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CONTENTS

# EDITOR'S NOTE

It has been our endeavor to provide a print platform to the budding academicians and management gurus jointly so as to generate professionalism in higher education. We have been able to draw articles of leading researchers, prominent academicians and people working in the realm of knowledge management.

I am hopeful that this issue will satisfy your intellectual appetite.

Ms. Sheela Rosalyn, from Dept. of Management studies, Garden City college Bangalore, in her paper "Influence of Corporate Governance on Perceived Organizational Culture of Employees at Visakhapatnam Steel Plant in Andhra Pradesh" has thrown light on how corporate governance could dominantly influence the way the employees see their work culture.

In the next paper titles "E-Learning in India – A study on Government Initiatives" is by, Prof. P Kalyanasundaram, Garden City College Bangalore. In this paper, he has described the challenges & Opportunities of E-learning versus traditional learning.

"Women Labour Migration and employment Opportunities", is by Ms. Pushpa & Ms. Nagadeepa, Garden City College, Bangalore. In their study they have explored the various reasons for employment oriented migration of females in Bangalore.

Next article is written by Ms. Rajani Korah, Mount Carmel College Bangalore. In her paper "FDI in Insurance sector – A Cause of Fear for A Prospective Client" she has mentioned the Pros & Cons of the entry of FDI in Insurance sector.

"Impact of FDI on Pension Funds in India" is by Ms. Ruchita Singh Chauhan, Research Scholar, mewad University Rajasthan, and Dr. Shubha Chandra, Garden City College Bangalore, has thrown the light on the Pension Fund Assets in India, and the effect of FDI on Pension Funds in India.

Mr. V Raju, Garden City College, Bangalore, in his paper "Employment in BPOS" has discussed about the outsourcing in India and the various benefits and challenges in BPO"

"A Comparative Study on Micro Finance Institutions in India" is by Ms. Chaya Devi H B Garden City College Bangalore. Through her paper she has presented, the various Micro Finance Institution in India, and their limitations.

# INFLUENCE OF CORPORATE GOVERNANCE ON PERCEIVED ORGANIZATIONAL CULTURE OF EMPLOYEES AT VISAKHAPATNAM STEEL PLANT IN ANDHRA PRADESH

**SHEELA ROSALYN,**
Senior Grade Lecturer, Dept. of Management Studies, Garden City College, Bangalore
Mobile: 9740672684, Email: sheela.rosalyn@gmail.com, sheela.rosalyn@gardencitycollege.edu

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**Abstract:**

Corporate Governance refers to the direction of a body that is legally united to act as an individual. The different groups that exist in an organization, primarily consists of Board of Directors, mangers, employees, suppliers, costumers, investors, shareholders. We would focus on the "Stakeholder Model" with special reference to Employees, as they form a major chunk of any organizational enterprise. CG is focused in controlling certain formal systems, such as that of accountability, oversight and control, which influences the OC of the company to a very large extent. This paper explores the probability of CG as an intangible influence on how the OC is shaped in the company.

Organizational Culture refers to some set of values held by individuals in firm or institute as they have acquired from the organization they have been in for long and also a result of their experiences.

The proposed paper on "Influence of CG on the perceived OC of employees in Visakhapatnam Steel Plant would focus on how various sub components OC – the dependency norms, power orientedness, bureaucratic norms, closed supervision norms, and Centralized Risk Taking. As all the above said formal systems of control, i.e., accountability, oversight, and control are covered in these sub dimensions of the OC questionnaire used for the present study.

**Methodology:**

To understand employee perception, an instrument titled "Organizational Culture", authored by K. Prathap Reddy was administered to a group of 95 employees of Visakhapatnam Steel Plant in Andhra Pradesh. The sample considered for the study comprised of Industrial personnel, both male and female, holding various designations with varied educational background was taken into account.

The collected data was carefully screened using statistical analysis to identify significant differences if any among the employees with regard to the way they perceive the CG in their company. The paper throws light on how CG could influence the way the workforce perceive their work culture.

**Influence of Corporate Governance on perceived Organizational Culture of**
**Employees at Visakhapatnam Steel Plant in**
**Andhra Pradesh**

**Corporate Governance** refers to the direction of a body that is legally united to act as an individual. The different groups that exist in an organization, primarily consists of Board of Directors, mangers, employees, suppliers, costumers, investors, shareholders. We would focus on the "Stakeholder Model" with special reference to Employees, as they form a major chunk of any organizational enterprise. CG is focused in controlling certain formal systems, such as that of **accountability, oversight and control,** which influences the OC of the company to a very large extent. This paper explores the probability of CG as an intangible influence on how the OC is perceived by their manpower and in the process becomes an integral part of the company.

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations. Well-defined and enforced corporate governance provides a structure that, at least in theory, works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws.

In recent years, corporate governance has received increased attention because of high-profile scandals involving abuse of corporate power and, in some cases, alleged criminal activity by corporate officers. An integral part of an effective corporate governance regime includes provisions for civil or criminal prosecution of individuals who conduct unethical or illegal acts in the name of the enterprise.

**Corporate governance is the management structure corporations use to manage employees** and business operations. While corporate governance is usually specific to the individual companies, it often consists of the same basic principles. These principles typically relate to the accountability and transparency the company has with its business stakeholders. Business stakeholders include employees, customers, shareholders, government agencies and the general public. Companies often use the corporate governance to develop the company culture that advances the mission and vision of the company in the business environment.

Corporate governance framework usually consists of the contracts and procedures companies abide by when conducting business operations. This framework may also include information about the standard operating procedures companies use when creating goods or services to sell in the economic marketplace. The individual duties and responsibilities of executive managers and the specific elements of the organization structure may also be included in this framework. Corporations will also outline the information workflow of the company in the corporate governance; this information workflow relates to how the internal business information is released to external stakeholders

Corporations often outline specific procedures for handling business situations in their corporate governance infrastructure. These procedures may relate to the hiring of executive managers, compensation for employees, distribution of dividends to shareholders in the development of new goods or services. The procedures may also early to how the company deals with adverse business situations. The response to additional and government regulation and taxation may also be included in the corporate governance procedures.

Checks and balances are the safeguards companies implement to prevent a single individual or business department creating adverse internal business situations. Checks and balances may include limiting the amount of responsibility in each job position, creating significant layers of management to oversee employees and limiting the amount of capital each business department can spend on operations. Checks and balances may include financial systems companies use to govern its business operations.

Organizational Culture is best defined as a "Shared set of values, beliefs and norms – in short, a shared language and perspective, which helps diverse people to work together in harmony. Organizational culture though a vast topic in the field of Industrial Psychology and Organizational Behaviour, however offers sufficient grounds to study various aspects of it in detail. Organizational Culture refers to some set of values held by individuals in firm or institute as they have acquired from the organization they have been in for long and also a result of their experiences. The dominant values might support blaming stake holders for problems, penalizing them for making mistakes or treating them as the organization's most valuable asset. It may be difficult for an institute to articulate these basic assumptions as it is for students to express their personal beliefs and values and frame opinions and perceptions based on their experiences in a college. J.C. Spender defines OC as "A belief system shared by an organization's members." Deal and Kennedy rather puts it simply as "The way we do things here" whereas Hofstede calls it "The collective programming of the mind." Once again the way the things are done depends on the way the work culture is perceived and understood.

The proposed paper on "Influence of CG on perceived OC of employees in Visakhapatnam Steel Plant at Andhra Pradesh" would focus on how various sub components OC – the Dependency norms, Power Orientedness, Bureaucratic norms, Closed Supervision Norms, and Centralized Risk Taking. As all the above said formal systems of control, i.e., accountability, oversight, and control are covered in these sub dimensions of the OC questionnaire used for the present study.

**Results Tables:**

**Table I: Frequency of the sample based on demographic variables considered for the study:**

| Demographic Variable | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| **Sex** | | | | |
| Male | 68 | 71.6 | 71.5 | 71.5 |
| Female | 27 | 21.4 | 21.4 | 100.0 |
| Total | 95 | 100.0 | 100.0 | |
| **Designation** | | | | |
| Executive | 12 | 12.6 | 12.6 | 12.6 |
| Sr. Supervisory | 30 | 31.5 | 31.5 | 44.1 |
| Jr. Supervisory | 53 | 55.9 | 55.9 | 100.0 |
| Total | 95 | 100 | 100 | |
| **Qualification** | | | | |
| Inter / below | 6 | 6.5 | 6.5 | 6.5 |
| UG | 55 | 57.8 | 57.8 | 64.3 |
| PG | 34 | 35.7 | 35.7 | 100.0 |
| Total | 95 | 100.0 | 100.0 | |

**Table II:**

**Group Statistics and t-value showing gender differences in perceived OC with reference to CG.**

| Demographic Variable | Sex | N | Mean | Mean | Cumulative Percent |
|---|---|---|---|---|---|
| Dependency Norms | Male | 68 | 8.17 | 2.23 | .62 |
| | Female | 27 | 9.14 | 1.98 | |
| Power Orientedness | Male | 68 | 3.00 | 1.03 | 1.89* |
| | Female | 27 | 2.77 | 1.01 | |
| Bureaucratic Norms | Male | 68 | 3.54 | 1.12 | 5.59 |
| | Female | 27 | 2.81 | 1.08 | |
| Close Supervision Norms | Male | 68 | 2.91 | 1.15 | 2.29 |
| | Female | 27 | 2.94 | .99 | |
| Centralized Risk Taking | Male | 68 | 3.77 | .98 | 2.05* |
| | Female | 27 | 3.52 | 1.09 | |

**Table II:**

**Group Statistics and t-value showing gender differences in perceived OC with reference to CG.**

| Dimensions of OC | Designation | N | Mean | SD | F |
|---|---|---|---|---|---|
| Dependency Norms | Executive | 12 | 3.75 | 3.72 | 7.13* |
| | Sr. Supervisory | 30 | 4.31 | 2.59 | |
| | Jr. Supervisory | 53 | 4.71 | 3.43 | |
| Power Orientedness | Executive | 12 | 8.70 | 2.12 | 1.90 |
| | Sr. Supervisory | 30 | 9.15 | 2.31 | |
| | Jr. Supervisory | 53 | 9.18 | 1.02 | |
| Bureaucratic Norms | Executive | 12 | 3.52 | 1.23 | 4.45* |
| | Sr. Supervisory | 30 | 3.63 | .97 | |
| | Jr. Supervisory | 53 | 3.19 | 1.13 | |
| Close Supervision Norms | Executive | 12 | 2.98 | 1.14 | 2.29 |
| | Sr. Supervisory | 30 | 3.23 | .91 | |
| | Jr. Supervisory | 53 | 2.86 | .97 | |
| Centralized Risk Taking | Executive | 12 | 3.56 | 1.15 | 5.87* |
| | Sr. Supervisory | 30 | 4.21 | .41 | |
| | Jr. Supervisory | 53 | 3.69 | .99 | |

**Table IV:**

**Group statistics and f value of employees from various educational background and its perceptional influence on CG.**

| Dimensions of OC | Educational Qualification | N | Mean | SD | F |
|---|---|---|---|---|---|
| Dependency Norms | Inter / below | 6 | 3.57 | 1.57 | 4.21** |
| | UG | 55 | 3.06 | 1.11 | |
| | PG | 34 | 3.52 | 1.06 | |
| Power Orientedness | Inter / below | 6 | 7.08 | 4.07 | 8.15** |
| | UG | 55 | 5.33 | 3.84 | |
| | PG | 34 | 6.28 | 3.18 | |
| Bureaucratic Norms | Inter / below | 6 | 3.69 | 1.01 | 3.13** |
| | UG | 55 | 3.48 | 1.20 | |
| | PG | 34 | 3.22 | 1.13 | |

| Dimensions of OC | Educational Qualification | N | Mean | SD | F |
|---|---|---|---|---|---|
| Close Supervision Norms | Inter / below | 6 | 3.73 | .44 | 2.21 |
| | UG | 55 | 2.81 | 1.08 | |
| | PG | 34 | 2.92 | 1.00 | |
| Centralized Risk Taking | Inter / below | 6 | 3.43 | 1.09 | .976 |
| | UG | 55 | 3.60 | 1.04 | |
| | PG | 34 | 3.76 | .99 | |


| Dimensions of OC | Educational Qualification | N | Mean | SD | F |
|---|---|---|---|---|---|
| Close Supervision Norms | Inter / below | 6 | 3.73 | .44 | 2.21 |
| | UG | 55 | 2.81 | 1.08 | |
| | PG | 34 | 2.92 | 1.00 | |
| Centralized Risk Taking | Inter / below | 6 | 3.43 | 1.09 | .976 |
| | UG | 55 | 3.60 | 1.04 | |
| | PG | 34 | 3.76 | .99 | |


Note: * - p < .05
** - p < .01

**Discussion of results:**

Table I shows the frequency of the sample with respect to the three demographic variables, namely sex, designation and educational qualification of the respondent considered for the study.

**Gender differences with respect to perceived OC with reference of CG**

As can be seen from table II, men have felt more strongly than women that PO, Bureaucracy and CRT are more prevalent with respect to CG. This trend perhaps seems obvious due to the natural inclinations of both the gender in handling issues. Men employees look for opportunities for growth and when constrained on any grounds may feel highly restricted and perceive the management as being favourable to a selected few. Hence, may feel overpowered by the higher authorities, and also ascribe it to the general functioning of the company. Men have also felt that bureaucracy is high in the CG of the company as every task is done as per laid down rules and procedures. This is however a "can't but" situation wherein the CG of any given organization need to be stringent in its policies, as they need to see to it that employees do not make unethical decisions at any point of time. women in this study are more comfortable with the bureaucratic norms, as they are more focused on doing their work and may not show that much interest in the "inside" functioning of the company as men would. CRT is another crucial dimension where men have felt that the company is very careful while going ahead with changers or innovations, as the approval for the dame needs to be obtained from the higher ups. Male employees are perchance vocal compared to their woman counterparts when it comes to dealing with official matter in novel ways. They would have come across situations wherein they wanted to initiate certain innovations, which might have been turned down due to protocol reasons.

As PO, Bureaucracy, and CRT are major aspects of CG. While it comes to dealing with formal systems of accountability, oversight and control, gender differences clearly gives us a perceptual insight into the way male and female employees opine on the same.

**Perceptual differences with reference to designation of the employees.**

Table III shows the group statistics and f - value of employees holding various designations and its perceptional influences on CG.Employees have varied perceptions in three major dimensions of OC, namely Dependency, bureaucracy, and CRT of the company. The JS employees have felt that Dependency is high to a very large extent followed by SS and Executive personnel. The sequence of this trend appears logical in that, as hierarchy goes up, the lesser is the dependency observed. This is well justified as the JS perceive their work environment as one which requires them to take instructions and suggestions from their superiors before initiating a task and also that decision are made at the top and communicated downwards.

Another area where significant differences have been observed among employees belonging to various designations is that of the bureaucracy being prevalent in the organization. The JS and the Executives have comparatively felt less than the SS level employees that bureaucracy is present in the organization. The JS employees have felt that bureaucracy is the least in the organization perchance because they deal with employees, who probably belong to the rank and file cadre; wherein they may find it difficult to get them follow the instruction given by them, i.e., the JS employees.

On the other hand, the SS employees have felt that bureaucracy norms of the company is very high probably because in spit of being capable in taking decisions by virtue of the seniority and service in the organization, yet their superiors, i.e., the executives may want to see that the work proceedings be done as per laid down rules and procedures. However the Executives felt that bureaucracy norms are the least as they in association with the Board of Directors could be the decision making personnel and hence may not feel the pressure of following laid down policies as they are the ones formulating it.

CRT is another dimension, in which perceptual variation have been found among employees working at various designations. SS employees have felt to a very large extent that CRT is very established in the industry; while the JS and Executive felt it was the least. The probable reasons for such a trend could be ascribed to the one discussed above with reference to the established bureaucratic norms of the company.

**Perceptional differences with respect to educational background:**

Table IV highlights the group statistics and f-value of employees from various educational backgrounds, which has seemed to affect the perceived OC with reference to CG in the domains of Dependency, Power Orientation, and bureaucracy.

Employees with the highest and least educational level i.e. the ones with a PG degree and Inter or below have felt that there are high levels of dependency, specially with reference to decisions being made at the top and being communicated downwards, superiors in the plant, prefer their subordinates, in spite of their experience, education or seniority to ask for instruction and suggestions before initiating a task. This probable indicates that the dictates of whether the company should go ahead with a venture or not depends on how the people on the top most cadre, namely the executives and the prime decision makers give a clearance for it.

Moving on to the next dimension, employees with inter or below and PG qualifications have felt that only a few people are treated well by the top management and the rarer quite influential. As this feeling is reported by the above set of respondents there are chances of them to hint at a few select executives as the ones being influential. Moreover in times of conflli9cts or disagreements the view point of the stronger gets imposed on the weaker ones. Perchance these select ones easily get noticed as implementing changes, employees with comparatively lower educational levels may always feel that rules are being imposed on them, as they are at the receiving end, as part of the rank and file order.

Employees having various educational levels in unison felt that bureaucracy exists in the company. However, intergroup differences are evident from the table. Employees with comparatively lower educational levels have strongly felt that bureaucracy is high in the organization on the sense that any command that they get from the higher authorities is what is expected to be followed. The trend observed is that as the educational qualifications increases, the tendency to perceive bureaucracy as being high decreases. This could be true perhaps because the better educated employees may feel that they could be practical in dealing with work related problems, by virtue of their qualification and therefore may not see the necessity of following laid down rules and procedures which employees are primarily concerned with. The fact that they have felt that bureaucracy is high; by itself is evidence enough to understand the importance attached to following rules.

**Conclusion:**

The present study has thrown light on how CG could predominantly influence the way the employees see their work culture. It has been found out that Dependency, Power Orientedness, Bureaucracy and CRT are common areas where employees with varied designation and experience have felt that OC is to a certain extent shaped by the way the CG is carried on in the company. This study could help industry personnel gain insight into how various demographic sections of the work force become oriented towards CG in a manner that would encourage transparency in governance, thereby avoiding impressions formed on the basis of information derived from grapevine communication pattern. This study however suffers from the an inherent limitation of not being able to cover a representative sample of the industry due to certain unavoidable constraints on grounds of time and cost factors.

**List of abbreviations used:**

OC – Organizational Culture
CG – Corporate Governance
PO – Power Orientedness (Power Orientation)
CRT – Centralized Risk Taking
SS – Senior Supervisory
JS – Junior Supervisory

**Reference:**

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# E-LEARNING IN INDIA – A STUDY ON GOVERNMENT INITIATIVES

**P. KALYANASUNDARAM**
Professor, Garden City College, Bangalore, pks36@hotmail.com

India is in the midst of a technological revolution with ICT permeating every walk of life. It is a fact that Information and Communication Technologies (ICT) can ensure and expand the reach and quality of education in India. Currently available online learning opportunities in India have their own challenges that need to be faced by higher education institutions that offer these opportunities and the researcher discusses these in this paper. The paper also endeavors to highlight options available with traditional institutions for deploying ICT and for implementing e-learning. This paper is a descriptive account of efforts taken by the state with regard to e-learning initiatives in our country to provide 'digital opportunities' to the stake holders.

Keywords: E-Learning, ICT, Traditional Learning

**1.0 Introduction**

The technological revolution has brought about a renaissance in our lives. ICT permeates every facet of our life (Drucker, 1993). According to Varian and Shapiro (1999) education also experiences this trend. By harnessing the potential of ICT we can positively impact the knowledge levels of students, which can result in raising their knowledge levels by imparting them problem-solving techniques, and developing analytical and critical thinking skills which have become of utmost importance in today's fiercely competitive corporate world. Reeves (1998) says that there are many constructive effects of deployment of ICT in education including learning critical thinking skills. ICT has had major repercussions for developed countries where universities have come even on a mobile phone and it has not spared developing countries like India too. The opening up of the economy and the access to the World Wide Web has thrown open a plethora of opportunities to learners. The internet has had drastic impact on the current day education scenario and has changed the way how technology is used for educational purposes (Palloff and Pratt, 2003). Technology has impacted education at all levels ranging from schools to universities. The way we work and live has been tremendously influenced by the technology, particularly ICT. Our educational systems too, have not escaped the influence of technology. In fact our educational system should respond proactively to the changes that are taking place in the ICT area by not only endowing students with ICT skills but also should take appropriate efforts to make the best use of the latent advantages ICT offers in developing teaching and learning. This study is an attempt to study the existing online opportunities for learning in higher education and related challenges.

**2.0 E-learning Versus Traditional Learning**

The definition of e-learning as per OECD (Organization for Economic Cooperation and Development) is dynamic moving from non or trivial online presence to mixed-mode and finally completely on-line teaching/learning adopted as a substitute to professional learning. Jay Cross , CEO of e-learning Forum, a 1200 member think tank and advocacy group, and founder of internet time group and a veteran of the software industry as well the training business coined the term 'e-learning' in 1998. E-learning is the delivery of course, via electronic media, such as internet, intranets, extranets, satellite broadcast, audio/video tape, interactive TV and CD-ROM (Urdan and Weggen, 2000). Urdan and Weggen (2000) seem to infer that 'Terms like e-learning, technology-based learning, and web-based learning are defined and used differently by different organizations and user groups'.

E-learning offers competitive advantages in many ways. Whereas the traditional learning works on the premises that the instructor owns the knowledge that is passed on to the students, E-learning authenticates and facilitates the spread of knowledge. Traditional learning suffers from "narration sickness", but interactive web-based learning offers scope for the learner to learn in a participative learning environment where the focus is on 'learning by doing'. While teaching in a traditional set-up has its own limitations and a traditional teacher can never provide 24 x7 services to students, an e-learning platform can offer services 365 days x 24 x 7. Fry (2001) is of the opinion that if universities are to compete in a global higher education market they must embrace the technological advancements such as e-learning and use them as a strategic tool so that they are capable of transforming educational and business practices. E-learning has its own benefits such as it provides many ways to increase communication between class members and faculty, including chats, discussion boards, and emails, which results in increase in motivation among students.

On-line delivery of education offers significant benefits, supporting the primary objectives of distance education. 1. **Cost-savings** related to travel and opportunity costs of time saved. Online education also provides students with the option of personalizing their course content and delivery suiting their needs. With no direct peer competition, this mode of education delivery is an avenue for self-paced learning and review, tailored as per the student's own capabilities. 2. **Shorter course durations** – Online education is a more efficient model, with potential for faster completion as compared to traditional higher education program. 3. **Greater Choice available to students** – It further provides students with an option to enroll in the best possible programs at different geographic location. 4. **Further enhancement of knowledge** – Online learning facilitates learning additional subjects as top-up programs. The increasing acceptance of this model is reflected in its growth figures – online post-secondary education market in the US is expected to register a growth of 11.2% annually as compared to the 1.1% increase in post secondary enrollment. The spends on online higher education in the USA is estimated to be USD 11.7 bn in 2007-08 and is expected to grow at a CAGR of 17% to USD 30.2 bn in 2014.

According to Stephenson (2001), technology has impacted education at all levels ranging from schools to universities. Any online program should be evaluated on the basis of its learning outcomes by comparing it with a similar onsite program (Consolacion Fajardo, 2011).

### 3.0 E-learning in India

Over the past few years, the Indian higher education sector has witnessed several innovative developments, which have contributed significantly to its growth. India is acknowledged as a leader in the field of technology. However, its usage of technology in education needs to be improved upon. Increasing the implementation of technology would be a critical step for enhancing access to education and ramping up enrollment rates. India ranks poorly for IT Readiness as compared to other countries. Government of India has been increasingly emphasizing on potential of utilizing information, communication and technology (ICT) in the education sector. Recognizing the role of ICT in improving quality and delivery of education, the government has launched the National Mission of Education through ICT to increase GER (Gross Enrollment Ratio) in higher education.

**Table 1: IT Readiness in different countries**

| Country | Network Readiness Index (Overall) | Readiness | Usage |
|---|---|---|---|
| USA | 3 | 6 | 5 |
| Republic of Korea | 11 | 7 | 10 |
| UK | 15 | 24 | 13 |
| China | 46 | 36 | 48 |
| India | 54 | 40 | 59 |
| Brazil | 59 | 58 | 41 |
| Russia | 74 | 67 | 82 |

The significance of the online education delivery model is now on a rise in India. Several leading higher education institutes such as IGNOU, Symbiosis, BITS Pilani, Jadavpur University, VTU etc. have launched programs built around this model. Government Organizations like the MSME Development Institute have also embarked on launching programs through the online mode. India is making use of powerful ICT such as open source, satellite technology, local language interfaces, easy to use human-computer interfaces and digital libraries, etc. with a long-term plan to reach the remotest of the villages. The NPTEL (National Program on Technology Enhanced Learning) which is being funded by the Ministry of Human Resource Development has paved the way for introducing multimedia and web technology to enhance learning of basic science and engineering concepts. It caters to the need of students for all disciplines of engineering and the registration on the site (hhtp://nptel.iitm.ac.in) is for free.

Indian e-learning industry employs about 11,000 people and total revenue is estimated at $316 million. The domestic e-learning industry is about 10% of the total industry size and stands at around $30 million. Indian e-learning industry had been experiencing a healthy CAGR of approximately 30% over last 5 years. The industry is expected to grow at similar or better pace in the coming few years.

**4. 0 Government Initiatives in ICT education and E-learning**

The Indian constitution makes education a fundamental right for children in the age group of six to fourteen. India has approximately 300 million students in this age group. With 400 University level institutions, more than 20000 colleges, 100 lakh students and 4,00,000 teachers, India has one of the world's largest higher education systems. Despite this, the literacy rate in the rural areas is 56 per cent. The country has a huge population of enthusiastic younger generation that strives to acquire scientific and technical skills, and reading and writing in the English language. The main challenge for the Indian education system today is to provide basic education to all. The rising cost of education often calls for a change from traditional space-and-time bound institutions to ones that will offer cost-effective but technologically enhanced programmes. For this purpose, the educators first need to develop pedagogically-based research programmes and electronic courseware at different levels to adapt teaching styles to maximise student learning. A number of institutions of higher learning have now begun to offer e-learning courses. These institutions have the necessary infrastructure and technology for online video conferencing and virtual laboratory setup. India is also the first country in the world to have its own exclusive satellite, namely, EDUSAT for educational purposes. Besides the apex institutions, EDUSAT networking is being expanded to the remotest areas where a college level institution is located. About 2,700 schools in the backward districts of the country are also using this facility; this includes 10 schools for the blind in the state of Gujarat being served by the EDUSAT by special transmission. E-learning solutions in the corporate sector are reasonably well picked up in the country, with a number of companies employing effective e-learning strategies for its employees to remain competitive. This, however, has a negative effect as the number of small vendors entering with e-learning solutions has increased. The credibility of such stakeholders cannot be ascertained as there is no regulatory body in the Government.

In India, the need of providing education and training in ICT to students at all levels as well as to the teachers and corporate employees has been widely felt and accordingly the system, network and schemes are designed and implemented. During 2003-04, the department of information technology (Government of India) has implemented pilot project of 'Vidya Vahini' in 140 schools, 20 schools in each of the selected districts in six states of the country, with the objectives of (i) Providing ICT Infrastructure (ii) Training of Teachers and (iii) Providing various learning resources. Tamilnadu Government initiated India's largest statewide computer training program to achieve computer literacy in state higher secondary schools.

Government and their higher education institutions are engaged in facilitating new e-learning delivery systems, expanding capacity, upgrading infrastructure and instructor skills, promoting access, and shaping the regulatory environment. Given below are some of the initiatives taken by the government to offer opportunities for e-learning.

**A. Central Government Initiatives**

1. National Mission on Education through ICT – The mission is estimated to involve investments of INR 4612 Crores. The government has approved the provision of broadband internet network to connect 20000 HEIs and 10000 university departments. Satellite and terrestrial connectivity is expected to be provided to classrooms, facilitative live interaction with the faculty.

**2. Educational TV channel (DD-Gyan Darshan)**

DD-Gyan Darshan, includes programmes for schools, teacher enrichment education, open and distance learning, vocational courses and courses for disadvantaged sections of India. Gyan Darshan and Gyan Vani are IGNOU's intitiatives (in collaboration with other bodies) in TV and Radio which have been operational from 2000 and 2003 respectively. Gyan Darshan is a bouquet of four channels on vocational, technical and higher education and sustainable development while Gyan Vani has 37 operational radio channels imparting educational courses.

**3. SAKSHAT - Education Portal**

The pilot project SAKSHAT is a One Stop Education Portal launched on 30.10.2006 by the then President Shri. Abdul Kalam of India to facilitate life-long learning for students, teachers and those in employment or in pursuit of knowledge free of cost to them. The content development task for 'SAKSHAT' was looked after by the Content Advisory Committee (CAC) for the respective subject, which consisted of representatives from educational institutions like IGNOU, Delhi University, Kendriya Vidyalaya Sangthan (KVS), Navodyaya Vidyalaya Sangthan (NVS), National Institute of Open Schooling (NIOS) and National Council for Educational Research and Training (NCERT) and prominent academicians in the field. In addition, some NGOs had also provided the contents developed by them free of cost for this portal. The vision of this project is to scale up the learning needs of more than 50 crore people through a proposed scheme of 'National Mission in Education through Information and Communication Technology (ICT). The scheme is to provide connectivity to all institutions of higher learning to world of knowledge in the cyber space, to leverage the potential of ICT, in providing high quality knowledge modules with right e-contents, to address to the personalized needs of learners, in order to take care of their aspirations.

**4. EDUSAT - The Education Satellite**

As most Indians know The 'EDUSAT ' or The Education Satellite was launched by Indian Space Research Organization (ISRO) on 20th Sept. 2004. The main purpose of this is to provide education to all people primarily children from remote areas of the country who cannot go to schools or colleges. The classes would be conducted by various State Education Boards, NCERT, CBSE, Universities etc in a studio environment using power point presentations as well as the common black board. There could be interactive as well as non interactive sessions offered. EDUSAT is the first exclusive satellite for serving the educational sector. It is specially configured for audiovisual medium, employing digital interactive classroom and multimedia system. This EDUSAT network provides satellite based tele-education facilities to students and teachers of the engineering colleges across the country. A core committee to look into all the aspects and benefits that can be derived from EDUSAT in its overall lifespan of seven years has been constituted by the Ministry of HRD, Government of India under the chairmanship of H P Dikshit, vice chancellor, the Indira Gandhi National Open University (IGNOU).

**5. BSNL – Multiplayer Services through Broadband**

BSNL Pune has launched multiplayer services that include e-classes, has signed up with the Maharashtra Knowledge Corporation Ltd (MKCL) to provide content. MKCL would be responsible for providing the technological platform for the delivery of the video-based services. The partnership between BSNL and MKCL is on revenue sharing basis. BSNL would be the carrier, providing all the infrastructure and permissions, while MKCL and their partners will provide the content and technical know-how. All that the consumer would require is a set top box, a landline and a television set that would also function as the monitor. MKCL has launched ERA (eLearning Revolution for All) to offer enhanced learning to WAVE-CIT (World Class Academy for Vocational Excellence – Certificate in Information Technology) students. eContent for Practical skills covered in WAVE-CIT syllabus is being made available on LAN Based Learning Management System at all Authorized Training Centers. This initiative has benefited 6 millions learners till date.

**6. The Department of Income Tax (DIT) - STE (Source-Train-Enable)**

The DIT has roped in NIIT for a innovative STE (Source-Train-Enable) programme where NIIT will select 5000 candidates for becoming 'Certified Tax Return Preparers'. In this unique STE (Source-Train-Enable) programme, NIIT will provide special training material on the subject, developed by Taxman a leading publishing house dealing exclusively in Tax related matters. A unique feature of this exercise is the extensive use of e-learning for Tax Return Preparers, through the portal for one year, post their certification. This will help in continuous updation of skills in tax matters. By partnering with DIT for this unique initiative, NIIT will not only assist the Government in achieving its set goals in this domain but also provide a career opportunity for the large number of country's unemployed youth. The Tax Return Preparers are meant to file returns of income tax assessees in the lower income category.

**6. Primary Education – A web Portal**

A multilingual web portal on Primary Education is available with rich multimedia content for children and forums to discuss on the Educational issues. India Development Gateway Primary Education is a nation-wide initiative that seeks to facilitate rural empowerment through provision of responsive information, products and services in local languages.

**7. NPTEL Programme**

Launched in 1999, NPTEL (National Programme on Technology Enhanced Learning) facilitates usage of multimedia and web technology for sharing basic science and engineering content. The IITs and the Indian Institute of Science provide the content for the undergraduate science and engineering courses, which are converted into multimedia and web technology. NPTEL has developed 255 courses in technical education spaces, with plans to launch 950 courses, across 15 disciplines by 2012.

**B. State Government Initiatives**

1. **GRAMJYOTI: Project of Tamilnadu Government**

Ericsson has set up broadband network across 18 villages and 15 towns of Tamilnadu so as to facilitate education in rural area using high speed internet bandwidth across these villages. With the help of State government, Ericsson has setup community centers across these villages which are equipped with PCs and 3G mobile handsets and has appointed teachers at their Chennai office to deliver education through internet.

**2. GYANDOOT: Project of Madhya Pradesh Government**

It is an initiative taken by Government of Madhya Pradesh. In this initiative intranet facilities have been set up to connect the rural cyber cafes. The Gyandoot (A district level intranet) has been able to set up 32 kiosks in high schools and higher secondary schools of Dhar District. Through these kiosks the students are provided educational content of class X & XII in client server architecture by which they can share data across email and also the question bank created by experts. Career Counselling is also provided for the higher secondary students.

**3. AKSHYA: Project of Kerala Government**

Government of Kerala launched Project AKSHYA in 2002 to promote basic computer usage among rural masses. E-learning programmes like Intel learning, Learn English, Arabic Tutor, Internet for Mass, Medical Transcription, e-Vidhya etc are already introduced and are implemented by a number of e-centres. The response from the public to these programmes are generally encouraging. About 17 job oriented course packages developed with the support of DOEACC, IGNOU are available.

**4. AAROHI: Project of Uttaranchal Government**

Uttaranchal Government with Microsoft and Intel launched project AAROHI to provide basic computer education to all 1206 Government and 281 Government aided schools form Class VI – XII. Microsoft further plans to enhance computer literacy in the state of Uttaranchal by imparting computer education to 80,000 teachers and 35 lakh students.

**5. CHALLENGES & OPPORTUNITIES**

While some of the universities in India have distance education programmes for the undergraduates and the postgraduates in major disciplines, their intake and growth has been far from impressive. These courses still use the traditional paper-based notes and reading materials, and supplement these once a week by physical contact with local instructors for the registered students. Some of the reasons for the non-use of ICTs for this purpose are:

- Lack of penetration of ICTs in semi-urban and rural India.
- Lack of reliable communications infrastructure.
- Lack of course content, except in the IT domain.
- Lack of content in vernacular Indian languages as most of the content is still in English.
- Lack of psychological acceptance due to the absence of the personal touch associated with classroom lessons.
- Lack of teachers and experts for development, deployment, and delivery of the e-learning solutions, as well as experience and understanding of the e-learning market.
- Lack of standards and a long gestation period for implementation.

Another issue that needs to be addressed is the role of libraries and learning resources with regard to e-learning. Libraries in India are not yet equipped with the necessary infrastructure to face the challenges of e-learning in the broader term. There are very few initiatives in the fields of digital libraries, institutional repositories, and open access publishing. Such initiatives could be harnessed to aggregate, create and disseminate a knowledge base, and leverage the e-learning environment in the country. Besides the personal web spaces like blogs, podcasts, etc., of a few enterprising librarians, there are only few instances of bringing the Web 2.0 environment into the library settings in India. This is contrary to the fact that such open technologies of the Web 2.0 would help overcome economic barriers that are often imposed by technologies, and are aimed at addressing the digital divide if harnessed to its full potential.

Despite the initiatives by Government for eLearning and significant interest in the scale of the actual and potential market, there is an acute shortage of impressive eLearning foundations on the extent of eLearning in providing initial and continuing vocational education and training and on the rate at which it is growing. For many eLearning projects, the government will have to seek the services of private e-learning organizations in India for this. A few Indian e-learning companies are enlisted with NASSCOM, but simple enlistment does not mean that they are 'competent'. And even with this step things are going to be difficult as the government has no regulatory body for e-learning companies, which makes it difficult for governments, companies and other organizations to develop coherent and effective policies in this area. Also introducing eLearning in vocational education and training is far complicated since the market in India is highly fragmented and requires a huge variety of different players, private as well as public. So the time is ripe for Government to address this next round of challenges and opportunities in this area through their impressive eLearning foundations.

1) Government should form a regulatory body with the help of statutory bodies of the Government like UGC, AICTE and NCERT for eLearning which will help in integrating the best content and delivery from both the public and private sectors to increase access to state-of-the-art eLearning.

2) The incentives may be needed to stimulate private sector involvement in eLearning courseware to improve the productivity of low-skill students as well as employees for getting maximum returns on investment.

3) Government should structure unique and low-cost programs for eLearning in light of students' growing need for anytime, anywhere access to high-quality content that may come from private players.

4) Government should make mandatory setting up of digital libraries in High Schools/HEIs and the recent move of AICTE for compulsory e-journal subscription for its courses is a move towards this direction.

5) Traditional Higher Education Institutions can leverage their existing IT infrastructure to offer online certificate programs, use open source courseware and offer digital content through internet or intranet for their existing courses.

## 6. CONCLUSION

Over the past one decade India has emerged as a e-learning courseware development hub for global companies and governments. Though Indian Government is implementing innovative technologies, e-learning as a tool for training and education needs much more attention and strong policies by the Indian government.

The world considers India as the best place in the world for e-learning service providers. Its time NASSCOM comes forward and provides a robust mechanism to rate all e-learning companies in India. Not only will this help in generating more trust but will shove aside the incompetent players who have been bringing the industry to disrepute. So the government should invite and encourage more and more e-learning initiatives. Successful e-learning necessitates a powerful strategy. And it is pertinent that all e-learning strategies be grounded in strong research. eLearning essentially requires a good strategy that sets the platform for optimum learning. With an academician Prime Minister at the helm, there could be no better time than this for India to streamline its education, training and information dissemination initiatives through e-learning.

The above account clearly calls for introspection with regard to the approach towards the E-learning opportunities. Needless to mention, the areas that we need to work upon include student awareness and student engagement modes to ensure successful implementation of e-learning. Traditional higher education institutions should leverage their competitive advantage in terms of ICT with focus on blended learning. Provision of computers and content will not suffice. A well-orchestrated ICT program is the need of the hour. E-learning models that are relevant, content rich, interesting, inspiring, cost-effective, scalable and sustainable will survive.

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# FDI IN INSURANCE SECTOR - A CAUSE OF FEAR FOR A PROSPECTIVE CLIENT

**Rajani Korah**
Mount Carmel College (Autonomous), e-mail: rajanikorah@yahoo.com
Mobile No: (0) 98453 11982

**Abstract**

Prospective client looks for an insurance policy with a fear of death. A part of the savings will now be in the form of premium paid towards covering the risk of life. Acceptance with fear towards the impact of FDI in Insurance sector. It is a difficult situation of mixed emotions that each one of the prospective client will go through. “49% FDI in Insurance - Will it be beneficial or not?”

India is the third most attractive foreign direct investment destination in the world. The Indian insurance companies offer a comprehensive range of insurance plans. Due to the growing demand for insurance, more and more insurance companies are now emerging in the Indian insurance sector. The Indian government has supported an increase in the FDI limit from 26% to 49%.

Will it benefit the Nation along with the insured? Should the limit be increased as it retail sector? What can we expect?

**Keywords:** Insurance, Prospective client, FDI.

## INTRODUCTION

An individual once grown to be a responsible citizen. Now finds ways to earn his lively hood. What next? He moves on to a family setup. With responsibility increasing, his need to survive in this world increases. But the risk of life is chasing him. It is at this point that most of the individuals insure their life. The need for life insurance is seen at this point of fear due to responsibility. The advantage for the policy owner is "peace of mind", in knowing that the death of the insured person will not result in financial hardship for loved ones and lenders.

The Indian insurance companies offer a comprehensive range of insurance plans. Due to the growing demand for insurance, more and more insurance companies are now emerging in the Indian insurance sector. Insurance in India started without any regulations in the nineteenth century. Today India is the third most attractive foreign direct investment destination in the world for Insurance.

## LIFE INSURANCE

It is a contract between an insurance policy holder where the insurer promises to pay a designated beneficiary sum of money (the "benefits") upon the death of the insured person. Depending on the contract, other events such as terminal illness or critical illness may also trigger payment. The policy holder typically pays a premium, either regularly or as a lump sum. Other expenses (such as funeral expenses) are also sometimes included in the benefits.

## CHANGING PHASE OF INSURANCE

After Independence, the Life Insurance Company was nationalized in 1956, and then the general insurance business was nationalized in 1972. Only in 1999 private insurance companies were allowed back into the business of insurance with a maximum of 26 per cent of foreign holding (World Bank Economic Review 2000). Insurance in India used to be tightly regulated and monopolized by state-run insurers. For the purpose, Insurance Regulatory and Development Authority (IRDA) Act of 1999 was passed. Since its inception IRDA has been taking steps to promote insurance sector and also protect the interest of people. A number of reforms have been introduced by IRDA regarding regulation of agents, deciding about premium, marketing strategies etc.

The insurance business was opened on two fronts. Secondly, foreign Companies were allowed to participate, with a cap on shareholding at 26%. Finally FDI capital in insurance sector has increased to 49%.

## OBJECTIVES

- To ascertain the cause of fear for an individual towards insurance sector now open to 49% FDI.

- To analyse the benefits of FDI in insurance sector.
- To study the contribution of FDI towards the growth of the Nation.

**CAUSE OF FEAR FOR AN INDIVIDUAL WITH ENTRY OF 49% FDI IN INSURANCE SECTOR**

Insurance was first taken to cover the risk of life. The changing phase of insurance has now converted insurance policy into an investment avenue. By adopting unit linked insurance policies. A normal Indian citizen will now have to make a decision of not only covering his life but also finding an investment opportunity.

An individual in a puzzled state of mind, with so many insurance companies offering their valuable advices now has news that would leave him even more puzzled. The Union Cabinet granted approval for increase of foreign direct investment (FDI) limit in the insurance sector from the present 26 per cent to 49 per cent.

These amendments are aimed at removing archaic and redundant provisions in the legislations and incorporating certain provisions to provide the Insurance Regulatory Development Authority (IRDA) with flexibility to discharge its functions effectively and efficiently. The overall objective is to further deepen the reform process which is already underway in the insurance sector.

This is done to meet the growing capital requirement of insurance companies. Foreign re-insurers will be permitted to open branches only for re-insurance business in India and the provisions of Section 27E, which prohibits an insurer to invest directly or indirectly outside India the funds of policy holder, would apply to such branches.

FDI, why would a foreign investor invest in insurance in India? What would be the motive? Profit, Profit and Profit. A layman, who wanted to insure his life, was given an investment avenue through unit linked schemes. But now the same layman knows that 49% of these insurance companies are owned by FDI. His general concern now would be:

- Is this the right time to get insured?
- With 49% FDI in insurance sector will my choice of Insurance Company be right.
- The policy chosen is that the best.
- Will there be a better policy offered.
- Premium is it subject to increase or decrease after the entry of FDI.
- Is the sector transparent after the entry of FDI, to safe guard the interest of the insured?
- Finally will the family be benefited at the end.

**CONTRIBUTION OF FDI IN INSURANCE SECTOR**

Insurance in India remains at an early stage of development. It can be postulated that by 2014 the penetration of life insurance in India will increase to 4.4% and that of non-life insurance to 0.9%. Indian insurance market is the 19th largest globally and ranks 5th in Asia. The public sector Insurance companies have continued to dominate the insurance market.

Opening the FDI in the insurance sector would be beneficial for the consumers, in a lot of ways. Increasing FDI limit would affect a lot of industries in a positive way.

India's insurance market lags behind other economies in the baseline measure of insurance penetration. At only 3.1%, India is well behind the 12.5% for the UK, 10.5% for Japan, 10.3% for Korea and 9.2% for the US. Currently, FDI represents only Rs.827 core of the Rs.3179crore capitalizations of private life insurance companies.

FDI in insurance would increase the penetration of insurance in India, where the penetration of insurance is very low with insurance premium at about 3% of GDP against about 8% global average. This would be better through marketing effort by MNCs, better product innovation, consumer education,etc.

FDI can meet India's long term capital requirements to fund the building of infrastructures. Infrastructure or the lack of it has been the brake, which have hindered the leap of the Indian economy. Despite shortcomings, Indian economy has come a long way but every industry leader would crib at the infrastructure bottlenecks that they have face every day in their effort for,growth.

Insurance sector has the capability of raising long term capital from the masses as it is the only avenue where people put in money for as long as 30 years even more. An increase in FDI in insurance would indirectly be a boon for the Indian economy, the investments not withstanding but by making more people invest in long term funds to fuel the growth of the Indian economy.

India's improving economic fundamentals will support faster growth in per capita income in the coming years, which will translate into stronger demand for insurance products. Strong growth can be sustained for 30–40 years before the market reaches saturation. There is plenty of room for growth in personal accident, health and other liability classes. Rising household income and risk awareness will be the key catalysts to spurring more demand for these lines of business in the future. Health insurance could potentially have an important role in driving insurance market development forward

A range of new products had been launched to cater to different segments of the market, while traditional agents were supplemented by other channels including the Internet and bank branches. India has a large population with an increase in its per capita income. India's middle income is rapidly increasing emerging as a profitable market.

## CONCLUCTION

Insurance sector requires huge capital formation which can be bought in by FDI. On the regulatory side, there are outstanding issues concerning solvency regulations, further liberalizing of investment rules, caps on foreign equity shareholdings as well as the enforcement of price tariffs in the non-life insurance sector. FDI in insurance sector to an extent of 49% will have strong implications on the process of financial convergence and capital market development in India. Health insurance is still underdeveloped in India but offers huge potential, as there will be increasing needs to purchase private health cover to supplement public programme. With the majority of the population still residing in rural areas, the development of rural insurance will be critical in driving overall insurance market development over the longer term.

The prospective insurance client will have to be convinced about the benefits of insurance and the working of the companies. Insurance sector now needs to offer them the best. To gain confidence and to capture the market. Irrespective of FDI in insurance and its impact, one faces the risk of life that needs to be shifted. For which insurance is the only possibility.

## SUGGESTIONS

- India needs to further liberalize investment regulations on insurers in order to strike a proper balance between insurance solvency and investment flexibility.
- The sector must be made more transparent through its regulations.
- Price structures need to reflect product risk. The premium levied should be justified.
- The huge untapped potential market both in cities and rural sector should be given due importance.
- Term insurance and group insurance policies should be targeted, to get a mass access.

# IMPACT OF FDI ON PENSION FUNDS IN INDIA

**Ms. RUCHITA SINGH CHAUHAN (Research Scholar)**
Plot No . 270, Flat No. G2, First Floor, Sector-1 Vaishali, Ghaziabad, (UP), Pin -201010. M: 9811604244
E-mail: ruchitasin@gmail.com

**Dr. Shubha Chandra**
Reader, Management Studies, Garden City College M: 96860 35605
Email: shubha.chandra@gardencitycollege.edu

**Abstract:**

Foreign direct investment (FDI) as a strategic component of investment is needed by India for achieving the economic reforms and maintains the pace of growth and development of the economy. The paces of FDI inflows in India initially were low due to regulatory policy framework but there is a sharp rise in investment flows from 2005 towards because of the new policy has broadened.

The study aims to understand the concept of FDI in Indian perspective. The Study will also help in understanding the need and impact of FDI on pension funds with its benefit in the Indian market scenario. The study is based on secondary data and thorough literature review. The required data has also been collected from various sources i.e. Asian Development Bank's Reports, various Bulletins of Reserve Bank of India, publications from Ministry of Commerce, Govt. of India, Economic and Social Survey of Asia and from websites of World Bank, IMF, WTO, RBI, UNCTAD,ASSOCHAM etc. Further it will throw some light upon its need with some addition in existing stock of knowledge. Findings of the paper would be valuable for Researchers as well as practioners.

**Keywords:** Economic Growth, FDI, Pension Fund

**Paper Type:** Research Paper

## INTRODUCTION

Foreign Direct Investment, or FDI, is a type of investment that involves the injection of foreign funds into an enterprise that operates in a different country of origin from the investor. The effectiveness and efficiency depends upon the investors perception, if investment with the purpose of long term then it is contributes positively towards economy on the other hand if it is for short term for the purpose of making profit then it may be less significant.

Depending on the industry sector and type of business, a foreign direct investment may be an attractive and viable option. Any decision on investing is thus a combination of an assessment of internal resources, competitiveness, and market analysis and market expectations.

The FDI may also affect due to the government trade barriers and policies for the foreign investments and leads to less or more effective towards contribution in economy as well as GDP of the economy. The studies try to find out the implications which affect

the economic scenario and also measure the level of predominance by the factors for economic contribution to India.

### FDI in India

A recent UNCTAD survey projected India as the second most important FDI destination (after China) for transnational corporations during 2010–2012. The sectors which attracted higher inflows were services, telecommunication, construction activities and computer software and hardware.

Mauritius, Singapore, the US and the UK were among the leading sources of FDI.

- In 2008-09, FDI stood at $27.3 billion.
- FDI in 2009-10 was $24.2 billion
- In 2010-11, FDI into India declined to $19.43 billion, a significant decrease from both 2008 and 2009.

Foreign direct investment (FDI) in India may cross $35 billion in 2011-2012 as against $19.4 billion in the last financial year

Share of top ten investing countries in FDI inflows (Financial year wise)

| Ranks | Country | 2008-09 (April-March) | 2009-10 (April-March) | 2010-11 (April-March) | Cumulative inflows (from Apr-2000 to March-2011) | Percent of total inflow (in Rupees) |
|---|---|---|---|---|---|---|
| 1 | Mauritius | 508993.1 | 496333.7 | 318547.8 | 2425407.2 | 42 |
| 2 | Singapore | 157296.7 | 112948.2 | 77296.6 | 528762.9 | 9 |
| 3 | U.S.A. | 80002.8 | 92594.3 | 53526.7 | 425422.4 | 7 |
| 4 | U.K. | 38484.1 | 30941.5 | 34342 | 294326.8 | 5 |
| 5 | Netherlands | 39215 | 42826.7 | 55012.3 | 256268.9 | 4 |
| 6 | Japan | 18885.6 | 56704 | 70628.8 | 239579.2 | 4 |
| 7 | Cyprus | 59828.3 | 77275.8 | 41706.7 | 219479.4 | 4 |
| 8 | Germany | 27487.3 | 29808.4 | 9078.8 | 133761.8 | 2 |
| 9 | France | 20980.5 | 14368.3 | 33486.3 | 102673.1 | 1 |
| 10 | U.A.E. | 11333.3 | 30168.2 | 15691.8 | 85921.8 | - |
| Total FDI Inflows | | 1230248.8 | 1231196.4 | 885193.7 | 5807223.3 | - |

***Source: Research Journal of Management Sciences Vol. 1(2), 29-31, September (2012)***

The table above shows the actual investment flows of top ten countries during the period of 2008-09 to 2010-11. The FDI stock for this period from Mauritius is the largest 42 percent. The other top nine countries are Singapore, USA, UK, Netherlands, Japan, Cyprus, Germany, France and UAE. It implies that these top ten countries counted for well over 78 percent of the FDI inflows during the above period. The Mauritius which was not in the picture till 1992 has the highest growth rate because such investment is represented by the holding companies of Mauritius set up by the US firms. The reason behind the US companies have routed through Mauritius is the tax treaty between Mauritius and India stipulates a dividend tax of five percent while the treaty between Indian and US stipulated a dividend tax of 15 percent.

***Foreign Investment in India: Opening Of Pension Sector***

The Indian government in continuation of its economic reforms decision has proposed the foreign direct investment ("FDI") to the extent of 49% in insurance sector1 besides opening the pension sector2 for FDI on par with the insurance sector. The Bills to implement these decisions will be moved in the next (winter) session of the Parliament.

***Brief Background of Indian Pension Sector***

In India, in the absence of a country-wide social security system formal pension coverage is being about 12% of the working population. The unorganized sector has no access to formal channels of old age economic support. More than 90% of work force work in unorganized sector and about 50% of India's national product are accounted for by unorganized sector.

There were series of budget announcements (starting from 2001-02) on the reforms in pension sector to ensure the social security in the unorganized sector and to cut down the fiscal stress of the defined benefit pension system applicable to employees in the organized public sector mainly the Government employees. The Indian government approved in August 2003 the proposal to implement the budget announcement of 2003-04 relating to introducing a new restructured defined contribution pension system for new entrants to central government service, except to Armed Forces, in the first stage, replacing the then existing system of defined benefit pension system. This new system was also available, on a voluntary basis, to all persons including self-employed professionals and others in the unorganized sector. Accordingly, the Indian government operationalized the New Pension System (NPS) from the 1 January 2004 through a notification dated 22 December 2003. The Indian government had also constituted an interim pension sector regulator named as 'The Interim Pension Fund Regulatory and Development Authority' through a Government Resolution in October 2003 as a precursor to a statutory regulator.

In view of the urgency of the matter, the Pension Fund Regulatory and Development Authority Bill 2011 ("PFRDA Bill") was being introduced in Parliament on 24 March 2011 to provide for the establishment of a statutory Pension Fund Regulatory and Development Authority to promote old age income security by establishing, developing and regulating pension funds, to protect the interests of subscribers of various pension fund schemes and for matters connected therewith or incidental thereto. The PFRDA Bill was referred to the Standing Committee on Finance on 29 March 2011 for examination and the said committee submitted its report on 29 August 2012.

Table: Current Status

| | Rs. Crores | USD Billion | |
|---|---|---|---|
| India's GDP at (constant price 2004-05) in 2010-11 | 4877842 | 97556 | *Exchange Rate taken as 1 US$ = 50 Indian Rupees* |
| Pension Fund Assets | | 48.78 | *As stated earlier pension fund asset in India is 5 per cent of the GDP* |
| **Fund Allocation** | | | |
| Equity | | 22.93 | *Assuming that allocation is done as per the world trend indicated in the earlier table* |
| Bonds | | 16.10 | |
| Other | | 9.27 | |
| Cash | | 0.49 | |

*ASSOCHAM's Calculations*

### *Pension Fund Assets in India*

Allowing FDI in Pension funds would give access to global pension fund companies to

the vast untapped Indian market and assuming that opening up of FDI in Pension Funds shall help India in attracting slightly more than 1 percent of the total pension funds held by pension fund companies.

India would be able to raise the share of Pension fund assets to GDP from the current level of 5 percent to close to 17 percent which would be similar to that of another emerging economy Brazil's level in 2010.Moreover a 2.1 percent allocation of total pension fund assets to India would increase its reserves to US $ 342 billion the level of pension assets that were there in Brazil in 2010.

- If Pension Funds reach 17 per cent of India's GDP then this would result in assets worth US$ 165.85 Billion
- Moreover if India is able to reach the levels witnessed in Brazil in 2010 then going by the world trends the Equity allocation of these alone could be as high as US$ 160 Billion
- A CAGR of 16.5 percent as witnessed by Brazil would result in total pension assets of US$ 733.93 Billion, of which equity would be US$ 344.95 Billion. Of this even if 30 per cent goes into Infrastructure Sector then it would mean an investment of US $ 103.49 billion which is close to one tenth of the infrastructure investment requirement of the 12th Plan.

Table: Potential Scenario

| Asset Allocation | Percentage Allocated | Pension Fund Assets at 5 per cent of GDP (current status) | Pension Fund Assets at 17 per cent of GDP | Pension Fund Assets at Brazil's Current Level | Pension Fund Assets at the end of 2017 (starting at US $ 342 billion in 2012) if CAGR is 16.5 percent* |
|---|---|---|---|---|---|
| Total Available Assets (USD Billion) | | 48.78 | 165.85 | 342.00 | 733.93 |
| Equity | 47 | 22.93 | 77.95 | 160.74 | 344.95 |
| Bonds | 33 | 16.10 | 54.73 | 112.86 | 242.20 |
| Other | 19 | 9.27 | 31.51 | 64.98 | 139.45 |
| Cash | 1 | 0.49 | 1.66 | 3.42 | 7.34 |

ASSOCHAM's Calculations

*CAGR is taken as 16.5 per cent as this has been the rate achieved by Brazil in the period 31/12/2000 to 31/12/2010 as per Global Pension Asset Study 2011 Towers Watson

### *Need For FDI in Pension Sector*

In the "Approach Paper to Twelfth Five Year Plan5 of Planning Commission of India, on 'Financing Private Investment' stated that "since more than two-thirds of the investment in the economy is by private sector (households and corporate), it is necessary to ensure that the financial system is able to translate the otherwise favorable macroeconomic investment-savings balances into effective financing of the private sector investment needed for 9% GDP growth. For this, we need a financial system capable of mobilizing household savings and allocating them efficiently to meet the equity and debt needs of the fast expanding private corporate sector. This depends upon the efficiency of the financial system as a whole, which at present consists of a large number of financial institutions, such as banks, non-bank finance companies, mutual funds, insurance companies, pension funds, private equity firms, venture capital funds, angel investors, micro-finance institutions etc."

It was emphasized in this Approach Paper that "special attention must be paid to the financing needs of private sector investment in infrastructure. Infrastructure investment (defined as electricity, roads and bridges, telecommunications, railways, irrigation, water supply and sanitation, ports, airports, storage and oil-gas pipelines) will need to increase from about 8%nt of GDP in the base year (2011-12) of the Plan to about 10% of GDP in 2016-17. The total investment in infrastructure would have to be over US$ 1 trillion during the Twelfth Plan period. Financing this level of investment will require larger outlays from the public sector, but this has to be coupled with a more than proportional rise in private investment. Private and PPP investments are estimated to have accounted for a little over 30% of total investment in infrastructure in the Eleventh Plan. Their share may have to rise to 50% in the Twelfth Plan."

Some important steps that need to be taken in the Twelfth Plan period as suggested in this Approach paper includes reforms in pending pension and insurance sectors on a fast-track basis. Mutual funds, insurance and pension funds are not only efficient routes through which household savings can be mobilized for corporate investment, but also vehicles that provide financial security to a large section of our population, hitherto excluded from the benefits of modern financial services. Notably, pension sector is a capital intensive industry and requires huge capital with long gestation period. In view of above, it was considered necessary to allow the FDI inflows to meeting the capital requirements in pension sector that will ultimately help in efficient mobilization of the household savings for corporate investment and to support the infrastructure sector on long term basis. However, appropriate provisions are to be made to limit the restrictions on the pension funds enabling them to participate in infrastructure projects as discussed in above.

**Other Benefits**

- A vast majority of India's population is not covered by any formal old age income scheme and is dependent on their earnings and transfer from family members.
- The unorganized sector has no access to formal channels of old age economic support.
- As indicated in remarks made on the pension system in India12:

a) Only about 12 per cent of the working population in India is covered by some form of retirement benefit scheme.

b) The total pension liability on account of the Central Government employees has increased at a compound annual growth rate of more than 21% during the 1990s, the comparable rate for the State Government was 27% per annum.

c) The implications of demographic dynamics for pension planning in India becomes more evident when one takes into account the fact that average life expectancy at age 60, which is currently 17 years, is likely to rise to more than 20 years in the next three decades and that the population over 60 years of age will approach 200 million in 2030.

Therefore large scale reforms are required to ease the pressure on the treasury, to provide for a social security net for growing numbers of senior citizens as well as a growing workforce.

## CONCLUSION

The decision to opening the pension sector for FDI is widely welcomed by the business associations like FICCI, ASSOCHAM and CII for the reasons discussed above. It is expected that PFRDA Bill will become a law in next session of Parliament without much political hurdle as the major opposition party is also apparently supporting the PFRDA Bill and is presently asking the Indian government to ensure sovereign guarantee of the pension fund for minimum returns of should not be less than the rate of interest on the Employees Provident Fund Scheme should not be less than the rate of interest (presently 8.25%) on the Employees Provident Fund Scheme13, protection of labour interest and security of the pension fund itself14 and such issues in some way or other will be taken care by the Indian government.

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# WOMEN LABOUR MIGRATION AND EMPLOYMENT OPPORTUNITIES

**Ms. Pushpa A**
Sr. Lecturer, Department of Management Studies(UG), Gardencity College, Bangalore

**Ms. C. Nagadeepa**
Sr. Lecturer, Department of Management Studies(UG), Gardencity College, Bangalore

The objective of this study is to examine the extent of employment oriented migration of females in Bangalore and the inter – state variations in its magnitude using primary and secondary data on Migration . Though marriage is identified as the reason for migration they work prior to and after migration which is not brought to limelight. In the recent past 'independent migration' of females is on the increase in response to the employment opportunities in export industries, electronic assembling , garment units and IT industry. The extent of this independent migration is arrived at indirectly using proxy variables such as the 'never married' category among the migrants and those who identified themselves as 'heads'. This paper concentrates on the study of Women Labour Migration and employment opportunities in IT sector. The issues and challenges to be faced are highlighted and this paper concludes that gender dimensions should adequately be captured in the official data system for purposes of effective policy interventions.

**Key words: Labour migration, Employment Opportunities**

## Introduction

The definition of the word can be "the movement of people from one place to another". There are two main types of migration: first, internal migration, i.e. migration within one country, and secondly international migration, which means the movement from one country to another.

According to Indian Census, a person is considered a migrant if birthplace or place of last residence is different from place of enumeration.

What makes people migrate from one place to another?

The reasons for migration can be divided into two main aspects, the so-called "push" and "pull" factors. Push factors are those in their old place which force people to move. For example, there may be civil wars or wars in general in the country, but political or religious oppression, climate changes, lack of jobs or simply poverty are all important push factors.

Pull factors are factors in the target country which encourage people to move; these include peace and safety, a chance of a better job, better education, social security, a better standard of living in general as well as political and religious freedom.

Of late labour migration is getting feminized especially in developing countries. Trade liberalization and market orientation have had far reaching consequences on the pattern of demand for labour. Since women are ready to work for any wage, and perceived as passive and docile, they are in great demand, contributing to feminization of labour and feminization of labour migration. In many developing countries export led economic growth and an invitation to foreign capital have given a big boost to electronic, chemical, information technology and garment industries which by and large employ significant number of females. While the international changes have had favorable impact on the highly skilled professional educated manpower, unskilled uneducated casual labour-force faces an increasingly competitive labour market for a comparatively low wage under undesirable working conditions.

**Types of Female Migration**

(a) Autonomous female migration: Many middle and upper middle class women migrate to cities for improving their educational credentials and also to get suitable employment apparently in a quest for social advancement and also to enhance their status in the marriage market. Among the semi-literate, young girls migrating to towns/cities to work in export processing units, garment industry, electronic assembling and food processing units is continuously on the increase in the recent years;

(b) Relay migration: To augment family income, families which have some land holdings in the rural area, send the daughters to work mostly as domestic servants where they are safe in the custody of a mistress. First the elder daughter is sent out and she is replaced by the second , third and so on, as one by one get married.;

(C) Family migration: Here the wife instead of staying back in the village prefers to join her husband in the hope of getting some employment in the destination area. Family migration among agricultural wage labourers who have no land or other assets to fall back at times of crisis is becoming increasingly common. Moreover in the poorest groups male dominance is generally tempered by women's contribution and marriage works in a more inter-dependency mode. It is such groups which migrate in family units to urban destinations in search of employment prospects for both.

**Reason for Women Labour Migration:**

The reasons for leaving the last usual place of residence are

(a) in search of employment

(b) in search of better employment

(c) to take up employment/better employment

(d) transfer of service/contract

(e) proximity to place of work

(f) studies

(g) acquisition of own house/flat

(h) housing problems

(I) social/political problem

(j) health

(k) marriage

(l) migration of parent/earning member of the family and

(m) others.

**The Objectives of the Study**

The Objectives of this research are to (a) highlight inter-state differentials in the magnitude composition and pattern of female migration (b) examine the extent of employment oriented migration of female migrants in the working age group and (c) examine the economic activity pattern of all female migrants even if the cause has been identified as 'marriage' or 'movement of parents'.

**Data collection:**

**Primary Data:**

The Data was collected from different places in Bangalore which covered different status respondents like married women, spinsters, widowers etc. Structured questionnaire were distributed and direct interview was conducted to gather the data. Data was also collected through email.

**Secondary data.**

This paper uses data from Census of India as well as data from the National Sample Survey Organization (NSSO) 55th Round on Migration and 66th Round on Migration. The National Sample Survey Organization of Government of India carried out an all-India survey on the situation of employment and unemployment in India. This 55th Round Data was published in August 2001 and 66th round data was published in aug 2011.

A simple analysis using bivariate tables has been carried out in the paper to bring out the extent of employment oriented migration in Bangalore. Moreover, the paper has made an attempt to study the difference between the stated reasons for migration and the labour force participation, taking into account duration and educational qualification of the migrants.

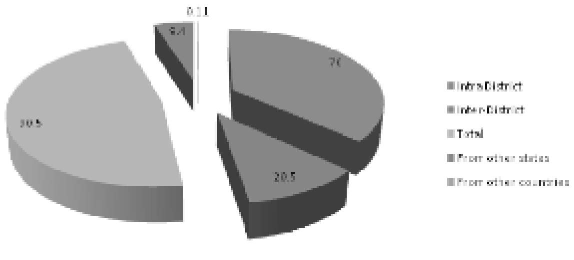
**Data Analysis**

**Structure and Composition of Female Migrant Population**

The female migrants identified were classified on the basis of their movement i.e. those who moved within the same district (intra-district), those who moved to another district but within the same state (inter-district or intra-state) those who moved into the state from other states and those who moved from other countries.

**Magnitude and Pattern of Internal Female Migration**

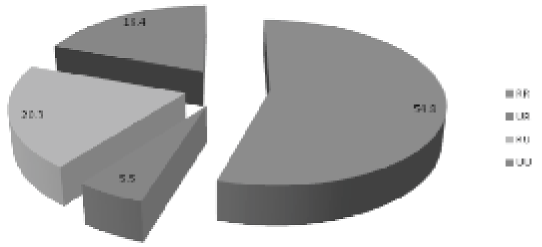
| Intra District | Inter-District | Total | From other states | From other countries |
|---|---|---|---|---|
| 70 | 20.5 | 90.5 | 9.4 | 0.11 |




The above graph shows the magnitude and pattern of the female migrants. The female migrants so identified were classified on the basis of their movement i.e. those who moved within the same district (intra-district)were 70 perent, those who moved to another district but within the same state (inter-district or intra-state) is 20.5 percent and those who moved into the state from other states were 9.4 percent and those who moved from other countries is 11 percent.

**Magnitude of Rural -Rural, Urban-Rural , Rural-Urban and Urban - Urban Migration**

| RR | UR | RU | UU |
|---|---|---|---|
| 54.8 | 5.5 | 20.3 | 19.4 |

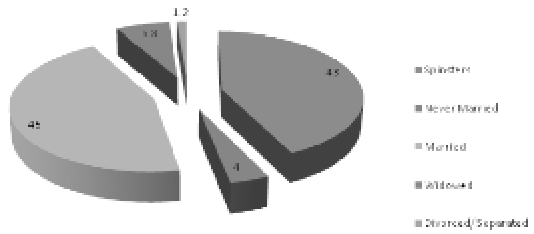


The abouve graph showing the magnitude of Migration from Rural -Rural, Urban-Rural , Rural-Urban and Urban – Urban

It shows that Migration from Rural to Rural is more when compared to the other magnitudes. It is found that 54.8 percent of them migrated from R-R, 5.5percent from U-R and 20.3 percent from R-U and 19.4 percent from U-U.

**Marital Status of Sample Migrant (for all streams of migrants) (in Percent)**

| Marital Status | | | | |
|---|---|---|---|---|
| Spinsters | Never Married | Married | Widowed | Divorced/ Separated |
| 43 | 4 | 45 | 6.8 | 1.2 |



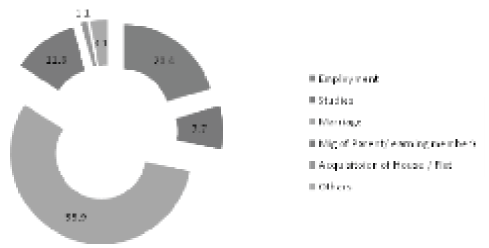
The above graph depicts the marital status of the sample women migrants of all streams. Most of them were married(45%) and spinsters(43%). The other catagories are widower (6.8%), never married (4%) ahnd Divorced (1.2%).

**Marital Status of Sample Migrant (for all streams of migrants) (in Percent)**

| Employment | Studies | Marriage | Mig of Parent/ earning member) |
|---|---|---|---|
| 20.4 | 7.7 | 55.9 | 11.8 |

| Acquisitoion of House / Flat | Others |
|---|---|
| 1.1 | 3.1 |

**Note:** Employment includes-in search of better employment,to take up employment/better employment, Transfer of service/contract, proximity to place of work etc., Other reasons includes – Health, Social Political problem & Housing problem.



The analysis shows that most of the females reported that "Marriage" is the major reason for migration which accounts to 55.9 percent and the second major reason is Migration is "Employment" which is 20..4 percent followed by other reasons like Studies, Migration of parents /dependents, Acquisition of house/flat, and other reasons.

**Employment Opportunities :**

The work participation rate for women was 25.68 per cent in 2010. This shows an improvement over 22.73 per cent in 2000 and 19.67 per cent in 1990.

Women workers constituted 19 per cent of the total organized sector employment in the country, as compared to 18.4 per cent in the previous year. As on 31st March, 2008, there were about 49.34 lacs women workers employed in the organized sector (Public and Private Sector).

As far as industries are concerned, in 2008, the manufacturing industry faced a dip of 1.1per cent in women employment. On the other hand, other industries reflected an increase in women employment. An increase of 7.8 per cent was registered in Wholesale and Retail Trade followed by 5.6 per cent in Mining and Quarrying, 5.5 per cent in Agriculture, Hunting, Forestry & Fishing, 5.2 per cent in Financing, Insurance Real Estate & Business Services, 1.7 per cent in Electricity, Gas & Water, 1.5 per cent in Construction, 1.4 per cent in Community, Social and Personal Services and 1.2 per cent in Transport, Storage & Communications.

Conclusion

The survey shows that the main reason for women labour migration is "Marriage". In India Marriage is a dominant factor in female mobility and due to the custom of marrying off women within the close circle which does not normally involve long distance migration. The survey revels that 60-70% of migration taking place within the same district. Another 15-30% of migration takes place outside the district but within the same state, obviously for caste/class/religion/language reasons. Thus 85-95% of female migration takes place within the state.

The second reason for the migration is Employment. Women Liberalisation and various women development programmes initiated by the government has given an opportunity for women to excel in all fields and women literacy rate is increased. So, women are migrating to find a new job, for better employment opportunity, transfer of service etc.,

The other reason for migration of women is dependence . As we know that India is a male dominated country as such women have to accompany their parents or spouse and the study shows that 11.8 percent of them are dependent migrants.

# EMPLOYMENT IN BPOS

**V. RAJU**
Sr. Lecturer, Garden City College

**Business Process Outsourcing**

Business process outsourcing (BPO) is a broad term referring to outsourcing in all fields. A BPO differentiates itself by either putting in new technology or applying existing technology in a new way to improve a process.

Business Process Outsourcing (BPO) is the delegation of one or more IT-intensive business processes to an external provider that in turn owns, administers and manages the selected process based on defined and measurable performance criteria. Business Process Outsourcing (BPO) is one of the fastest growing segments of the Information Technology Enabled Services (ITES) industry.

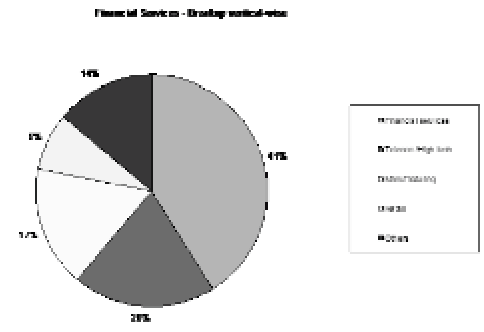
BPO is typically categorized into back office outsourcing - which includes internal business functions such as human resources or finance and accounting, and front office outsourcing - which includes customer-related services such as contact centre services.

BPO that is contracted outside a company's country is called offshore outsourcing. BPO that is contracted to a company's neighboring (or nearby) country is called nearshore outsourcing.

**India and Outsourcing**

India is the leading country in the world for offshore outsourcing. The offshore outsourcing industry started in India and it has to be able to grow the IT and BPO export sector to $47 billion and capture more than half the offshore outsourcing industry. That is not to say that India does not have challenges or is the best location for every offshore outsourcing effort, but it has an unparalleled history and size.

The Americas and Europe are the largest customers for the Indian outsourcing industry and account for 60 percent and 31 percent respectively of IT and BPO exports. The largest vertical sectors are financial services (41 percent), high-tech/ telecom (20 percent), manufacturing (17 percent) and retail (8 percent). In 2009 the IT and BPO export industries employed about 2.2 million people.




India is considered one of the top outsourcing locations not just because of low costs, but also for the large English-speaking workforce. The workforce is close to half a billion people, second only to China and three times the size of the United States.

Based on this workforce and its early entry into the global sourcing market, India has built the largest export sector for IT services. India exports about $50 billion in computer and IT related service. This is about four times that of the United States and almost an order of magnitude greater than any other location. In the BPO sector, India has a leading position, but not as dominant as in IT. Based on the IMF measures of the export of miscellaneous business services, an imperfect proxy for BPO services, India is in the top three, but falls behind the United States and China.

The rapid growth in outsourcing to India has been built on the availability of educated and skilled workers. India's universities produce almost 3 million new graduates each year with about 16 percent focusing on science and technology. The total number of graduates is similar to that of the United States and only second to China.

The Indian IT-BPO Industry has witnessed a robust recovery in 2010-11 from the recession and economic crisis of 2007-09. The revenue aggregate of IT-BPO industry is expected to grow by 19.2 per cent and reach US$ 88.1 billion in 2010-11 as compared to US$ 63.9 billion in 2009-10.

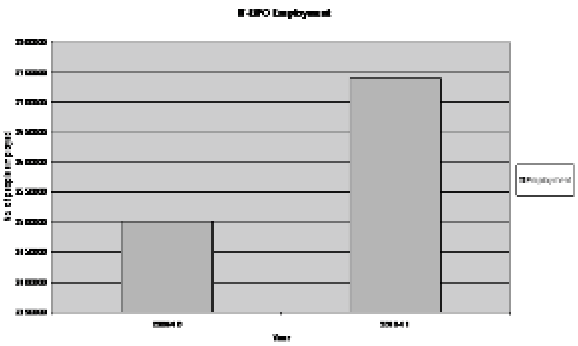
The Indian domestic IT markets continues to grow in 2010-11:

- The revenue from the domestic market (IT Services, software products and BPO) is expected to grow from US$ 14.2 billion in 2009-10 to US$ 17.1 billion in the year 2010-11, an anticipated growth of about 20.4 per cent.

The IT-BPO Industry has enormous potential to grow in the year to come. By the fiscal year 2015, the industry's aggregate revenue is expected to reach US$ 130 billion, a Compound Annual Growth Rate of about 14 per cent from the year 2010-11 and contribute about 7 per cent to India's GDP.

**Employment**

This sector has grown to become the biggest employment generator and has spawned the mushrooming of several ancillary industries such as transportation, real estate and catering. Direct employment within the IT-BPO sector is expected to by 10.4 per cent to reach 2.5 million in 2010-11 with over 240,000 jobs being added during the year. The indirect employment attributed to the sector is estimated to be about 9 million in 2010-11 as compared to 8.2 million in 2009-10.



**Why people prefer to join BPO's?**

In general a person with any graduation can join any of the BPO. Some BPO's like to take people with MBA but then again the specialization are of an individual hardly makes any difference. Again, this is the industry, where there is no reference checks and very often people don't even specify there exact age. Lets me share with you some of the reasons as why people prefer to join a BPO:

1. Did not get a better job.
2. Find nothing better to do.
3. Education level doesn't matter
4. Good work environment
5. Good Benefits
6. Flexibility of time
7. Attractive life style
8. Transport facility

**Why people leave the BPO's?**

When there are so many benefits associated with BPO industry .when there are so many privileges for the BPO employees than what makes them to change the company/industry?? Is it only MONEY that matters or anything else as well?? Here are some of the reasons for a BPO professional to change his/her job.

1. No growth opportunity/lack of promotion
2. For higher Salary
3. For Higher education
4. Misguidance by the company
5. Policies and procedures are not conducive
6. No personal life
7. Physical strains
8. Uneasy relationship with peers or managers

**Employee Benefits Provided By Majority Of the BPO Companies**

- **Provident Fund** : As per the statutory guidelines, the employee is required to contribute a percentage of his basic salary and DA to a common fund. The employer for this fund contributes as well. The employee can use the amount deposited in this fund for various personal purposes such as purchase of a new house, marriage etc.
- **Gratuity** : Gratuity is one of the retrial benefits given to the employee in which the employer every year contributes a particular amount. The fund created can be used by the employee for the purpose of long-term investment in various things such as a house etc.
- **Group Mediclaim Insurance Scheme** :

This insurance scheme is to provide adequate insurance coverage of employees for expenses related to hospitalization due to illness, disease or injury or pregnancy in case of female employees or spouse of male employees. All employees and their dependent family members are eligible. Dependent family members include spouse, non-earning parents and children above three months

- **Personal Accident Insurance Scheme**: This scheme is to provide adequate insurance coverage for Hospitalization expenses arising out of injuries sustained in an accident. It is applicable to all the employees of JFWTC and covers total / partial disablement / death due to accident and due to accidents.
- **Subsidized Food and Transportation** : The organization provides transportation facility to all the employees from home till office at subsidized rates. The lunch provided is also subsidized.
- **Company Leased Accommodation** : Some of the companies provide shared accommodation for all the out station employees, in fact some of the BPO companies also undertakes to pay electricity/water bills as well as the Society charges for the shared accommodation. The purpose is to provide to the employees to lead a more comfortable work life balance.
- Recreation, Cafeteria, ATM and Concierge facilities: The recreation facilities include pool tables, chess tables and coffee bars. Companies also have well equipped gyms, personal trainers and showers at facilities.
- **Corporate Credit Card** : The main purpose of the corporate credit card is enable the timely and efficient payment of official expenses which the employees undertake for purposes such as travel related expenses like Hotel bills, Air tickets etc
- **Cellular Phone / Laptop** : Cellular phone and / or Laptop is provided to the employees on the basis of business need. The employee is responsible for the maintenance and safeguarding of the asset.
- **Personal Health Care (Regular medical check-ups)** : Some of the BPO'S provides the facility for extensive health check-up. For employees with above 40 years of age, the medical check-up can be done once a year.
- **Loans** : Many BPO companies provide loan facility on three different occasions: Employees are provided with financial assistance in case of a medical emergency. Employees are also provided with financial assistance at the time of their wedding. And, the new recruits are provided with interest free loans to assist them in their initial settlement at the work location.
- **Educational Benefits** : Many BPO companies have this policy to develop the personality and knowledge level of their employees and hence reimburse the expenses incurred towards tuition fees, examination fees, and purchase of books subject, for pursuing MBA, and/or other management qualification at India's top most Business Schools.
- **Performance based incentives**: In many BPO companies they have plans for , performance based incentive scheme. The parameters for calculation are process performance i.e. speed, accuracy and productivity of each process. The Pay for Performance can be as much as 22% of the salary.
- **Flexi-time**: The main objective of the flextime policy is to provide opportunity to employees to work with flexible work schedules and set out conditions for availing this provision. Flexible work schedules are initiated by employees and approved by management to meet business commitments while supporting employee personal life needs .The factors on which Flexi time is allowed to an employee include: Child or Parent care, Health situation, Maternity, Formal education program
- **Flexible Salary Benefits**: Its main objective is to provide flexibility to the employees to plan a tax-effective compensation structure by balancing the monthly net income, yearly benefits and income tax payable. It is applicable of all the employees of the organization. The Salary consists of Basic, DA and Conveyance Allowance. The Flexible Benefit Plan consists of: House Rent Allowance, Leave Travel Assistance, Medical Reimbursement, Special Allowance
- **Regular Get together and other cultural programs**: The companies organizes cultural program as and when possible but most of the times, once in a quarter, in which all the employees are given an opportunity to display their talents in dramatics, singing, acting, dancing etc. Apart from that the organizations also conduct various sports programs such as Cricket, football, etc and regularly play matches with the teams of other organizations and colleges.
- **Wedding Day Gift**: Employee is given a gift voucher of Rs. 2000/- to Rs. 7000/- based on their level in the organization.
- **Employee Referral Scheme**: In several companies employee referral scheme is implemented to encourage employees to refer friends and relatives for employment in the organization.

- Paid Days Off
- Maternity Leave
- Employee Stock Option Plan

**Challenges for a HR Professional in BPO**

1. **Brand equity**: People still consider BPO to be "low brow", thus making it difficult to attract the best talent.
2. **Standard pre-job training**: Again, due to the wide variety of the jobs, lack of general clarity on skill sets, etc, there is no standard curriculum, which could be designed and followed.
3. **Benchmarks**: There are hardly any benchmarks for compensation and benefits, performance or HR policies. Everyone is charting their own course.
4. Customer-companies tend to demand better results from outsourcing partners than what they could actually expect from their own departments. "When the job is being done 10,000 miles away, demands on parameters such as quality, turn around timeliness, information security, business continuity and disaster recovery, etc, are far higher than at home. So, how to be more efficient than the original?
5. Lack of focused training and certifications

Given this background, the recruiting and compensation challenges of HR departments are only understandable.

**Methodology**

**Primary data**: Primary data for the research was obtained through surveys conducted in BPOs. Survey was conducted using questionnaire sent to the HR Managers of 6 BPO firms in Bangalore from different verticals.

**Secondary data**: Secondary data for the research was obtained from following sources: NASSCOM Report on BPOs and Knowledge Commission Report on BPOs.

**Conclusion**

Recession has had an impact on businesses and employment worldwide. However in the case of BPO's, the effect of recession on employment has been limited and the BPO industry has quickly recovered and employment continues to flourish.

# A COMPARATIVE STUDY ON MICRO FINANCE INSTITUTIONS IN INDIA

**Ms. CHAYA DEVI H.B.**
Reader, Dept. of Management Studies, Garden City College, Bangalore

**Meaning**

Microfinace is providing credit and other financial services and product of very small amount to the poor people mainly women in rural, semi-urban and urban areas and also cultivating the habit of thrift among them, for enabling them to raise their income levels and improve living standards.

The institutions that provide micro-finance and credit services are called Micro Finance Institutions (MFIs), funded by Non-Governmental Organizations (NGOs), Credit Unions, Non-Banking Financial intermediaries, Commercial Banks and Equities.

MFIs provide service to people below poverty line (BPL) on the basis of their repaying ability. It does not operate on subsidy or donation, as majority of people take this as opportunity to escape from loan. It aims at making people independent and creating entrepreneurs. It is a for-profit organization.

**Micro financing includes:**

- Microcredit is providing loan to unemployed, entrepreneurs or farmers who are non bankable because of lack of collateral, steady employment, income and a verifiable credit history, their by enabling them to earn for their livelihood, to build up wealth and exit poverty.
- Micro savings is a scheme where the members can save even a small amount of money: added advantage is no restriction of minimum balance.
- Micro insurance – Small farmers & entrepreneurs can cover the risk of life, crop, property, medical etc, by taking up such insurance plan with very low premium.
- Micro leasing – For entrepreneurs or small businesses who can't afford buy at full cost they can instead lease equipment, agricultural machinery or vehicles. Often no limitations of minimum cost of the leased object;
- Money transfer – A service for transferring money, mainly overseas to family or friends. Money transfers without opening current accounts are performed by a number of commercial banks through international money transfer systems such as Western Union, Money Gram, and Anelik.

**Definition**

Microcredit, or microfinance, is banking unbankable, bringing credit, savings and other essential financial services within the reach of, millions of peoples who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without." - Gert van Maanen

*Microcredit: Sound Business or Development Instrument, Oiklocredit, 2004.

**History**

In the middle of 1800s theorist Lysander Spooner initiated the concept of Microfinance by highlighting the benefits from small credits to entrepreneurs and farmers as a way getting the people out of poverty.

The system of Microfinance, which is now followed, is the brain child of Mohammad Yunus of Grameen Bank of Bangaladesh, who initiated with Microfinance to empower mainly women with lot of opposition. He said "Microcredit is based on the premise that the poor have skills which remain unutilized or underutilized. It is definitely not the lack of skills which make poor people poor…. Charity is not the answer to poverty. It is only helps poverty to continue. It creates dependency and takes away the individual's initiative to break through the wall of poverty. Unleashing of energy and creativity in each human being is the answer to poverty." – (International on Attacking Poverty with Microcredit. Dhaka, Bangladesh, January 2003)

Another pioneer in this sector is Akhtar Hameed Khan. Many pioneering enterprises began experimenting with loaning to the underserved people. The main reason why microfinance is dated to the 1970s is that5 many new innovative methods were introduced and the programs could show that people can be relied on to repay their loans and that it's possible to provide financial services to poor people through market based enterprises without subsidy.

Shore Bank was the first microfinance and community development bank founded 1974 in Chicago. The year 2005 was proclaimed as the International year of Microcredit by The Economic and Social Council of the United Nations in a call for the financial and building sector to "fuel" the strong entrepreneurial spirit of the poor people around the world.

**Microfinance in India**

MFIs play a major role in banking unbanked people & empowering women. Banks also have begun to enter the microfinance lending market, and many are partnering with regional microfinance institutions. Indian banks such as ICICI, HDFC and UTI are working on bringing on unprivileged people into main stream of banking.

HDFC began in 1977, has 24 rural partners. Recent partnerships include: UJjjivan, bellwether Microfinance Fund, Avishkar-Goodwell Fund, Lok Capital and Activists for Social Alternatives.

ICICI has partnered with local MFIs, which has 72 such partnerships like Spandana, Grameen Capital India etc.

UTI began in 1944, and is 72% publicly-owned. UTI works closely with the Grameen Koota program, as well as SKS Micro Finance of India.

**Working of MFIs (Grameen Banks of Bangladesh model)**

MFIs conduct comprehensive survey about the village to be chosen, some of the key factors like village population, degree of poverty, road accessibility, political stability and safety are evaluated. When a village has been selected, the MFI introduces its mission, methodology and the services they are offering.

After the informational presentation SHGs – Self Helped Groups are formed consisting of interested people mainly women. SHG Consist of members ageing between 18 and 59 and live close to each other and cannot be related to each other. SHG is formed to gurantee each other in repaying the loan.

Then the group training begins, usually as a five day program. The purpose is to educate the members in the procedures of the financial products, delivery methods, calculations of interest rates, business development skills and how to sign their names. The members are also taught in quality management, to identify an income generation activity, how to set prices and how to market. The field staff also builds a culture of credit discipline and collective responsibility. The field staff makes sure the members qualifies for the program and collects data for future analysis. Within the village, a center is created collecting the groups. The center is responsible for the payments of all groups, enabling a dual; liability system. When the village center is created the financial transactions can begin.

The groups meet weekly in the village center where they discuss new loan applications, loan utilization, and community issues. The field staffs of the MFIs condu8ct the meetings with rigid discipline in order to sustain the credit discipline of the group. All financial transactions are conducted during the meetings.

If a borrower defaults on her loan, the entire group typically is penalized and sometimes barred altogether from taking further loans. This peer pressure encourages borrowers to be very selective about their peer group members and to repay loans in full and on time.

Microfinance is a relatively is new segment of the market economy that is why institutions created in this segment have short experience in their activities, and their personnel is not sufficiently experienced and qualified. Taking this into consideration, staff of these institutes is recommended to follow the internationally recognized principles of microfinance:

- Thorough examination of potential clients of the microfinance institution;
- Thorough estimation of business viability and also factors which can positively or negatively affect the results of work in specific conditions;
- Thorough registrations of documents and contracts related to loan issuance and microfinance services providing;
- Keep in touch with client in combination with monitoring of the terms of paying a credit, interests payments and with the aim to find out potential and real problems;
- Setting of interest rates for microfinance services compatible with market ones;
- Quick reaction to any problems which can complicate the perspectives of getting of issued credit paid back.

MFIs also have big personnel and administration costs. Field staff managers must perform village surveys before entering a village, conduct interviews with potential borrowers, educate the borrowers in credit discipline, travel to the villages every week to collect interest and distribute loans and control that loans are being used for the given purpose.

The microcredit loan cycles are usually shorter than traditional commercial loans with terms from typically six months to a year with payments plus interest, paid weekly. Shorter loan cycles and weekly payments help the borrowers stay current and not become surprised by large payments. Clearly the transaction-intense nature of weekly payment collections, often in rural areas, is more expensive than running a bank branch that provides large loans to economically secure borrowers in a metropolitan area. As a result, MFIs must charge interest rates that might sound high.

**Types of loan**

- The Income Generating Loan.
- The Mid Term Loan.
- The Emergency Loan.
- The individual Loan

**Limitations of Microfinance**

Microfinance is not a panacea from all troubles; this also means that not any poor person can obtain the loan. In particular, representatives of very poor population, lacking stable income, living by means of chance earnings, and particularly having debts, cannot be clients of microfinance, since in case of microcredit non repayment they will have more debts, becoming poorer. For such people special programs of social assistance are needed, which are able to support main needs of people living in the poorest dwellings, lacking garments and food.

There are some restrictions regarding what the money is used for. Usually micro credits can't be used for the purposes like:

- Payments of other loans or other debts.
- Production of tobacco and liquor;
- Forming turnover capital of trade and intermediary business;
- Organizations or purchasing products for gambling or entertainment services for the population;
- Establishing trading points;
- Purchase of property that's a not used for business.

**Comparative study on the growth of MFIs**

In the year 1995 there were only two recognized MFIs. The details of which are as follows:

| MFI | Gross loan Portfolio | No of active borrows | Women borrowers |
|---|---|---|---|
| SHARE | 67,166 | 1185 | 1185 |
| GV | 47,087 | 1881 | 1881 |

**In the year 2000 there were 11 MFIs reporting the following data**

| MFI | Gross loan Portfolio | No of active borrows | Women borrowers |
|---|---|---|---|
| BASIX | 3,280,883 | 13,889 | 4167 |
| BES | 50,271 | 525 | 525 |
| Cashpor MC | 6,50,351 | 10,623 | 10,623 |
| GFSPL | 27,370 | 445 | 445 |
| GV | 5,47,702 | 10,975 | 10,975 |
| IASC | 4,03,840 | 1598 | 1598 |
| IMED | 1,12,627 | 2846 | 1750 |
| SHARE | 3,515,924 | 48,868 | 48,868 |
| SKS | 64,472 | 1068 | 1068 |
| SPANDANA | 288,302 | 4358 | 4358 |
| SWC | 418,978 | 3866 | 3866 |

**In the year 2005, there were 78 MFIs, details of 10 major MFIs are as follows**

| MFI | Gross loan Portfolio | No of active borrows | Women borrowers |
|---|---|---|---|
| AML | 398,59,104 | 3,93,538 | 3,93,538 |
| BASIX | 224,72,255 | 1,43,332 | 63,081 |
| BISWA | 124,99,353 | 1,27,742 | 1,25,187 |
| Cashpor MC | 114,33,575 | 1,23,359 | 1,23,359 |
| KAS | 162,97,505 | 2,38,140 | 1,71,791 |
| MFI | 499,64,142 | 2,90,754 | 2,90,754 |
| SHARE | 820,74,701 | 8,14,156 | 8,14,156 |
| SKDRDP | 243,55,401 | 2,34,786 | 1,75,236 |
| SKS | 205,93,830 | 1,72,970 | 1,72,970 |
| SPANDANA | 636,39,128 | 7,21,621 | 7,21,621 |

**In the year 2010, there were 93 MFIs details of 11 major MFIs are as follows (Funds with Gross loan of more than 100 million)**

| MFI | Gross loan Portfolio | No of active borrows | Women borrowers |
|---|---|---|---|
| SKS | 925,844,433 | 6,242,266 | 6,242,266 |
| SPANDANA | 778,869,436 | 4,188,655 | 3,706,444 |
| BANDHAN | 564,710,030 | 3,254,913 | 3,254,913 |
| SHARE | 465,066,792 | 2,840,122 | 2,840,122 |
| AML | 298,372,788 | 1,341,524 | 1,341,524 |
| BASIX | 281,265,758 | 1,526,150 | 1,129,385 |
| SKDRDP | 215,695,807 | 1,382,506 | 802,044 |
| SEIL | 186,905,901 | 260,954 | 47,986 |

| MFI | Gross loan Portfolio | No of active borrows | Women borrowers |
|---|---|---|---|
| UJJIVAN | 140,798,301 | 847,671 | 847,671 |
| Grama Vidiyal Micro finance Ltd. | 117,119,851 | 932,286 | 932,286 |

*Source www.mixmarket.org

- All the above MFIs are for profit organizations.
- Their main source of funding is loan & equity capital; few have partnership with Commercial banks.
- Apart from proving Micro financial services they provide Training & Consulting.

**From the above tables we can notice that:**

1. The numbers of MFIs are increasing over the year.
2. Main target is women borrowers.
3. The Gross Loan Portfolio has increased over the years with an increase in the number of borrowers.

**Conclusion**

From the above study we can understand that Microfinance is an important tool in educating the mass mainly women in rural areas, making them independent, creating team spirit and thus eradicating poverty. And MFIs play an important role in effectively implementing **Microfinance.**

India is a country with 1000 million people; 300 million or 60 million households are living Below Poverty Line, MFIs are main vehicles to bank these people.

MFIs play a major role in Women Empowerment. The main sign of any country being developed is Women Empowerment.

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**16th KM., Old Madras Road, Bangalore - 560 049 Tel : +91 80 66487600-10 Fax : +91 80 66487667**
**Email: gcetrust@vsnl.com / gcc@gardencitycollege.edu**

**www.gardencitycollege.edu**