature with regards to capital structure. According to this theory, any change in the financial leverage will not impact the market value of firm and market price of shares implying that cost of capital is always independent of degree of leverage. According to Net operating Income approach, the value of firm depends upon the net earnings and the total risk associated with its assets known as risk of doing business rather than the way in which the total assets are financed. Further it states that the market evaluates the firm as a whole; therefore the split of capitalisation between debt and equity is irrelevant (Khan & Jain, 2004). As a result of increasing debt component in the overall capital structure, now the risk perception in the minds of equity holders increases. So the impact of cheaper debt is compensated by the increase in the expectation of returns by the equity shareholders which ultimately offset the benefit of reduction in overall cost of capital. So the weighted average cost of capital remains constant. So any capital structure according to NOI approach is optimum.

Modigliani- Miller (MM) Approach without taxes: proposition I :

Modigliani and Miller don't agree with the traditional view (Modigliani and Miller, 1958). They

are of the belief that a firm's market value and cost of capital doesn't change with a change in capital structure in the situation of perfect capital market, absence of taxes and transaction cost (Panday, 2004). It also supports the NOI approach that important determinants of the value of the firm and market price of the share are its earnings and the risks of assets i.e. business risks rather than the way assets are financed. The key assumptions underlying the approach are perfect capital market, homogeneous risk class, no taxes, full payout i.e. firm distribute all earnings to shareholders. The MM hypothesis is based on 2 propositions described below:

Proposition I: (with No taxes) :MM stated that the value of firm is based on the net operating income and the associated operating risk. Firms with identical net operating income and operating risk (business risk), but with different capital structure, have the same total value. The values of levered and unlevered firms will always be same due to the fact that because of the concept of Arbitrage operates in the market. Value of levered firm = value of unlevered firm (under perfect capital market, no transaction cost, homogenous market)

$$\text{Value of firm} = \frac{\text{Net operating income}}{\text{Firm's opportunity cost of capital}}$$

Arbitrage process: Why should Proposition 1 work? As stated earlier, proposition I is based on the fact that two firms with similar assets in every respects, irrespective of financing, cannot command different market values. Arbitrage process as pioneered by MM is based on the assumption that two firm irrespective of the same operating income but different capital structure can't command different market values because of the tendency of the investors to engage in homemade or personal leverage opposite to corporate leverage, hence equilibrium in the market is restored. Thus in the absence of corporate taxes, the capital structure of firm doesn't have impact on its net operating income.

Relevance theories of capital structure-Modigliani Miller (MM) Approach with taxes: proposition II:

Proposition II: (With Taxes) Later, MM gave evidences asserting that the financial leverage i.e. increasing debt in the capital structure enhances the return on equity and earning per share. The EPS and ROE increases only when the interest rate on debt is less than the returns earned by firms on their assets. However corporate tax/es exist and whatever the interest paid is allowed as a deductible expense. With the taxes the debt becomes a cheaper source of finance because interest paid by firms on their debt has interest tax shield and are allowed as an expense to be deducted from the profits. MM emphasised that with the use of debt has two effects on capital structure; it increases the shareholders returns but also resulting in increasing the financial risk, so the required rate of return or cost of equity increases so as to indemnify for the increase in financial risk due to inclusion of more debt into the capital structure. This gap is known as financial risk premium. So, in case of levered firm(which employs debt) the opportunity cost of capital is equal to their weighted average cost of capital. The value of firm increases as debt becomes the cheaper source to finance the assets. Hence the value of levered firm is higher than that of unlevered firm which doesn't have benefit of treating interest paid on debt as deductible expense.

Other theories regarding the relationship between capital structure and profitability:

Trade off theory:-Costs of financial Distress and agency cost:

The trade-off theory is the further extension of MM approach to capital structure. It is a known fact that with the inclusion of debt in the capital structure enhances the earnings available. But there are certain disadvantages of using more debt in the capital structure. As the proportion of leverage increases, chances of financial distress increases as well. Financial distress refers to the inability of the firm to pay back the debt and interest obligations hence resulting into insolvency. The degree of business risk

of a firm depends upon operating leverage (i.e, the proportion of fixed costs) (Pandey, 2004).

Agency cost theory:

As per the Agency cost theory which is provided by Jensen and Meckling (1976) has discussed that there exists a conflict of personal interest between the shareholders acting as principal and the decision makers acting as agent for them. The cost of conflict between the interest of principal and agents is the agency cost. The conflict between the managers (pursuing their personal goals) and shareholders would be to not invest in risky and profitable projects is against the principle of shareholders' wealth maximisation, so such conflict also influences the capital structure decisions.

Pecking order theory- case of asymmetric information:

The Pecking order theory states that there lies a disparity of information i.e. the information is not symmetric to all parties concerned with firm. The managers being the agent of firm and the internal parties so they have more information than the outsiders. The managers tend to issue debt when they are positive about the future prospects and will issue equity when the future prospects are not secure. Myers(1984) has called it the "Pecking order theory" since there is not a well-defined debt equity target. So managers prefer to use the internal finance available in the form of retained earnings and internal equity first. When firms don't have internal finance, they shift to issuing secured debt followed by unsecured once again followed by hybrid such as convertible debentures.

Review of Literature:

Various researchers have studied on the same research work as follows:

Nasar(2016) has studied the impact of capital structure on financial firm performance of 136 industrial companies who are listed on Istanbul

Stock Engage(ISE), for a period of 8 years from 2005-2012. To measure the impact of capital structure, debt ratio(DR) was used as independent variable and firm performance indicators were measured using Return on Asset (ROA), Return on Equity (ROE) and Earning per Share (EPS). The result showed that there is a negative relationship between capital structure and firm performance. Pal (2014) has tried to explore the important factors which influence the capital structure of steel companies. The researcher has founded that tangibility, size and growth, non-debt tax shield profitability and business risk have significant effect of leverage on capital structure. Velnampy & Nireesh (2012) have done similar study where the researchers analysed the relationship between capital structure and profitability of Sri Lankans Banks over 8 years from 2002-2009. The study showed that there is negative relationship between capital structure and the profitability except between debt to equity ratio and return on equity ratio. The Sri Lankan banks are highly geared institutions as 89% of the total assets are financed through debt only. Ahmad et al(2012) research work studied the influence of capital structure on firm performance, using Return on Asset(ROA) and Return on Equity(ROE) with long term, short term and total debt. The study covered the analysis for 5 years from 2005-2010. The study found that only short term debt and total debt have significant relationship between ROA and ROE, while ROE has significant on each level of debt. Hung et al(2002) studied the interrelationship between profitability, cost of capital and capital structure among the contractors and property developers of Hong Kong. The researchers analysed that the use of debt is higher among the contractors than developers. Also, the capital use of debt is positively related with the assets but there is negative relation between assets and profit margins.

Research Methodology:

Need of the study:

In the present era of widespread competition, banks have to survive through a cut throat competition

so as to enable it to be able to survive long in the market. Survival in the market is just not only the necessity but nowadays the emphasis has been shifted from mere survival to earning some returns out of the operations of the banks. The important factor affecting the profitability of banks which has been seen over a period of time is how well the banks have judiciously used proportion of debt and equity. So, in order to finance the operations, judicious and optimum use of debt and equity is necessary so as to encapsulate more returns for the banks to meet future expenses and growth of the business.

Objectives of the study:

1. To study the relationship between the capital structure and Banks profitability.
2. To suggest a viable capital structure associating with the best performance of banks.

Hypotheses : The following hypothesis were designed based on the study:

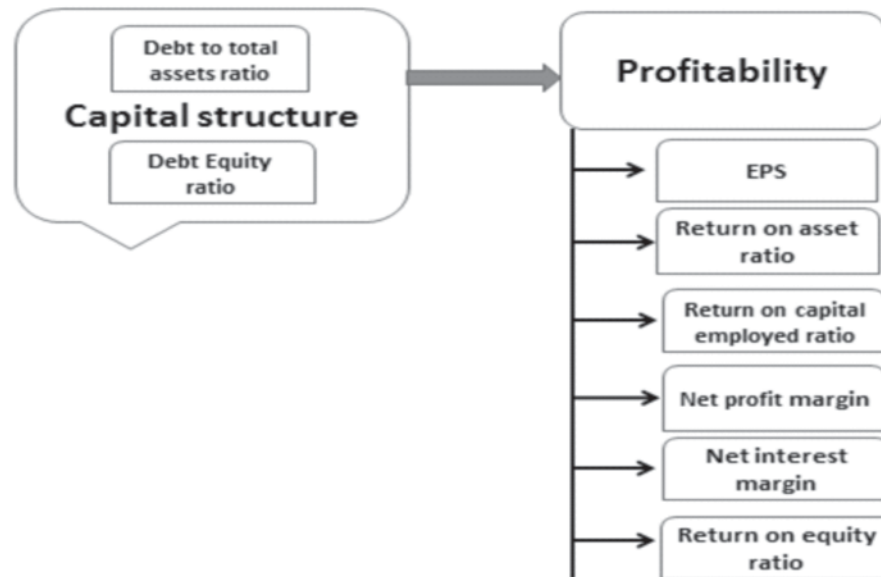
- H₁- There is a significant negative relationship between Debt to equity and earning per share.
- H₂- There is a significant negative relationship between Debt to equity and return on asset.
- H₃- There is a significant negative relationship between Debt to equity and return on capital employed.
- H₄- There is a significant negative relationship between Debt to equity and net profit.
- H₅- There is a significant negative relationship between Debt to equity and net interest margin
- H₆- There is a significant negative relationship between Debt to total asset and return on equity.
- H₇- There is a significant negative relationship between Debt to total asset and earning per share.
- H₈- There is a significant negative relationship between Debt to total asset and return on asset.
- H₉- There is a significant negative relationship between Debt to total asset and return on capital employed.
- H₁₀-There is a significant negative relationship between Debt to total asset and net profit.
- H₁₁-There is a significant negative relationship between Debt to total asset and net interest margin.

H₁₂-There is a significant negative relationship between Debt to total asset and return on equity.

Variables:

The research design of the present study consisted

of one independent variable- capital structure and one dependent variable Profitability. Further capital structure has been analysed using debt to equity and debt to total asset ratio. The Profitability variable



has been studied comprising of Earning per share (EPS), return on asset ratio (ROA), return on capital employed (ROCE), net profit ratio (NP), net interest margin (NIM) and return on equity(ROE).

Defining variables of study:

In the present study, capital structure comprises of: -

A. Total debt to total asset ratio:

= short term debt(maturing within a year)+long term debt(maturing after one year)/Overall Assets

This ratio is the good indicator of financial leverage. It explains the total proportion of assets financed by raising liabilities, external creditors and acquiring debt.The higher the ratio, the higher is the dependency on outsiders and hence the financial risk.it includes both long term and short term debt. A ratio greater than 1 shows that huge amount of debt is used to fund the assets.

B. Debt to equity ratio:

Debt Equity ratio: Total liabilities(external Equity)/ Shareholder’s equity(internal equity)

This ratio taken as financial measure to indicate how much debt banks are using to finance its assets as

compared to shareholder’s equity.The debt to equity ratio measures the relationship between the external equity and internal equity. The debt/equity ratio analysis a firm’s debt as compared to the value of its stock, hence it is always used as a barometer to see the extent to which a firm is taking debt as a way of leveraging (making efforts to enhance its value byutilising debt amount to finance various activities). A high debt to equity ratio is the indicative of being aggressive by the firms to obtain funds for sustaining activities. Aggressive leveraging practices are always attached withthe high level of risks undertaken. As a result of huge interest expense, the firm’s earnings would be volatile.

The overall profitability has been measured by following ratios:

A. EPS (Earning Per Share) = Dividend on preferred stock/ Average outstanding share

Earning per share is the indicator of a company’s profitability.Earning per share is indicative of the portion of total profits being available for outstanding stock.

B. Return on asset ratio = Net income/Total Assets

ROA indicates the efficiency of banks in their ability to how efficiently, the banks utilises its assets to encapsulate returns on the same. Also, this ratio indicates how well a firm is performing by comparing the profit generated by it to the capital invested in acquiring assets. The higher the return, the more productive and efficient management is seen in utilizing economic resources.

C. Net interest margin = Investment returns- Interest expenses/Average earning assets

NIM indicates how successful is the investment decision are as compared to its debt situations. If this ratio is negative, then it denotes that interest expenses are exceeding the amount of returns generated by investments so it has not taken the wise investment decision.

D. Return on capital Employed (ROCE) = Earnings Before interest and tax/ Capital employed

This ratio shows how efficiently the bank is generating returns (net operating profits) on every

single rupee of capital (debt+equity) invested by it. It defines how many rupees in profits each rupee of capital employed generates.

E. Return on equity = Net income (before dividend to common stock)/Shareholders equity

ROE measures how effectively the banks use the owner or shareholder equity to generate income. ROE is a better measure of efficiency. A rising ROE suggests that a firm is increasing its ability to generate returns without needing as much capital. It also determines how well a firm's management is deploying the shareholders' capital.

Sampling procedure: For the purpose of the present study, limited numbers of 20 Indian banks, which are listed on NSE have been approached. The selection of banks was done on the basis of highest market capitalisation as on 31st march 2017. The financial statements of the following sample banks were approached for the period covering the financial years 2012-2017.

PUBLIC SECTOR BANKS

1. SBI
2. Bank of Baroda
3. PNB
4. IDBI Bank
5. Canara Bank
6. Indian Bank
7. Central Bank
8. Bank of India
9. Union Bank
10. Vijaya Bank

PRIVATE SECTOR BANKS

1. HDFC Bank
2. Kotak Mahindra
3. ICICI Bank
4. Axis Bank
5. IndusInd Bank
6. Yes Bank
7. RBL Bank
8. Federal Bank
9. City union Bank
10. KarurVysya

Methods of data collection: The current study has utilised the secondary data on various listed banks. Secondary research includes reviewing of existing literature available on capital structure theories and profitability which had been emerged in the past. The various websites of banks containing the annual

statements of selected banks were approached in order to analyse the financial statements and retrieve required information. Websites of money control, Rediff, RBI statistics, ministry of corporate affairs etc. were also approached in order to have additional information.

Table 1.1: Descriptive Statistics Analysis:

D/E	DTTA	EPS	ROA	ROCE	NP				
margin	NIM	ROE							
N	Valid	20	20	20	20	20	20	20	20
	Missing	0	0	0	0	0	0	0	0
Mean	12.8435	.9070	31.3810	.8275	9.8995	9.3995	3.4825	9.0170	
Median	12.1450	.9200	30.8850	.7150	9.6050	9.0650	2.7000	9.5400	
Std. Deviation	4.12411	.04342	28.81797	.59214	1.30216	7.44338	3.12252	6.66486	
Range	14.21	.19	112.85	1.99	5.09	23.76	13.00	24.75	
Minimum	6.85	.76	-16.29	-.21	7.21	-3.36	1.67	-5.60	
Maximum	21.06	.95	96.56	1.78	12.30	20.40	14.67	19.15	

Results and Analysis:

Descriptive statistics analysis shows that the debt to total asset ratio is .90 indicating the total amount of overall debt in relation to its assets. The higher the ratio, the higher is the dependency on outsiders and hence the financial risk. A ratio greater than 1 shows that huge amount of debt is used to fund the assets. But in the present study the ratio is less than 1 so the banks have higher degree of financial flexibility. The debt equity ratio of selected banks is 12.84 since the debt equity ratio is very high as compared with its advised ratio i.e 2, it shows banks are very aggressive

in financing its operations for growth with debt. Additional interest expense may crop up. The maximum and minimum values indicate that the debt/equity composition differs among the Indian Banks. Return on asset ratio indicates how effectively, the banks utilise its assets to generate returns on the same. 1% return on assets indicates huge profits. In the present study, the average return on assets ratio of banks is 0.82%. The return on equity is 9.01%, indicating that on one rupee of equity invested, the banks are getting an average of 0.09 rupee returns on it.

Table 1.2: Correlation Analysis

Correlations								
Pearson Correlation Sig. (2-tailed)	D/E	DTTA	EPS	ROA	ROCE	NP		
Margin	NIM	ROE						
Debt equity ratio	1	.448*	-.170	-.831**	-.693**	-.773**	-.385	-.536*
Debt to total asset ratio	.448*	1	-.149	-.343	-.315	-.357	-.186	-.236
Earnings per share	-.170	-.149	1	.313	.031	.400	.160	.509*
Return on asset ratio	-.831**	-.343	.313	1	.784**	.968**	.541*	.868**
return on capital employed ratio	-.693**	-.315	.031	.784**	1	.728**	.607**	.690**
net profit margin ratio	-.773**	-.357	.400	.968**	.728**	1	.511*	.911**
Net interest margin ratio	-.385	-.186	.160	.541*	.607**	.511*	1	.496*
Return on equity ratio	-.536*	-.236	.509*	.868**	.690**	.911**	.496*	1
*. Correlation is significant at the 0.05 level (2-tailed).								
**. Correlation is significant at the 0.01 level (2-tailed).								

Correlation analysis shows the relationship between dependent and independent variables of capital structure and profitability. All the capital structure variables are negatively correlated with profitability variables. The result throws light on the fact that there exist a negative significant relation between DR and all financial performance variables.

1. The correlation between capital structure (debt equity)and EPS is negative i.e. -0.17 , so it indicates that if the dollar increases by one rupee there will be .17 rupee increase in EPS and vice versa.
2. Capital structure(debt equity) and Return and asset ratio are negatively correlated i.e. 0.831, indicates that one dollar increase in Debt equity will result in .831 decrease in EPS and vice versa.
3. Capital structure and Return on capital employed are negatively correlated and the coefficient of

determination is 0.480. that is 48% of variance in returns on capital employed is accounted by capital structure and 52% by other factors.

4. Capital structure and Return on net profit margin are negatively correlated and the coefficient of determination is .598. that is 59% of variance in returns on capital employed is accounted by capital structure and 41% by other factors.
5. Capital structure and Return on net interest margin are negatively correlated and the coefficient of determination is .149. that is 14% of variance in returns on capital employed is accounted by capital structure and 86% by other factors.
6. Capital structure and Return on return on equity are negatively correlated and the coefficient of determination is .287. that is 28% of variance in returns on capital employed is accounted by capital structure and 72% by other factors.

Table 1.3: Regression Analysis:

Model (N=20)	R	R square	Adjusted Rsquare	Std. error of estimate
Between capital structure and EPS	.189	.036	-.078	29.91862
Between capital structure & ROA	.831	.691	.655	.34788
Between capital structure & ROCE	.693	.480	.419	.99243
Between capital structure & NP margin	.773	.598	.551	4.98777
Between capital structure & NIM	.386	.149	.049	3.04584
Between capital structure & ROE	.536	.287	.203	5.95018

R square reveals how much of the variance is explained by the independent variable in the dependent variable. The coefficient of determination between capital structure and EPS is .036. i.e. 3.6% of variance in EPS is accounted by capital structure and rest of 96.4% of variance in EPS is by other factors. Also the coefficient of determination between capital structure and return on asset is 0.691 i.e. 69% of variance in return on assets is accounted by capital structure.

Hypotheses Testing:

The test of correlation shows all the variable of capital structure are negatively correlated with the variables of overall profitability with significant

value at 0.05 level, so all the hypothesis stating there exist significant negative relationship among the variables stand accepted.

Conclusion & Recommendation:

The present study has investigated the relationship between capital structure and overall profitability of 20 listed Indian Banks, 10 each from public sector and private sector limited banks. The study covered the period over 5 years from 2012-2017. The overall findings of the present research are discussed below:

The mean value of debt equity ratio of banks is 12.84 since the debt equity ratio is very high as

compared with its advised ratio i.e. 2. It means for every rupee of equity, the debt is 12.84 times greater. Implying that banks are very aggressive in financing its operations for growth with debt. The debt to total asset ratio is 0.90 and it is the indicator of financial leverage. It shows 90% of the banks assets are financed by creditors or debt and only 10% is financed by the owners. Since the percentage is higher, more risk is assumed. These findings have shown that banks are highly levered organisations. So to avoid the risk of insolvency the returns on assets and operations financed by such debt should be higher than the cost of debt.

All the correlation(R) values are found to be negative and significant between the capital structure and overall profitability, implying that the increase in debt in the capital structure has vice versa impact on profitability. So, if debt equity ratio increases by one it will have reduction in Net profit margin and net interest margin by 0.773 & 0.385 respectively. This concludes that an increase in the proportion of debt financing, leads to increase in the interest payments thus resulting into a decline in profitability. The banks should design capital structure keeping in view the interest of equity holders and financial requirements of company. The shareholders wealth maximisation should be given priority by banks while designing a capital structure in order to ensure long term growth and profitability of firms. Banks should follow competitive lending rates so that huge client base is achieved along with returns on lending operations.

Limitations And Future Scope Of Study:

This study is limited to the study on banks listed on NSE only. So generalisation to other financial sectors may not be effective. Finance & Insurance sector can also be studied to have deep understanding of how capital structure should be designed. Also research period covered only 5 years from 2012-2017 so in future the time period of study can be enhanced so as to develop more effective results. Also the study

was based on listed banks only, in future non listed banks analysis can be done.

Also apart from capital structures there are other drivers also which impact the profitability of banks such as size of assets, age, economic conditions, ownership status etc., hence there exists future scope to extend the research work to study above factors.

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Behavioural Finance and Retail Investors: A Study of Ahmedabad City

*Zeel Mehta, **Komal Sidhnani

There are certain factors that influence behaviour of investors a subject of curiosity for researchers. Literature talks about 'n' number of theories in behavioural finance, like anchoring decisions, innumeracy, mental accounting, overconfident decisions, prospect theory, loss aversion, biasness decisions, house money effect, trying to breakeven, snake bite affect, etc. So, the whole project is about to study the type of biasness that exists in the behaviour of the investors of Ahmadabad city in terms of investment decisions in addition to study further the level of biasness that exists in the behaviour of the investors of Ahmadabad city in terms of investment decisions. The present paper attempts to explore the area of behavioural finance and analyze its potential and understanding the investment practices in Ahmadabad city. Further, the paper concludes spelling out the degree of level and type of bias decisions. Convenience sampling was used to set questionnaire filled in.

Introduction:

Behavioural finance deals with the psychological aspects of financial decision-making. It discusses the influence of fear and greed on stock markets. It is also argued that that an individual is not as rational as traditional finance theory makes out it to be. Investor who is anxious to know how emotions and biases manipulate share prices-this field of study provides certain theories and explanations for it.

Review Of Literature:

In a study, Markowitz (1952) concluded that semi-standard divergence is a more suitable than the standard deviation for measuring risk. In another study, Kahneman and Tversky (1971, 1979) hypothesized that individuals are averse to loss and not to risk. They concluded that the pain of loss for the equivalent quantity is greater than the joy of gain.

Investor averse to loss attempts to lessen his normal loss due to incorrect investment decisions by applying mental accounting, like keeping aside unusual accounts to discipline spending or receipts, to alleviate self-control problems (Thaler, 1985; Tversky and Kahneman, 1981)

According to Shefrin and Statman (1993), regret is the sentiment of post decision guilt related to a decision that leads to a terrible result. And in order to eschew regret, investor moves his responsibility to a more careful agent. In case the principal-agent association reduces regret, the investors' usual value would be enhanced.

Lichtenstein, Fishchhoff, and Phillips (1977) found that individuals are usually overconfident and often overrate their acquaintance. Expert investors are found to be more positive about their predictions in areas of self-acclaimed proficiency, holding their prognostic aptitude stable. Ricciardi and Simon, (2000) viewed that psychological factors manipulate the financial decision making process of the individuals. One such psychological factor is knowledge which influences investors' decisions.

Ritter (2003) was of the view that the cognitive psychology comprises superciliousness when investors are convinced on their capabilities. In entrepreneurship framework, entrepreneurs are overconfident since they supposed partake in market trade do countenance risk and as a return, they make lofty profit. In finance, an instance exemplify in the study which is also little diversification, investors merely invest in one article rather than two or more.

*Assistant Prof., GLS University, Bhuj, Gujarat, E-mail- zeel.nrmba16@gmail.com

**Scholar, GLS University, Bhuj, Gujarat

Due to this, they invest too large an amount in stock company.

Buehler and Ross (1994) have mentioned that people with stronger beliefs are also having stronger confidence on themselves. After conducting a research among American equity investors, they said, people with greater confidence that equity funds will certainly assist them in achieving their monetary objective, have shown more assurance on equity funds were persist to spend on them regardless of many stock market bubbles.

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

Rao (2010). Similarly, Chan and Kogan (2002) concluded that normally friends are the main source to draw inspiration and motivation especially while undertaking any audacious performance. This is mainly correct in the situation of outlay decision. Whenever investors are making investments on such assets which are associated with risk, they tend to approach their friends to get mental support from them by getting their approval so that they can feel that they are doing nothing wrong.

Objectives and Methodology:

To study the type of biasness that exists in the behaviour of the investors of Ahmadabad city in terms of investment decisions and to study the level of biasness that exists in the behaviour of the investors of Ahmadabad city in terms of investment decisions.

Methodology: The data was collected through 200 investors of Ahmadabad City. Convenience

sampling was used to fill questionnaire well as for primary data structured questionnaire was used.

Data Analysis & Findings:

Investors were asked about knowledge adequacy regarding Indian stock market 41% respondents were neutral and only 6% respondents strongly agreed for the same. According to the survey, 35% respondents had agreed that investors predict that the increase or decrease in prices of stocks in the future on the basis of recent stock movements. Further, 33% respondents were neutral about it. 38% of respondents were neutral towards the opinion that skills and knowledge of stock marketplace can facilitate them to do better than the market, and 33.5% respondents agreed towards the same. It was also found that, 43% of respondents agreed to fact that the past savings successes ascription to their own skills as well as knowledge and only 1.5% strongly disagree towards the same.

Data also revealed that 38.5% of the respondents agreed that they had a tendency to form judgments based on stereotype about the performance of the company on the basis of past earning growth rate. Further, mixed response was found with regard to the neutral and strongly agree opinion that was around 25.5% and 20.5% respectively. From the above analysis, 54% of the respondents gave neutral opinion that they were very quick in detecting the patterns in data. 22.5% of respondents disagreed towards the same. According to the survey, 37% of the respondents disagreed to the fact that they had spent more time for searching the reasons supporting their views than opposing and 30% of the respondents gave neutral response. It was also recorded that 48% said that they had overlooked the information that they found contrary to their opinion and 26% of the respondents agreed that they often overlooked the contrary information.

34.5% and 32% of the respondents said that they paid more attention to big numbers and less weightage

to small figures. According to the survey, 43.5% of the respondents had neutral tendency of forming rational judgments between real and nominal changes. Further, 25% respondents agreed and around 19.5% of the respondents disagreed. Majority of the respondents (39.5%) said that they had overall control and liable of their combinations of stock performance. However, 2.5% strongly disagreed towards the same. 36% of the respondents gave a neutral opinion and around 35.5% agreed that their future investment decisions are dependent on the combination of their luck and skills.

It was also found that 38% of the respondents had a neutral opinion if Nifty would drop by 5% then it would recover within a few days. Further, around 28% of the respondents agreed towards the same. According to the survey, 37.7% of the respondents gave a neutral opinion and around 34% of the respondents agreed that they heavily relied on their intuition and gut feeling which involved mental shortcuts thereby causing biasness. According to the survey, around 35.5% of the respondents analyzed each elements of their portfolio investment separately. Further, 29% gave a neutral opinion. 33.5% of the respondents gave a neutral opinion on their connections between different investment possibilities. Further, 27% agreed and 25% disagreed on the same.

It was also found that 44.5% of the respondents were more inclined to bet on the stock performance when

they were aware about the probabilities of various outcomes than when they were ignorant towards the same. 35.5% agreed that they preferred to invest in home country stocks than foreign company stocks because of availability of information. However, 27.5% gave a neutral opinion. 38.5% of the respondents agreed that their past investment successes influenced their stock preferences whereas 28.5% gave a neutral opinion of the same. According to the survey, 32.5% agreed that they became risk averse after a prior loss. Apart from this, 26.5% respondents gave a neutral opinion.

For the current study, 53% respondents were male and 47% respondents were females, 38% respondents were falling under age group of below 25 years and 25% respondents were falling under age group of 26-35 years. Occupationwise, 35% respondents were doing business and 27% respondents were in jobs. Further, 45% respondents were graduates or above and only 7% respondents were under graduates. Also, 44% respondents were having income less than 5 lacs while 5% people who had income above 10 lacs.

Hypotheses Testing:

Following hypothesis were tested to attain the objectives of the study.

H_{01} :The knowledge that I have regarding Indian stock market is not sufficient.

One Sample:

Table 1.1: The knowledge that Investors have regarding Indian stock market is sufficient.

Test Value = 0						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The knowledge that I have regarding Indian stock market is sufficient.	40.047	199	.000	2.790	2.65	2.93

In one sample t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that the knowledge that Investors have regarding Indian stock market is sufficient.

H_{02} : Investors do not predict the increase or decrease in prices of stocks in the future on the basis of recent stock movements

Table 1.2: Investors predict that the increase or decrease in prices of stocks in the future on the basis of recent stock movements.

Test Value = 0						
	T	Df	S i g . (2-tailed)	M e a n Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors predict the increase or decrease in prices of stocks in the future on the basis of recent stock movements.	44.256	199	.000	3.165	3.02	3.31

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors predict the increase or decrease in prices of stocks in the future on the basis of recent stock movements.

H_{03} : Investors do not think that their skills as well as knowledge of marketplace can help them to do better than the market.

Table 1.3: Investors think that their skills as well as knowledge of marketplace can help them to do better than the market.

Test Value = 0						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors think that their skills as well as knowledge of marketplace can help them to do better than the market.	46.322	199	.000	3.220	3.08	3.36

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates Investors think that their

skills as well as knowledge of marketplace can help them to do better than the market.

H_{04} : Investors precedent investment successes are not accredited to their own skills as well as knowledge.

Table 1.4: Investors precedent investment successes are accredited to their own skills as well as knowledge.

Test Value = 0						
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors precedent investment successes are accredited to their own skills as well as knowledge.	55.682	199	.000	3.430	3.31	3.55

According to the survey, table value is higher than calculated value (0.05>0.000). Hence, null hypothesis rejected. Ultimately, it shows that Investors precedent investment successes are accredited to their own skills as well as knowledge.

H₀₅: Investors do not have the tendency to form judgment based on stereotype about the performance of a company on the basis of past earning growth rate.

Table 1.5: Investors have the tendency to form judgment based on stereotype about the performance of a company on the basis of past earning growth rate.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I have tendency to form judgment based on stereotype about the performance of a company on the basis of past earning growth rate.	49.051	199	.000	3.610	3.46	3.76

According to the survey, table value is higher than calculated value (0.05>0.000). Hence, null hypothesis rejected. So, it indicates that Investors have the tendency to form judgment based on stereotype

about the performance of a company on the basis of past earning growth rate.

H₀₆: Investors are not very quick in detecting pattern in data in available of information that are in fact random.

Table 1.6: Investors are very quick in detecting pattern in data in available of information that are in fact random.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I am very quick in detecting pattern in data in available of information that are in fact random.	46.383	199	.000	2.855	2.73	2.98

According to the analysis of t- test table, table value is higher than calculated value (0.05>0.000). Hence, null hypothesis rejected. So, it shows that Investors are very quick in detecting pattern in data in available of information that are in fact random.

H₀₇: Investors are not spending more time searching for reason supporting their views then opposing

Table 1.7: Investors are spending more time searching for reason supporting their views then opposing

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I spend more time searching for reasons supporting my views then opposing.	41.381	199	.000	2.895	2.76	3.03

In above one sample t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that Investors are spending more time searching for reason supporting their views than opposing.

H_{08} : Investors are overlooking to the information that seems contrary to their opinion.

Table 1.8: Investors are not overlooking to the information that seems contrary to their opinion.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I overlook to the information that seems contrary to my opinion.	47.399	199	.000	3.105	2.98	3.23

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors

are overlooking the information that seems contrary to their opinion.

H_{09} : Investors do not usually pay more attention to big numbers and less weight to small figures.

Table 1.9: Investors usually pay more attention to big numbers and less weight to small figures.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I usually pay more attention to big numbers and less weight to small figures.	42.162	199	.000	3.070	2.93	3.21

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors usually pay more attention to big numbers and less weight to small figures.

H_{10} : Investors do not have tendency of being unable to form rational judgment between real and nominal changes.

Table 1.10 - Investors have tendency of being unable to form rational judgment between real and nominal changes.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I have tendency of being unable to form rational judgement between real and nominal changes.	45.619	199	.000	3.095	2.96	3.23

According to the analysis, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors have tendency of being unable to form rational judgment between real and nominal changes.

H_{11} : Investor does not have overall control as well as liable for their performance of portfolio

Table 1.11: Investor has overall control as well as liable for their performance of portfolio.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investor has overall control as well as liable for their performance of portfolio	51.264	199	.000	3.570	3.43	3.71

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors have overall control as well as liable for their performance of portfolio.

H_{012} : Investors future investment decisions are not dependent on the combination of their luck and skills.

Table 1.12: Investors future investment decisions dependent on the combination of their luck and skills.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
My future investment decisions are dependent on the combination of my luck and skills.	48.070	199	.000	3.385	3.25	3.52

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that

future investment decisions are dependent on the combination of their luck and skills.

H_{013} : If Nifty downs by 5%, then it would not get better within few days.

Table 1.13: If Nifty downs by 5%, then it would get better within few days.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
If Nifty downs by 5%, then it would get better within few days.	39.782	199	.000	3.070	2.92	3.22

In above one sample t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. Ultimately, it shows that if Nifty goes down by 5%, then it would get better within few days.

H_{014} : Investors are usually not relying heavily on their intuition and gut feeling which involved mental shortcuts thereby causing biasness.

Table 1.14: Investors are usually relying heavily on their intuition and gut feeling which involved mental shortcuts thereby causing biasness.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I usually rely heavily on my intuition and gut feeling which involved mental shortcuts thereby causing biasness.	46.350	199	.000	3.240	3.10	3.38

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors are usually relying heavily on their intuition and

gut feeling which involved mental shortcuts thereby causing biasness.

H_{015} : Investors are inclined to analyze each component of their investment of stocks separately

Table 1.15: Investors inclined to analyze each component of their investment of stocks separately.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors inclined to analyze each component of their investment of stocks separately.	43.069	199	.000	3.380	3.23	3.53

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors are inclined to analyze each component of their investment of stocks separately.

H_{016} : Investors do not ignore the connection between different investment possibilities.

Table 1.16: Investors ignore the connection between different investment possibilities.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I ignore the connection between different investment possibilities.	40.258	199	.000	3.100	2.95	3.25

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors ignore the connection between different investment possibilities.

H_{017} : Investors are not more inclined to bet on the stock performance when they are aware about the probabilities of various outcomes than when they ignorant of the same.

Table 1.17: Investors are more inclined to bet on the stock performance when they are aware about the probabilities of various outcomes than when they ignorant of the same.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I am more inclined to bet on the stock performance when I am aware about the probabilities of various outcomes than when I am ignorant of the same.	49.224	199	.000	3.250	3.12	3.38

According to the survey, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors are more inclined towards bet on the stock performance when

they are aware about the probabilities of various outcomes than when they are ignorant of the same.

H_{018} : Investors do not prefer to invest in home country than foreign company stocks because of availability of information

Table 1.18: Investors prefer to invest in home country than foreign company stocks because of availability of information.

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I prefer to invest in home country than foreign company stocks because of availability of information.	44.271	199	.000	3.480	3.32	3.64

According to the analysis of t- test table, table value is higher than calculated value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that Investors prefer to invest in home country than

foreign company stocks because of availability of information.

H_{019} : Investors precedent Investment successes do not make them spend more in stock.

Table 1.19: Investors precedent Investment successes create them spend more in stock.

	Test Value = 0					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Investors precedent Investment successes make them spend more in stock.	46.613	199	.000	3.445	3.30	3.59

According to the analysis of t- test table, table value is higher than calculated, value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it shows that Investors

precedent Investment successes make them spend more in stock.

H_{020} : Once a precedent loss, investor does not turn to be risk averse

Table 1.20: Once a precedent loss, investor turns to be risk averse

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Once a precedent loss, investor turns to be risk averse	42.757	199	.000	3.545	3.38	3.71

According to the survey, in one sample t-test table, table value is higher than table value ($0.05 > 0.000$). Hence, null hypothesis rejected. So, it indicates that once a precedent loss, investor turns to be risk averse

H_{021} : I think that my skills as well as knowledge of marketplace can help me to do better than the market.

ANOVA:

Table 2.1: I think that my skills as well as knowledge of marketplace can help me to do better than the market.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.983	3	.661	.681	.565
Within Groups	190.337	196	.971		
Total	192.320	199			

Comparing the calculated value with the table value researcher found that the calculated value is higher than table value. ($0.565 > 0.05$) Hence, null hypothesis is accepted. There is not strong relationship between educational qualification and investors' performance

in the market. Educational qualification is not having direct impact on overconfidence of the respondent.

H_{022} : My precedent investment successes are accredited to my own skills as well as understanding

Table 2.2: My precedent investment successes are accredited my own skills as well as understanding.

Sum of Squares	Df	Mean Square	F	Sig.	
Between Groups	.830	3	.277	.361	.781
Within Groups	150.190	196	.766		
Total	151.020	199			

Comparing the calculated value with the table value researcher found that calculated value is higher than table value. ($0.781 > 0.05$) So, null hypothesis accepted. So, strong relationship is not observed between educational qualification and investor

precedent investments successes are accredited by own skills as well as understanding.

H_{022} : I am very quick in detecting pattern in data in available of information that are in fact random

Table 2.3: I am very quick in detecting pattern in data in available of information that are in fact random.

Sum of Squares	Df	Mean Square	F	Sig.	
Between Groups	1.849	4	.462	.605	.659
Within Groups	148.946	195	.764		
Total	150.795	199			

Comparing the calculated value with the table value researcher found that calculated value is higher than table value. ($0.659 > 0.05$) so, null hypothesis accepted. There is not significant relationship between educational qualification and Investors time taken for determining the pattern from data.

Conclusion:

Behavioural Finance deals with the psychology of investor. It is the science of behaviour of individuals and groups. For the primary analysis, a survey of 200 Investors in Ahmedabad city was conducted in which objective was to study the type and level of biasness that exists in the behaviour of the investors of Ahmedabad city in terms of investment decisions. From the whole analysis, it was found that at what level investors take bias decisions and apart from this what type of investors are falling from various theories: like investors are taking overconfident decisions, narrow framing decisions, bias decisions, anchoring decisions etc.

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Sai Sakthi Self Help Group- A Case Study

*S. G. Rama Rao, **K. V. Sandhya Vani, ***S. Anjani Devi

This case was about a self-help group of women in the West Godavari district, Andhra Pradesh that faced different challenges in marketing their products to ensure the growth of their lace industry. The various decision making situations for the protagonist were discussed in the case.

Introduction:

In the year 2016, Mrs. T. Ranga Nageswari, president of the Sri Adarsa Women Mutually Aided Co-operative Thrift and Credit Society Ltd. in the West Godavari district, Andhra Pradesh and member of Sai Sakthi Self-help group, Poduru was in a perplexed condition. She had a few issues before her and was having no clue to the solutions.

In the year 2015, she had applied to the Infrastructure and Leasing Financial Services (ILFS) for setting up a dyeing unit in her mandal in association with another society in Coimbatore. The proposal was accepted and the Central Government of India had sanctioned ₹ 3 crore to set up the unit. She wanted the unit to be set up in her mandal – Poduru, which would have benefited a number of lace making societies and the other societies involved in dyeing of cloth by saving time and cost. But to her dismay, her partner in the project withdrew for unknown reasons. She had no clue how to get the project back on track as there were funds available with the Central Government and she had lost an opportunity of availing these funds. There were other thoughts also running in her mind. To tap the huge 96 per cent of the foreign markets available for their products was the second challenge. The third challenge was the skills and expertise to streamline the proposal. She always felt handicapped in preparing business proposals as there was no one in her society who had the knowledge and expertise in preparation of business proposals.

Profile of Mrs. T. Ranga Nageswari:

Mrs. T. Ranga Nageswari and her husband were running a family owned Kirana (groceries) stores in Poduru village near Narsapur in Andhra Pradesh. After running into financial losses in their business, he went to Saudi Arabia in search of a job in the year 1995. He worked as a Proclaim operator in Zedah Shipyard for ₹ 12,000 per month. After working there for one and a half years he left the job and came back to his village.

Meanwhile, back home, Mrs. Ranga Nageswari, was thinking of financially supporting herself. Mrs. Mahalakshmi, the then Village Development Officer proposed her to take up lace making as a business. Mrs. Nageswari formed a Self-Help Group and started making laces. She was given a revolving fund of ₹ 25,000 basing on her six months savings in the bank. After 6 months she was holding a huge stock of the laces with which she did not know what to do. National Backward Classes Finance and Development Corporation (NBCFDC) promoted the lace products by sponsoring them for the Suraj Kund Mela at New Delhi and supported her with ₹ 1,600 as the financial support in the year 1999. Mr.S K Punia, Managing Director, arranged for their stalls in the Mela. Within two days she sold all the stock that she had and earned a profit of ₹ 30,000. Mrs. Geeta, Manager of Lepakshi, Delhi arranged four to five exhibitions cum sale for these lace products. Mr. Satyanarayana, of AP Tourism Hyderabad introduced her to the Development

*Assistant Professor, GITAM University, Vishakapatnam, Andhra Pradesh, E-mail- ram.sakha@gmail.com

** Assistant Professor, GITAM University, Vishakapatnam, Andhra Pradesh

*** Assistant Professor, GITAM University, Vishakapatnam, Andhra Pradesh

Commissioner of Handicrafts (DCH) and she was registered and issued an identity card at Vijayawada. Mr. Devaramuni, Assistant Director of DCH prepared a project with 2000 artisans and Mr. Kannababu from District Rural Development Agency (Exhibit – 1) was the project director. Mrs. Nageswari became the President of the Lace Park in 2004 and the Director from the year 2005 to 2008.

Lace Industry in Twin Godavari Districts:

Hand Crochet was introduced by the Dutch missionaries in the cities of east and west Godavari districts way back in the year 1780. It was to the Christian community only. Lace Industry in India is largely concentrated in these two districts of Andhra Pradesh. Around five lakh artisans from these districts make hand crochets, bed linens and other lace products. The concentration of these artisans is high in the towns of Narsapur, Palakol, Bheemavaram and Rajahmundry. There were around twenty exporters in this region who accounted for more than ₹ 100 crore businesses annually, while there were opportunities of more than ₹ 1,500 crore annually. Even for a business of this magnitude, the manufacturers did not possess an imported automated machine for lace trimming. Most of the artisans were in the unorganized sector and the exporters were indulging in self-defeating exercises to grab the overseas business. Of these 20 lace exporting companies only two were having the required machinery like tailoring and ironing units. Most of the artisans could make only the basic lace doilies and cushion. The raw material used for the lace was fine cotton yarn from the textile and composite spinning mills. There was a great demand for the lace products, particularly interior-home-linens, in the United States and European countries. These handfuls of exporters were able to compete with their international counterparts in China, Japan, Thailand and other European countries.

The Lace Park:

The lace park was a state government initiative to

provide infrastructure facilities to lace artisans. The Narsapur Lace Mega Cluster was the biggest cluster of Crochet lace artisans situated in the twin districts of West and East Godavari districts of Andhra Pradesh. More than one lakh home based lace making women were working in this cluster. The products of Narsapur mega cluster had potentiality as the production at a grass root level was substantial in order to cope up the supply and its marketing. But there was a need to provide market integration to build market led strong linkages in the cluster. Market Development and Trade Facilitation programs were designed for the Narsapur cluster to create opportunities for employment and also to enter into the export markets, thereby improving living standards of lakhs of crafts persons engaged in the cluster. It was also important to focus on building the domestic market presence of the lace products and to access new international markets. The International Lace Trade centre was established to strengthen the marketing infrastructure in the Narsapur cluster.

Human Resources:

The low remuneration and scarcity of able workers because of low payments had also confirmed to be the business's downtrend. "Lace was sold by kilo and fetches the artisans only ₹ 250-350 per kg, depending on the quality and finesse", explained by Kalavakolanu Tulasi, Managing Director, Pan Godavari Lace Facilities and Services. "Artisans were not paying attention to develop new designs to attract the market because of the remuneration is very low in the industry. The younger generations were not interested to continue this profession and they were looking into other sectors to get high payments. If there were no attractive incentives, artisans' number will declining" as opined by Mr. Nagabhushan Naidu, Project Manager at the lace park.

The younger generations were not interested in continuing this craft for three reasons. First, the artisans were unable to get fair prices and find

the right markets for the products; second, the significance of crafts was not included in the school curriculum and they did not understand the value of the handicrafts and the rich heritage they were supposed to carry forward. Finally, this was believed to be a family's craft which was linked to their caste. In many cases, artisans were looked down for being from the lower caste.

Present Scenario:

The dropping market share had condensed majority exporters and artisans of this industry, which was concentrated in villages like Narasapuram, Sitarampuram, Venkatrayapalem, Palakolu, Royapet and Mogalturu in West and East Godavari and Krishna districts of the state. Today it provides employment to nearly ₹ 1.5 lakh artisans, mainly women, who made crochets, curtains, bed linens, tableware, telephone covers for exports, as against nearly 5 lakh lace artisans nearly a decade ago. "A couple of years ago there were around 50 exporters, today there are barely 15-20 exporters left. The margins are drying up in this business and revenues are falling. "While I was able to garner revenues of around ₹ 1.2 lakh in 2011, last year I could manage only ₹ 90,000," said Mr. T. Raju, founder of Padmavathi Handicrafts and pointed out that he was planning to exit the industry.

Financial Support – Streenidhi Credit Cooperative Federation Ltd:

Development of Women and Children in rural areas (DWACRA) members receive financial support from StreeNidhi (Exhibit – 2) Credit Cooperative Federation Ltd. StreeNidhi business model was a unique one which used technology as well as the existing infrastructure. It was laudable that StreeNidhi had provided more than ₹ 1,500 crore worth loans to ₹ 8 lakh DWACRA women members. The members were given loans within 48 hours of loan application by using technology. Generally SHG's need to pay excess interest in case if they approach money lenders. But SreeNidhi was

providing loans comparatively at a lower rate of interest. They could avail loan facility at their convenience with the help of mobile banking. It was issuing to any member of the SHG from any part of the state for their medical, academics and also for the farming etc. Scrutiny of the applicants was done by Mandal samkhyas and Village Organisations, to help the members for the betterment of their livelihood. By availing this facility the members could also avoid the misleading activities of the money lenders.

To avail loans from StreeNidhi, Samrudhi deposits were compulsory for SHGs. Each SHG has to deposit ₹ 100 per month in Samrudhi account from 1st April, 2013. The SHGs has to maintain minutes of the meeting and should present the same to avail loans to income generating events. For health purpose, loan can be issued with the presence of at least 6 Executive Committee (EC) members of the Village Organisations.

National Backward Classes Finance & Development Corporation (NBCFDC):

The marketing facilities for the artisans were promoted by the National Backward Classes Finance & Development Corporation (Exhibit – 3). They were provided opportunities to participate in prominent national and international fairs viz. India International Trade Fair (IITF), DILLI HAAT, Suraj Kund Crafts Mela etc. NBCFDC also supported the artisans from the backward classes through promoting their participation in International Fairs and Exhibitions.

Markets:

For the last 225 years, the hand woven lace industry was flourishing in the coastal belt of Andhra Pradesh. There were danger bells for this industry because of Chinese products, global economic crisis and high input costs. Sri Devi exports managing director Mr. Shiva Hemdev pointed out that the exports have fall down from around ₹ 150 crore to ₹ 70-80 crore during the last decade because of global competition

mainly from China and global recession. The major global markets had slowed down and impacted the export revenues which were to the extent of eighty percent, Hemdev explained.

While Europe accounted for 60% of the total orders a few years ago, orders had declined drastically after the Eurozone crisis. Adding to this, the cheaper machine made products from China and Vietnam flooded the market. It was difficult to beat the competition from the Chinese markets as they were producing products at a cheaper price. They could do it due to the support from their government in terms of subsidies. Moreover, over products were handmade and mass production was not possible. The other reason, according to the exporters, was that many companies in developed countries wanted products that conform to factory compliance norms, which was difficult to ensure for a cottage industry.

Lace industry had both domestic and international markets for their various products like Poncho Hand Bags, Table Cloths, Border laces, Crochet Flower Brooches, etc. The domestic market constituted only four percent of the total market. Orders were received from the local markets only. They had no clue on how to reach the international markets and bring bulk orders. They had the capability of supplying for huge orders as they had good number of skilled artisans with innovative designing skills (Exhibits – 4). There were very few organizations which were supporting the artisans in marketing their products.

Export Promotion Council for Handicrafts (EPCH):

Export Promotion Council for Handicrafts (EPCH) was one of such non-profit organizations supporting and promoting the export of handicrafts in India. It is an apex body of handicrafts exporters, established in the year 1986-87 under Companies Act. It promoted the Indian handicrafts across the globe and ensured various measures to meet the international standards and specifications. The Council had

created an environment of awareness and necessary infrastructure, marketing and information facilities for both the exporters and importers by organizing workshops on export marketing procedures and documentation, packaging and designing. It also organizes Buyer Seller Meets, Open House etc., to facilitate interaction with Central and State Govt. and various other similar programs (Exhibit – 5).

Infrastructure Leasing & Financial Services Limited (IL&FS):

Infrastructure Leasing & Financial Services Limited (IL&FS) was supporting companies in financing and infrastructure development. Unit Trust of India (UTI), Housing Development Finance Corporation Limited (HDFC) and Central Bank of India (CBI) were promoting this organization. Commercialization and development of infrastructure project and design the value added financial services were the main focused areas. It was expertise in providing “the complete array of services necessary for successful project completion: visioning, documentation, development, finance, management, technology and execution.”

Majority of the SMEs in these clusters were facing a common problem of insufficient quality infrastructure, which was directly impacted on effectiveness. To address this issue, the IL&FS had initiated a special business unit, “Cluster Development Initiative.” This unit addresses the requirement of SMEs in technology, finance, market access, and infrastructure development through building equipped industrial clusters. The Government of India had appointed this body as a ‘Project Management Consultant’ to develop 25 combined clusters of textile parks.

Issues and Challenges in the Marketing of Lace:

Seasonal production: Crafts were activities that were taken up in households and were also many times seasonal. So these were produced during non-

harvest seasons. The techniques and processes used for crafts were very specific and differed from one craft to another. Artisans who were producing these products in an organized structure also worked within community settings.

Processing of Raw-material: The Jajmani system, acted as a source of mediation for the provision of goods and services between the local markets and the artisans caste in order to retain the livelihood of the village communities. But, it was challenging for the artisans to procure raw material at affordable prices, in the present modern competitive society. They were depending on the local traders for the raw material who were supplying for a higher price or they switched to non-traditional raw materials.

Quality Raw-material: Access to quality raw materials, funds and design inputs were three main issues for the artisans in the handicraft sector. The rural artisans had to compete with their urban counterparts who were using technology and superior quality raw materials, which were easily available to them through government subsidies. Due to poor recovery rates access to loans for working capital also was an issue. So they were forced to borrow from local lenders which were costly. Because of the digitalized and customized markets in the urban areas, the rural markets were facing the threats of the attracting the markets as communication was a major barrier and could not meet the expectations of the trend followed by the import and the export markets.

High Cost of production: The informal nature of the handicraft sector and the low literacy rate amongst the artisans created issues of unprofessional infrastructure like workshops, storage of products and packing and shipping problems. Most of the times these crafts needed the entire household to contribute in some capacity. So during the season, children would miss schooling which leads to low literacy among the artisan community. This in turn had a cascading effect on management skills

that was required to face the competition in the sector. Inventory handling, awareness and access to government schemes, ability to bargain with middlemen was lacking. The illiteracy rate of women was approximately ninety percent and men was around fifty percent according to World Bank information (Economic and Political Weekly, 2003). Lack of education leading to financial constraints also prevented them from using upgraded technology which had an impact on the ultimate quality and quantity of the products as well as the cost of production.

Markets and support system: Due to poor infrastructural and communication facilities in India, aggregating the products from different production units was a challenge. So the economies of scale in supply chain logistics of crafts were not possible. Artisans lost opportunities to reach the markets, as there were no incentives either for the buyers or for the retailers. Due to lack of knowledge and awareness of the marketing practices, marketing mix and the services mix were not adopted by them to attract the customers. While the markets for the craft products ranged from the local retails shops to exhibitions and exports, the artisans were restricted to the local markets only. The demand for ethnic products was actually were huge domestically as well as globally but supply chain inefficiencies have led to low supply of these products.

Lack of an enabling environment: The importance of these crafts is considered to be irrelevant in the technology driven economic growth of the country. The major gap associated was the shift from the traditional practices to the augmented practices. The government was also showing the inequality of the allocation of the resources for the urban and the rural markets and also between the import and the export markets. Around seventeen governing bodies were associated with the arts and crafts such as Textile Ministry, Women and Children Ministry which were creating a major gap in accessibility to the various grants.

Lack of interest by current generation: The struggle of the older generations to sustain in the market, the education system which did not support crafts in their curriculum and the strong association between caste and craft were causing disinterest among the present generation rural youth towards continuing their family crafts.

Self Help Groups:

SHG- grouping of below poverty line to uplift themselves for a better living. Women will associate to share their thoughts and strive for social and economic upliftment. All the group members will save on a regular basis and pool the amount in order to create the corpus fund. The amount which was collected will be given as loans for the members who are in financial need with nominal rate of interest.

Banking is unreached to the rural India. To inculcate the habit of savings for individuals, especially among rural women. This will create the confidence in organizing various activities that provides self-employment, self-development, women empowerment through education, improvising health, role of small families in better living, etc.

Sai Sakthi Self Help Group:

Sai Sakthi self-help group was established in the year 1997 and became a part of the Sri Adarsa Women Mutually Aided Co-operative Thrift and Credit Society Ltd. in the year 1999. The group consists of nine board members with one representative from each of the village covered by the society. The group functions with a revolving fund of ₹ 25000 which was three times their savings in the bank. Loan was provided by the bank at 25 paise interest rate. The group also was financially supported by Stree Nidhi. The potential to get loans was decided based on the group scores on promptness in repayment of loans. The loan repayment history of the group being very prompt, the group was sanctioned loans without any difficulty. Health insurance of ₹ 15,000 per family was provided for the group members. A death claim

of ₹ 1,00,000 and ₹ 30,000 for natural death were the other benefits the group got from the society. The premium for the insurance was ₹ 250 per annum. The member artisan was required to pay only ₹ 75 per annum as premium and the rest of the premium was borne by the central government. The group runs an eSeva and provides a number of services to the public through it.

The group had been performing very well in terms of loan repayment as well as fulfilling the orders that were placed in time (Exhibit – 6). The group had been encouraging their members in bringing huge domestic orders. Members of the group were capable of developing new and innovative designs. There existed skill among the artisans of this group. Moreover, the groups were training new members in making laces and also in coming up with new designs. The members could buy the thread on their own and make laces or thread and needles were provided by the group to its members. The threads that they procured from local markets were dyed with different colors to make the designs attractive and innovative. But the cost of the products could not be reduced due to lack of automation in areas like dyeing of threads. Mrs. Nageswari, had tried to collaborate with a similar unit in Coimbatore and procure a dyeing unit with the financial support from IL&FS. She intended to install the unit in her mandal, so that transportation and storage costs could be reduced and the price of the products could be brought down. Though the funds were sanctioned, unfortunately her partner in this proposal withdrew for reasons unknown and caused loss to the Lace Park in West Godavari district. It was a setback for the development of the Lace Park. Similarly, they also lacked the marketing capabilities and were depending upon middlemen or some malicious businessmen to identify markets and sell their products. These businessmen made higher profits by selling the products in the market and paying less to the artisans. Ultimately, the artisan was not benefitted and the middlemen were benefitted. Untapped international markets also existed to the scale of 96 per cent. The artisan

group had no communication skills to identify and target these markets. They also had no knowledge of approaching these markets and drafting project proposals. Lack of professional knowledge and skills in bringing new international orders to their group was another cause for concern. The hardships in identifying and selling their products and slow development rate were making this industry unattractive to the younger generations. They were thus moving into some petty jobs where they could earn little money. To motivate these young people in to their craft was another challenge before the society president, Mrs. Nageswari.

Conclusion:

With all the initiatives from the government and infrastructural and financial support for the lace industry through various institutions, the opportunities for the development of artisan clusters were there. The international markets were still untapped by the Lace artisans of West Godavari District. There were opportunities clearly seen in the markets but at the same time there were weaknesses in the Self Help Group which needed to be addressed. The few questions before Mrs. Nageswari were how to get the dyeing unit to her mandal and benefit lace and textile industry in her region; how to tap the international markets which were around 96 per cent; and how to overcome the problem of drafting project proposals. Though there were middlemen or businessmen who were ready to do the drafting of project proposals, they were taking advantage of the artisans' ignorance and converting the proposal into their own business and making profits. This was again a concern for the self-help groups as they were not benefitted ultimately. Motivating the upcoming generation into the lace making industry was another Herculean task before her.

Questions for discussion:

1. How can Mrs. Nageswari get the project back on track for the dyeing unit?

2. What marketing strategies do you suggest her to improve domestic markets?
3. What strategies do you suggest to tap the huge foreign markets for the lace products?
4. How can she develop skills to prepare business proposals?
5. What suggestions do you have to make the self-help groups stronger and profitable?

Exhibit 1: District Rural Development Agency (DRDA)

DRDA 's primary role is to undertake the programmes to uplift the weaker sections of society at the district level and associated with Ministry of Rural Development in coordination with the Integrated Rural Development Programme (IRDA). State and the central government initiations had also taken up by the DRDA in order to improve the livelihood of the below poverty line. Since 1st April 2018, DRDA administration was also created to strengthen the DRDA and monitor the activities. They act as mediators between the ministry and the district level authorities to implement various schemes.

For the geographical approach DRDA's programme were decentralised through the agencies. Members of the DRDA were the representation of various political and non-political sector which include MP's, MLA's, NGO's and representatives from various weaker sections of the society. The district collector acts as the chairman of the governing body. So DRDA, along with the Managerial and technical support it also provides the funds for the projects undertaken under various schemes.

Exhibit 2: StreeNidhi Credit Co-operative Federation Ltd

Procedural simplicity in sanctioning loans, disbursement of loan at their doorstep, inadequate bank loans and the delay in renewal of bank loans which was more than three months period, encouraged the members of the self-help groups

and their federations like the Mandal Samakhyas (MSs)/Town Level Federations (TLFs) to high cost borrowings from Micro Finance Institutions (MFIs)/ Money lenders to meet their various needs. In the absence of a reliable alternative to the micro finance institutions which provided high cost credit to the poor, there was a need to promote MFIs with low operations cost through technology adoption. To fill this gap the StreeNidhi Credit Co-operative Federation Ltd. (StreeNidhi) was promoted by the Mandal Samakhyas (MSs) promoted by Society for Elimination of Rural Poverty (SERP) and Town Level Federations (TLFs) promoted by Mission for Elimination for Poverty in Municipal Areas (MEPMA), in association with Government of Andhra Pradesh. Established on 07th September, 2011, StreeNidhi was registered with Registrar of Cooperatives under Andhra Pradesh Cooperative Societies Act, 1964 it had started its commercial operations from 6th October 2011.

Objectives of Stree Nidhi:

- To supplement credit to SHG members while ensuring that SHGs will give first priority for availing of loans from banking sector and then only look at the option to avail from StreeNidhi.
- 'StreeNidhi' address credit needs of the SHG members to meet situations like exigencies and short term loans for business purposes as SHGs/ members do not get another loan as and when required in case of need.
- To ensure timely credit availability preferably within 48 hours from the time of request for loan
- To ensure that poorest of the poor get 50% of the loan disbursed.
- To improve functioning of SHGs and their federations
- To provide low cost credit to the poor as one of the strategies for poverty alleviation with the support of SERP/MEPMA.

StreeNidhi provides loans for a number of purposes. The major purposes along with their limits and repayment period were as follows.

Sl. No.	Purpose of the Loan	Max. Amount ()	Loan Repayment period
1.	Education Loan	25,000	24 months
2.	Health Loan	15,000	24 months
3.	Marriage Loan	25,000	24 months
4.	Income Generation Activity	25,000	24 months
5.	Dairy loan	25,000	24 months
6.	Agriculture	20,000	24 months
7.	Weavers loan	25,000	24 months
8.	Short term loan	12,000	12 months

Source: Annual Report 2015-16, NABARD

Exhibit 3: National Backward Classes Finance and Development Corporation (NBCFDC)

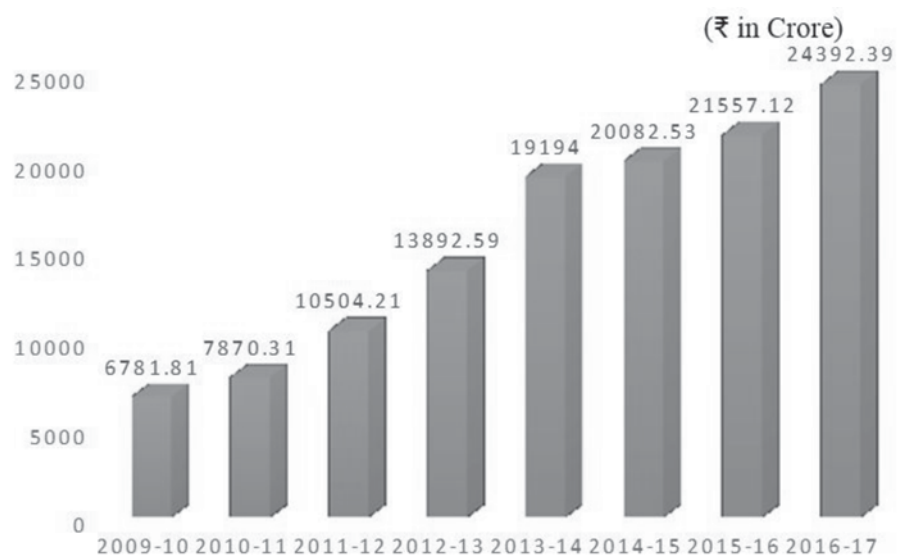
NBCFDC was established under section 25 of the Companies Act, 1956 on 13-01-2018. The objective of NBCFDC is to assist the weaker sections of the society by providing them with the development

activities which will nourish self-development and self-employment. It provides the Micro Financing through SCAs/ Self Help Groups (SHGs) for the farmers, Small and Medium Enterprise, traditional sectors, professional sectors, logistics and services sectors.

Exhibit – 4: Exports of Embroidered & Crocheted Goods (₹ in Crore)

S.No.	Country	2014-15	2015-16	2016-17
1	Australia	83.52	131.78	124.36
2	Canada	39.1	39.32	49.51
3	France	175.69	177.26	222.83
4	Germany	104.71	115.41	109.03
5	Italy	49.50	87.10	197.56
6	Japan	20.55	22.49	29.62
7	Netherland	84.64	99.34	118
8	UAE	131.58	148.04	136.88
9	Switzerland	16.76	21.82	23.25
10	U.S.A.	773.13	1072.41	1219.21
11	U.K.	183.56	250.47	231
12	Latin American Countries	53.58	70.68	45.12
13	Other Countries	714.61	701.09	720.63
TOTAL	2430.93	2937.21	3227.00	

Source: <http://www.epch.in/moreDetails.htm>, retrieved on 22-04-2018.

Exhibit – 5: Exports of Handicrafts

Source: <http://www.epch.in/moreDetails.htm>, retrieved on 22-04-2018.

Exhibit – 6: Progress Under Microfinance – Cooperative Banks' NPAs against Bank loans to SHGs as on 31st March 2017 (₹ in Crore)

Sr. No.	Name of Bank	For Total SHGs		Out of Total - Exclusive Women SHGs		For SHGs under NRLM/SGSY		For SHGs under NULM/SJSRY	
		Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S	Amount of NPAs	NPA as %age to Total loans O/S
ANDHRA PRADESH									
1	The Anantpur District Co-Operative Central Bank Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	The Chittoor District Co-Operative Central Bank Ltd.	14.29	5.57	14.29	5.57	0.00	0.00	0.00	0.00
3	The District Co-Operative Central Bank Ltd., Eluru	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	The District Cooperative Central Bank Ltd., Kakinada	9.23	7.42	9.23	7.42	0.00	0.00	0.00	0.00
5	The District Cooperative Central Bank Ltd., Kurnool	1.00	1.32	1.00	1.32	1.00	1.32	0.00	0.00
6	The District Co-Operative Central Bank Ltd., Srikakulam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	The District Co-Operative Central Bank Ltd., Visakhapatnam	69.17	7.71	69.17	7.71	56.00	10.72	0.00	0.00
8	The District Co-Operative Central Bank Ltd., Vizianagaram	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	The Guntur District Co-Operative Central Bank	230.62	15.94	229.69	15.89	0.00	0.00	0.00	0.00
10	The Krishna District Co-Operative Central Bank Ltd.	275.83	2.06	275.83	2.06	0.00	0.00	0.00	0.00
11	The Nellore District Co-Operative Central Bank Ltd.	2.63	100.00	2.37	100.00	0.00	0.00	0.00	0.00
12	The Prakasam District Co-Operative Central Bank Ltd.	12.84	1.28	12.84	1.28	0.00	0.00	0.00	0.00
	Total	615.61	2.99	614.42	2.98	57.00	9.43	0.00	0.00

Source: Status of Micro Finance in India 2016-17, pp.247-248.

Book Review

Title: The Power of Positivity–Optimism and the 7th Sense

Author: Prof. (Dr) Padmakali Banerjee, Pro-Vice Chancellor, Dean Academics & Director ABS, Amity University Gurugram, Haryana

Publisher: SAGE Publication India Pvt. Ltd., New Delhi

Year of Publication: 2018

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Pages: 211,

Price: Rs 425/-

Reviewed by: Prof. (Dr) Vikas Madhukar, Professor and Dy. Director, Amity Business School, Amity University Gurugram

We humans are embodiments of intelligence, feelings, emotions, hope and pride. All that we feel and do is propelled by an attitude, and that attitude controls, drives and lifts us when the chips are down – a power that shows us the light when darkness is ready to engulf us. What is the driving force? A force, a sense, an intelligence, a quotient which is bigger and loftier than any that we know of! It's 'seventh sense' – a miracle that helps one achieve the impossible.

The book under review talks about a 'seventh sense', which can be understood as optimism intelligence, to be nurtured throughout life with far-reaching benefits to individuals, both personally and professionally.

The whole book is divided into seven chapters which takes you through a roadmap of life situations and emphasizes the fact that cultivating the spirit of optimism can empower individuals to achieve their dreams. The first chapter simplifies the concept of optimism with an introduction to the seventh sense, analyzing the lives of self-actualized leaders

by providing a quick snapshot of their life stories, which include, spiritual leaders like Gautam Budha, Swami Vivekanand to international political leaders Mahatma Gandhi, Mother Teresa; from business leaders like Bill Gates, Steve Jobs to eminent scientists Prof Stephens W Hawking. These stories provide us glimpses of lifetime experiences that they went through, thereby making a complete transformation of respective communities of their dwelling. Optimism act as a tonic in realization and empowerment of individual to work in a constructive manner, provides desired inner strength of mind that has divine potential to effect change in positive direction leading success and happiness.

The second chapter describes the concept of 'optimism' with the help of some past and present studies, and unfolds the ideas of optimism linking this with higher levels of engagement, proactive networking and coping capabilities in individuals. Author states that one can experience a beautiful life even in adverse situations by developing an attitude of positivity and optimism, which also enhances the mental health and well being of people.

The third chapter presents optimism as an effective tool which keeps us healthy, happy and supports us in living a meaningful life. The author explained all this with a plenty of research backed evidences which indicates that optimists seem to have a better quality of life than pessimists which eventually leads to the longevity of life, faster recovery from illness, better quality of sleep, high immunity levels and graceful aging and satisfying life.

Chapter four represents the most important part of the book which describes the framework of measuring, enhancing and sustaining optimism attitude for overall success of an individual and an organization. The framework called PEROMA comprises of Positive Emotion= The Affect, Engagement = Involvement and Commitment,

Relationship Network, Meaningfulness and Achievement. The framework uses 'Optimism Index' (Oi 1.1) – a powerful psychometric tool and OAM model - which reveals a step by step process to improve self-efficacy to predict success. The test to calculate the Optimism Index includes 60 items measuring various dimensions of the PEROMA framework. Thus, besides the overall score of optimism, which ranges from (100 -300), Oi computes scores on the six dimensions of the PEROMA framework. The Optimism Index further classifies the individuals into 10 categories based on the different bands of their scores which highlights their attributes and strengths and creates distinction. The chapter ends with describing the real cases in which OAM therapy was used on individuals to overcome their emotional barriers.

The fifth chapter describes peace through mindful meditation, which can help people deal with conflicts of day-to-day life. The author recommends a practical tool to practice mindful meditation, which is the 'Labyrinth Meditation' – an approach to practice mindful meditation.

Outcomes and impacts are dealt with in the sixth chapter. It describes how cultivating the power of

optimism has a transformational effect on all of us to realize the power of 'seventh sense' that lies within us to deal effectively and successfully with dynamic life situations and enable us to achieve glory and self-actualization.

Seventh and the last chapter of the book, titled, 'Every Time You are Happy, You Win' talks about the lives of harbingers of optimism and describes real life examples of great leaders who became stars despite all odds and found new meaning in their life by following spirit of optimism.

The author has written this book with an objective to unfold the concept of Optimism as the 'seventh sense' for its readers from all walks of life and to cultivate and practice optimism for living a successful, happy, contented and a blissful life. The key message it conveys to its readers is that the world can be transformed into a happier place through attitude of positivity and optimism. Overall, the book represents an excellent work of the author discusses the overwhelming effects of being positive, inculcating a sense of optimism in all endeavors of life. The book is a valuable aid for students, academicians, leaders, psychologists, practitioners and other thinkers to learn and practice the optimism and promotes happiness and well being all round.

Book Review

Title: Human Resource Management: Theory and Practice

Authors: Prof. (Dr) R.C. Sharma, Professor Emeritus, Amity Business School and Founder Vice-Chancellor, Amity University Gurugram, Haryana

Nipun Sharma, Executive Vice-President and Business Head (UP-E), Vodafone Mobile Services Ltd., Lucknow

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Price: Rs 650/-

Reviewed by: Prof. (Dr) Deependra Sharma, Professor, Amity Business School, Amity University Gurugram

Good business needs good HR management and all the organizations need to understand it. Selecting, retaining and managing the employees are few of the most crucial activities that may facilitate or hamper business's capability to flourish.

In reality, there exists a chasm between appreciating the significance of HRM and having the knack to manage various HR issues, effectively and efficiently. The present text is an endeavor in the direction of bridging this gap.

The book makes an honest attempt to pacify this urgent need for an active collaboration between the academia and the industry. This text book is, therefore, is a fine blend of the theoretical concepts, definitions, theories, tools and techniques on the one hand and the practices being followed/likely to be followed in human resource management in the near future, particularly in the corporate sector, on the

other hand. The text provides conceptual clarity of human resource management and helps understand the current problems in this domain that require programmatic research and realistic solutions. This approach makes this HR book an excellent resource.

The text is divided into six parts. The first part comprising two chapters addresses the basics and fundamentals of HRM - in retrospect and prospect. While the second part consisting of three chapters deals with the complicated issues related to acquiring human resources and placement and induction. The third part includes the next two chapters and deals with the current problems of training and executive development. The fourth part comprises another four chapters and discusses the problems of compensation and reward management including performance and potential appraisal, employee compensation and fringe benefits and services. While the fifth part contains the next four chapters and takes care of issues relating to relational issues like employee motivation, job satisfaction, employee morale, communication, supervision, leadership, employee discipline, and grievance handling. Last i.e., the sixth part comprises the next four chapters of the text and deals with the employee relations including human and industrial relations, collective bargaining, trade unions and international human resource management.

Additionally, another two chapters numbered 20 and 21, dealing with technological change, industrial accidents and safety, industrial health and hygiene, working environment and fatigue, HR records, reports, audit and research, are available on companion website (https://study.sagepub.in/sharma_HRM). However, it would have been better if these two chapters could have also been included in the book itself instead of placing the same on website. Anyway, the book takes care of the complete anatomy of HRM.

The style followed is very lucid and authors have explained the complex concepts in a very easy-to-understand approach. The book is rich in pedagogical features, including learning objectives mentioned in the beginning of the chapter, and summary, key terms, discussion questions, individual and group activities at the end of each chapter. Numerous case studies are provided in the text. Another special feature of the book is that it throws light on the recent developments related to relevant topics and also suggests probable management strategies for the issues concerned.

The book is heavily loaded with authentic data, tables and figures to enhance conceptual

understanding and know the current status. There are 212 exhibits included in the book to illustrate the issues concerned. Several annexure provided at appropriate places afford a rigorous approach to the chapters. Footnotes widen the scope for study. Author and subject indices provided towards the end of the text, help in locating the issue(s) concerned. It would have been better if the number of models given in the book could have been increased.

All said and done, the text is a magnum opus and will prove extremely useful not only to the students of management courses but also to professionals, corporate trainers and researchers.

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Journal- Manikutty, S (1997), "Telecom Services in Urban and Corporate Segments: A Consumer Perspective" *Vikalpa*, Vol. 22, No.3, pp. 15-28

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