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EDITORIAL

We are happy to publish Volume 9 Number 1 of Arth Anvesan, Bi Annual Refereed Journal from Faculty of Management, Shri Mata Vaishno Devi University. Publication of the Arth Anvesan is a sincere attempt to add value in the field of Management as well as Economics. We expect that this volume would provide new insight and fresh concepts in the said areas. Our sincere thanks to the Referees, Authors and all others who directly and indirectly contributed and facilitated the publication process of the current volume.

Six research papers have been selected for publication in the current volume of Arth Anvesan. The volume starts with the paper by Shivani Nischal and G.S. Bhalla on conflict management. Conflict exists throughout environments of all kinds. So every employee wants a healthy and competitive working environment in their organisation. Udai Pareek's model of OSCM has been used in this work.

The next article by Sazzad Parwez examines the regional disparities in terms of economic growth and social development with reference to comparative analysis of Gujarat and Kerala. The paper concludes by arguing that the government should be more concerned about regional imbalance in human and economic development of the country.

The study by Sharaz Ahmed Malik and Parvez Abdulla is a critical discussion on tourism industry of Rajouri and Poonch district of Jammu and Kashmir. This paper explores the potential untapped numerous tourist destinations and the causes of concern of these twin border districts towards the development of the tourism sector.

The paper on Price Volatility And Food Security in India by S K Kulshrestha and Daya Singh Bhullar established an exponential Model to study the Growth rate of price index of food grains, wheat, rice and cereals. Their observation indicates a variation in the Growth rate of price indices over the different quarter and month of a year.

Parvesh Kumar Aspal and Naresh Malhotra mention in their paper that in order to avoid risk and bankruptcy financial institutions and banks are required to maintain a capital adequacy at specific minimum level. They also empirically examined that management efficiency, profitability and liquidity have a statistically significant effect on capital.

The authors of the final article of the current volume are Gajendra Singh and Nishant Kumar. With the rapid development of mobile technology and users' wide adoption of mobile phones, mobile services have been a huge success in India. Gajendra Singh and Nishant Kumar investigate the impact of perceived customer value, perceived service quality, and trust on gender satisfaction and loyalty.

We look forward for the original and quality research work for publishing in Arth Anvesan. Specifically we incorporate research articles, case studies, book reviews in the areas of Finance, Human Resource, Marketing, Supply Chain, Economics and any other related subject following the double blind peer reviewed method.

Kakali Majumdar

CONTENTS

Article	Author	Page
1 Exploring Significant Predictors of OSCM Model of Conflict Management-A Comparative Approach between Public and Private Sector Commercial Banks	Shivani Nischal and G. S Bhalla	3-16
2 Regional Disparity among states in India: A Comparative Analysis of Gujarat and Kerala	Sazzad Parwez	17-32
3 Anatomy of Tourism of Hidden Hill Stations of Rajouri and Poonch	Sharaz Ahmed Malik	33-46
4 Price Volatility and Food Security in India: An Exponential Model	S.K.Kulshrestha and Daya Singh Bhullar	47-57
5 Determinants of Capital Adequacy in Indian Public Sector Banks: An Empirical Analysis	Parvesh Kumar Aspal and Naresh Malhotra	58-69
6 The Impact and Assessment of customer satisfaction & loyalty on CRM	Gajendra Singh and Nishant Kumar	70-83

EXPLORING SIGNIFICANT PREDICTORS OF OSCM MODEL OF CONFLICT MANAGEMENT-A COMPARATIVE APPROACH BETWEEN PUBLIC AND PRIVATE SECTOR COMMERCIAL BANKS

Shivani Nischal* & G.S. Bhalla**

Abstract

Conflict exists throughout environments of all kinds. So every employee wants a healthy and competitive working environment in their organisation. This research paper actually attempts to explore conflict management mechanism prevails in public and private sector banking organisations in comparative form. Further, significant contributors have been explored towards OSCM Model of conflict management. The sample of the study includes 365 bank managers from twenty commercial banks situated in Amritsar, Jalandhar and Ludhiana cities of Punjab. Ten banks each from public sector and private sector has been selected on the basis of highest number of employees (Prowess Software and annual reports of these banks March, 2013). The pre-tested structured questionnaire based upon Udai Pareek's model i.e. OSCM (Opinion Survey on Conflict Management) has been utilized under the study. Various statistical techniques such as reliability and validity analysis, descriptive statistics, independent sample t-test, rank orderings based upon weighted average scores and ANOVA have been used for data analysis. Results indicated that managers of public and private sector banks both prefer to negotiate first to resolve conflict and are least concerned to follow withdrawal strategy and defusion strategy to handle conflict in their relative concerns. Sector, marital status, age, working experience, educational qualification and salary income have been found statistically significant in overall results towards OSCM model of conflict management. Gender has been particularly found insignificant towards the adoption of various strategies to manage conflict in public and private sector commercial banks. So, managing conflict in organisations definitely provides a way forward towards the growth of organisations and human resources as well.

Keywords: Conflict Management Strategies: Resignation, Withdrawal, Negotiation, Confrontation, Compromise, Arbitration, Appeasement and Defusion Strategies; Demographics & Public and Private Sector Commercial Banks.

JEL Classification: E58, G24

INTRODUCTION

“Although conflict management is complex and sometimes hard to achieve, a greater understanding of the behavioural skills associated with it can have a bottom line impact on organisational productivity.”

-Vincent L. Ferraro and Sheila A. Adams

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Conflict is defined as disagreement between individuals. It can vary from mild disagreements to a win-or-lose, emotion-packed, confrontation (**Kirchoff and Adams, 1982**). Conflict can be a serious problem in an organisation. It can create chaotic conditions that make it nearly impossible for employees to work together. Thomas and Schmidt have reported that managers spend 20% of their time in dealing with conflict situations. Hence it is very much important that managers should understand the serious consequences of conflict in organisation so that they can find out techniques to deal with the relative dysfunctional impacts of conflicts. Conflict resolving approaches have been suggested by various academicians and experts such as Blake & Mouton's Managerial Grid (1964), Thomas & Killman's MODE (1976), Rahim's Conflict Resolving Mechanism (1982), Pareek (1982), Knudson, Sommers & Golding, (1980); Billingham & Sack, (1987), Sillars, (1980); Putnam & Wilson, (1982), four Smyth, (1977); Phillips & Cheston, (1979), (Sternberg & Soriano, (1984); Morrill & Thomas, (1992), Nicotera, (1993); Pareek, (1982) and Kindler, (1996) to handle or manage conflict. **Pareek (1982)** proposed a contingency model of managing conflict in the organisations. This model consists of avoidance-approach mode to handle or manage conflict. **Rahim's (1983) model** ROCI-II had been developed for the measurement of five styles of interpersonal conflicts such as Accommodating, Collaborating, Compromising, Avoiding & Competing and further research should be needed in the diagnosis of styles of handling interpersonal conflict between the employees of organisation. Further, **Islamoglu, G., Boru, D. and Birsal, M. (2008)** explored relationships between conflict management strategies and various demographic factors. Results indicated that conflict management styles vary according to education, working experience and position held. **Vokic, N.P. and Sontor, S. (2010)** explored how individual characteristics affect the choice of conflict handling strategy of Croatian employees. The PCHS (preferred conflict handling style) instrument developed by Robbins, 2006 based on model of Rahim, 1983 and seven demographics had been selected in order to formulate structured questionnaire. Gender has been found insignificant towards conflict management strategies at 0.01 level of significance but age, education, marital status and parenthood had been differ significantly towards various conflict management strategies. **Chaudhary et al. (2011)** investigated the difference in the selection or preference of conflict management strategies across different age groups and different departments. The measurement tool "strategies for resolving conflict" developed by Schermerhorn, Hunt, Osborn (2002) had been used to collect data from 100 employees of Pakistan telecommunication company ltd. Results indicated significant differences in the conflict management strategies adopted by lower and upper age groups and significant differences had been found in conflict management strategies adopted by employees working in sports department and technical department. **Riaz, M.K. and Jamal, W. (2012)** investigated the preferences of the employees regarding the various conflict management strategies adopted in govt, education, NGO's and private sector organisations. Results concluded that the most preferred style were integrating and dominating. Gender had been found insignificant towards conflict management strategies but other demographic variables reported significant differences towards the conflict management strategies. Results also indicated that sector and organisational type or sector were the valid predictors of the conflict management styles preferences.

OBJECTIVES AND RESEARCH METHODOLOGY

The main objectives of research paper are to explore the conflict resolution mechanism prevails in public and private sector banking organisations; to make a comparative study of conflict management between public and private sector banks selected under study; and to study the impact of different socio-economic variables upon various strategies of conflict management in selected public and private sector banks under study. Further, the sample of the study includes 365 bank managers from twenty commercial banks situated in Amritsar, Jalandhar and Ludhiana cities of Punjab. Ten banks each from public sector and private sector has been selected on the basis of highest number of employees (Prowess Software and annual reports of these banks March, 2013).

Convenience cum Judgement sampling technique had been chosen for the purpose of study. The pre-tested structured questionnaire based upon Udai Pareek's model i.e. OSCM (Opinion Survey on Conflict Management) has been utilized under the study and responses were recorded on 5 point's likert scale. Hypothesis has been tested empirically through various statistical techniques such as descriptive statistics, Independent sample t-test, ANOVA (Analysis of Variance) and tests of homogeneity of variances such as Levene's test of equality of variance in case of Independent sample t-test and Test of Homogeneity of Variance where ANOVA has been applied.

CONFLICT RESOLUTION MECHANISM ADOPTED IN SELECTED PUBLIC AND PRIVATE SECTOR BANKS

For the purpose under study, the measurement OSCM scale was first put to reliability test and cronbach's alpha was calculated. It came out to be 0.71, which was considered satisfactory (Nunnally & Bernstein, 1994). As shown in Table no.1, the mean scores of all the statements concerning conflict management strategies has been specified and construct validity has been computed with the help of cronbach's alpha for each construct or conflict management strategy; that comes out to be greater than 0.60 for each construct. This satisfies the construct validity of the OSCM scale undertaken for the research purpose. Table no.1 depicted the descriptive statistics of various conflict management strategies across public sector banks and private sector banks in comparative form.

Table 1
Descriptive Statistics of Statements of Opinion Survey on Conflict Management Instrument (OSCM Model)

Coding	Statements	Public Sector (N=181)		Private Sector (N=184)	
		M.S.	S.D.	M.S.	S.D.
RR_1	Resignation Strategy ($\alpha=0.649$)				
r1	Conflicts are a part of an organisation and cannot be avoided.	3.723	1.274	2.168	1.090
r9	It is better to lie low and live with the conflict at times.	3.994	1.293	3.929	1.314
r17	It is unwise to be bothered by conflicts, they are there and we may as well live with them.	3.143	1.606	2.434	1.373
WW_1	Withdrawal Strategy ($\alpha=0.706$)				
w2	The best strategy is to avoid conflict situations.	1.729	.822	1.673	.769
w10	In some conflict situations, one party should get away to avoid unpleasantness.	3.513	1.451	1.994	1.103
w18	If a group interacts with other groups only on necessary and limited dimensions, conflicts can be managed.	3.563	1.212	3.554	1.253
NN_1	Negotiation Strategy ($\alpha=0.61$)				
n3	A conflict is like a problem; we have to find causes and take steps to find solutions.	4.071	.900	4.114	.882
n11	Conflict management needs an involved process of joint exploration for solution(s).	3.994	1.185	4.092	1.064
n19	Conflicts can be solved if the parties understand each other, and jointly search alternative solutions.	3.950	1.116	4.070	.929
CC_1	Confrontation Strategy ($\alpha=0.675$)				

Table .1 continued					
c4	Conflicts can be solved only if one shows one's strength to the other party.	3.668	1.192	3.614	1.195
c12	In most conflicts, one should fight out the solution.	3.850	1.132	3.951	1.067
c20	The more powerful you are, the most efficiently you can resolve conflicts.	3.629	1.513	3.722	1.427
MM_1	Compromise Strategy ($\alpha=0.696$)	M.S.	S.D.	M.S.	S.D.
m5	In a conflict situation, both the parties have to give up something in order to reach a solution.	4.022	1.183	3.864	1.257
m13	Compromise is one of the best strategies for managing conflict.	3.812	1.210	3.755	1.258
m21	If conflicting parties accept a part of each other's demand, conflicts can be resolved.	4.105	1.113	3.212	1.509
TT_1	Arbitration Strategy ($\alpha=0.703$)	M.S.	S.D.	M.S.	S.D.
t6	A third party should be asked to give a solution to a difficult conflict.	3.872	1.366	4.087	1.277
t14	When two parties are deeply involved in the conflict, arbitration by an acceptable outside party may be very helpful.	3.519	1.314	3.619	1.308
t22	Difficult conflicts can be solved by an impartial arbitrator who finds solutions acceptable to both the conflicting parties.	3.679	1.104	3.837	1.021
AA_1	Appeasement Strategy ($\alpha=0.65$)	M.S.	S.D.	M.S.	S.D.
a7	It is better to give some concessions to the opponent group to win their confidence.	3.646	1.500	2.929	1.525
a15	Accepting few demands of the opponent party may help in resolving conflicts.	3.580	1.325	2.798	1.447
a23	It is better to buy peace for some time even by consenting to some demands of the conflicting group, so that conflicts can be effectively resolved later.	2.486	1.504	2.592	1.490
DD_1	Defusion Strategy ($\alpha=0.692$)	M.S.	S.D.	M.S.	S.D.
d8	One of the ways to deal with conflicts is to withdraw from the scene for some time.	3.502	1.474	2.353	1.463
d16	If we wait for some time and don't attempt to solve problems, some conflicts will get defused and resolved in due course of time.	2.364	1.333	2.320	1.330
d24	Waiting for some time to let emotions collapse helps in solving the major problems.	4.0663	1.276	2.6413	1.501

Overall Cronbach's alpha (α) =0.71; Approach Styles= Confrontation, Negotiation, Arbitration and Compromise; Avoidance Styles: Resignation, Withdrawal, Appeasement and Defusion.

The results (Table.1&2) indicated that public sector bank managers used to follow Negotiation style or strategy mostly to handle conflict with (WAS=4.00); which is further followed by Compromise style (WAS=3.97); Confrontation style (WAS=3.71); Arbitration style (WAS=3.69); Defusion style (WAS=3.31); Appeasement style (WAS=3.23); Withdrawal style (WAS=2.93) and Resignation style (WAS=2.84) of handling conflict with their respective weightage average scores. Where in private sector, bank managers mostly follow Negotiation strategy to handle conflict with WAS=4.09; followed by Arbitration style (WAS=3.84); Confrontation style (WAS=3.76); Resignation style (WAS=3.62); Compromise style (WAS=3.61); Appeasement style (WAS=2.77); Defusion style (WAS=2.43) and Withdrawal style (WAS=2.40) of handling conflict with their respective weightage average scores. Results indicated that managers of public and private sector banks both prefer to negotiate first to resolve conflict in their relative concerns. Managers of both public and private sector banks are least concerned to follow withdrawal strategy and defusion strategy to handle conflict. Ranks based on weighted average scores have been specifically made a clear cut demarcation of the various strategies or styles preferred by the managers of selected public, private sector banks and overall banks. The indicated results (table no.2) revealed that Negotiation style ranks first followed by Compromise style; Confrontation style; Arbitration; Appeasement style; Defusion style; Withdrawal style and Resignation style of handling conflict in public sector banks whereas in private sector banks, Negotiation ranks first followed by Arbitration style; Confrontation style; Resignation style; Compromise style; Appeasement style; Defusion style and Withdrawal style of handling conflict.

Table 2

Weighted Average Scores and Rank Orderings based on WAS concerning Conflict Management Strategies in Public & Private Sector Banks

Coding	Variables	Public Sector		Private Sector		Combine Results	
		WAS	Rank	WAS	Rank	WAS	Rank
RR_1	Resignation	2.84	8	3.62	4	3.22	5
WW_2	Withdrawal	2.93	7	2.40	8	2.66	8
NN_3	Negotiation	4.00	1	4.09	1	4.04	1
CC_4	Confrontation	3.71	3	3.76	3	3.73	4
MM_5	Compromise	3.97	2	3.61	5	3.79	2
TT_6	Arbitration	3.69	4	3.84	2	3.76	3
AA_7	Appeasement	3.23	6	2.77	6	3.00	6
DD_8	Defusion	3.31	5	2.43	7	2.87	7

(Source: Primary Data) [Public Sector Banks under sample: State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Bank of India, Central Bank of India, Union Bank of India, Syndicate Bank and Indian Overseas Bank; Private Sector Banks under sample: ICICI Bank, HDFC Bank, AXIS Bank, Kotak Mahindra Bank, Jammu & Kashmir Bank, ING Vysya Bank, Indusind Bank, Karnataka Bank, South Indian Bank and Karur Vysya Bank]

SIGNIFICANT PREDICTORS OF OSCM MODEL OF CONFLICT MANAGEMENT

This section deals with the objective of analysing the impact of different socio-economic variables upon various strategies of conflict management in selected public and private sector banks under study. This section will help to analysis that which one of socio-economic variables stating the profile of the respondents contributes significantly towards conflict management strategies adopting in these concerns for resolving intra-organisational conflict. Independent sample t-test has been applied to find the significant differences in strategies to manage conflict on the basis of sector (H_01), gender (H_02) and marital status (H_03). ANOVA has been applied to find out significant differences in strategies to manage conflict on the basis of age (H_04), educational qualification (H_05), working experience (H_06) and salary income (H_07). Hence, seven socio-economic variables have been taken under current study i.e. Sector, Gender, Marital Status, Age, Working Experience, Educational Qualification and Salary Income. The impact of each of the above discussed seven socio economic variables has been reported as follows:

Impact of Sectorial Distribution upon OSCM Model of Conflict Management

This part deals with the comparative analysis of various strategies adopted to manage conflict between public and private sector banks selected under study. According to Sectorial orientation, the respondents or managers have been divided into two categories: 'Public Sector' and 'Private Sector'. To find out the impact of sector on various strategies of conflict management, Independent sample t-test has been applied. Sector has been undertaken as independent or categorical variable (with 2 categories) and various strategies of conflict management have been taken as dependent variables. Table no.3 depicted the summary of Mean Scores, Levene's Test for Equality of Variances and t-test for Equality of Means of OSCM according to private and public sector bank managers. Results from table no.3 indicated that the mean scores of every variable for public sector and private sector varies except for NN_3 (Negotiation Style), CC_4 (Confrontation Style) and TT_6 (Arbitration Style) variables. The variables where F value in Levene's Test of Homogeneity of Variance was not significant ($p>0.05$), the t value and its significance in "Equal Variance Assumed" row was notified and wherever F value in Levene's Test of Homogeneity of Variance was found significant ($p<0.05$), the t-value and its significance in "Equal Variance not Assumed" row was notified. T-values and its significance (represented by asterisks) have been indicated in Table 3.

Table 3
Summary of Mean Scores, Levene's Test for Equality of Variances and t-test of OSCM Model according to Private and Public Sector Banks

Variables	Public Sector (184)		Private Sector (181)		Levene's Test for Equality of Variances		t-test for Equality of Means	
	M.S.	S.D.	M.S.	S.D.	F	Sig.	t-values	Sig. (2-tailed)
RR_1	2.84	.836	3.62	.735	1.273	.260	9.419	.000** (p<0.01)
WW_2	2.93	.702	2.40	.608	3.407	.066	7.676	.000** (p<0.01)
NN_3	4.00	.683	4.09	.627	1.734	.189	-1.265	.207 (p>0.05)
CC_4	3.71	.895	3.76	.855	1.081	.299	-0.505	.614 (p>0.05)
MM_5	3.97	.694	3.61	.816	2.459	.118	4.649	.000** (p<0.01)
TT_6	3.69	.904	3.84	.905	.001	.973	-1.659	.098 (p>0.05)
AA_7	3.23	.947	2.77	.785	14.277	.000	4.133	.000** (p<0.01)
DD_8	3.31	.852	2.43	.751	2.611	.107	10.371	.000** (p<0.01)
CMS	3.56	.423	3.2	.455	1.737	.188	7.382	.000** (p<0.01)

[RR_1= Resignation strategy; WW_2= Withdrawal strategy; NN_3= Negotiation strategy; CC_4= Confrontation strategy; MM_5= Compromise strategy; TT_6= Arbitration strategy; AA_7=Appeasement strategy; DD_8= Defusion strategy; CMS=Overall Conflict Management; *significant @0.05 level; **significant @0.01 level, Highlighted t-values indicates variances are unequal.]

Null Hypothesis 1 (H_01) is accepted in the case of NN_3 (Negotiation Style) with t-value=-1.265, CC_4 (Confrontation Style) with t-value= -0.505, and TT_6 (Arbitration Style) with t-value= -1.659 where variables have been found insignificant. Null Hypothesis 1 (H_01) is rejected in case of RR_1 (Resignation style) with t-value =9.419**, WW_2 (Withdrawal style) with t-value= 7.676**, MM_3 (Compromise style) with t-value= 4.649**, AA_7 (Appeasement style) with t-value= 4.133** and DD_8 (Defusion style) with t-value=10.371** where significant differences have been found. Null Hypothesis 1 (H_01) is overall rejected ($t=7.382$ **; $p<0.01$) which conclude that there are significant differences that have been found in the conflict management strategies adopted by the public and private sector bank managers.

Impact of Gender upon OSCM Model of Conflict Management

According to Gender, respondents have been divided into two categories; 'Male' and 'Female'. The summary of descriptive statistics and t-tests applied on the basis of gender has been displayed in table no.4. So, the upcoming section deals with the testing of null hypothesis (H_02 to H_07) which says, socio-economic variables such as gender, marital status, age, educational qualification, working experience and salary income have insignificant impact upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.

The mean scores and standard deviation of all conflict management strategies for male and female respondents have been separately shown in table no.4. In order to find the impact of gender on various conflict management strategies, independent t-test has been applied and results concluded that there is insignificant impact of gender upon all conflict management dimensions ($p > 0.05$). Hence, it can also be concluded that null hypothesis 2 (H_02) is accepted and gender is indifferent towards various conflict management strategies adopted by managers of public and private sector banks in resolving conflicts.

Impact of Marital Status upon OSCM Model of Conflict Management

Respondents have been divided into two categories i.e. 'Married' & 'Unmarried' on the basis of marital status. Table no.4 depicted summary of mean scores and t-test application on various conflict management strategies on the basis of marital status. Null hypothesis (H_03) states that marital status has insignificant impact upon various conflict management strategies. Null hypothesis is accepted in the case of Negotiation ($t=1.383$, $p > 0.05$), Compromise ($t=1.153$, $p > 0.05$) & Appeasement ($t=1.658$, $p > 0.05$) and rejected in the case of Resignation ($t=3.971^{**}$, $p < 0.01$), Withdrawal ($t=3.017^{**}$, $p < 0.01$), Confrontation ($t=2.030^*$, $p < 0.05$), Arbitration ($t=2.369^*$, $p < 0.05$) and Defusion ($t=2.722^{**}$, $p < 0.01$). The overall status (CMS) indicated significant impact of marital status upon the conflict management strategies ($t=3.868^{**}$, $p < 0.01$). Hence, it can be concluded that marital status is significant towards conflict management strategies adopted by managers of public and private sector banks in resolving conflicts.

Impact of Age upon OSCM Model of Conflict Management

Respondents have been divided into four categories according to age i.e. 'Below 25', '25-40', '41-55' & '56 and above'. Descriptive statistics for various age groups and significant values derived from the ANOVA table and Robust Test of Equality of Means has been shown in table no.5. One of the basic assumptions of ANOVA is that variances of groups in comparison should be equal. The table "Test of Homogeneity of Variance" shows the results occur in "Levene's Test of Homogeneity of Variance". There is homogeneity of variance when significance value is greater than 0.05 ($p > 0.05$). The assumption of homogeneity of variance is met in all conflict management variables and f-values in ANOVA table has been notified except for Appeasement where "Robust Test of Equality of Means" (Output table of Welch Test) has been referred for p-values; thereafter the p-values has been mentioned in table no.5 accordingly. The results concluded that age has insignificant impact towards Negotiation ($f=2.550$, $p > 0.05$), Confrontation ($f=0.003$, $p > 0.05$) & Arbitration ($f=1.768$, $p > 0.05$) and significant impact towards Resignation ($f=50.874^{**}$, $p < 0.01$), Withdrawal ($f=34.891^{**}$, $p < 0.01$), Compromise ($f=7.350^{**}$, $p < 0.01$), Appeasement ($f=11.914^{**}$, $p < 0.01$), Defusion ($f=70.305^{**}$, $p < 0.01$) and overall conflict management status ($f=31.803^{**}$, $p < 0.01$). The highlighted values in the table no.5 have been derived from Robust Test of Equality of Means where assumption of Homogeneity has not been met. The overall results have been found significant, hence the null hypothesis (H_04) i.e. there is no significant impact of age upon various conflict management strategies is rejected and alternate hypothesis (H_a4) has been accepted.

Impact of Education upon OSCM Model of Conflict Management

According to educational qualification, respondents have been divided into four categories: 'Under Graduate', 'Graduate', 'Post Graduate' & 'Others'. Summary of mean scores and ANOVA test has been shown in table no.5. Assumption of homogeneity of variance has not been fulfilled in case of Defusion and overall conflict management strategy ($p < 0.05$) p-values so has been derived from 'Robust Test of Equality of Means and remaining p-values has been derived from ANOVA table i.e. Resignation ($f=0.981$, $p > 0.05$, INS), Withdrawal ($f=0.855$, $p > 0.05$, INS), Negotiation ($f=4.694^*$,

$p < 0.05$), Confrontation ($f = 3.445$, $p > 0.05$, INS), Compromise ($f = 0.414$, $p > 0.05$, INS), Arbitration ($f = 5.152^*$, $p < 0.05$) and Appeasement ($f = 12.46^{**}$, $p < 0.01$). Overall conflict management status came significant with f -value = 7.471** with $p < 0.01$. The concluding results derived from table no.5 stated that educational qualification has significant impact upon various conflict management strategies such as Negotiation, Arbitration & Appeasement and it is insignificant towards Resignation, Withdrawal, Confrontation, Compromise and Defusion.

Table 4
Summary of Mean Scores and t-test of Dimensions of Conflict Management (OSCM Model) on the basis of Gender and Marital Status of Respondents in Banks

Strategies	Male (256)		Female (109)		t values	Sig. (2-tailed)	Married (344)		Unmarried (21)		t values	Sig. (2-tailed)
	M.S.	S.D.	M.S.	S.D.			M.S.	S.D.	M.S.	S.D.		
Resignation	3.25	0.90	3.18	0.83	.693	.489 (INS)	3.25	.88	2.76	.52	3.971	.000**
Withdrawal	2.69	0.69	2.62	0.75	.910	.363 (INS)	2.69	.69	2.22	.75	3.017	.003**
Negotiation	4.03	0.67	4.09	0.63	-.689	.491 (INS)	4.06	.65	3.85	.68	1.383	.167
Confrontation	3.76	0.87	3.69	0.88	.648	.517 (INS)	3.76	.86	3.36	1.02	2.030	.043*
Compromise	3.80	0.80	3.79	0.73	.123	.903 (INS)	3.80	.78	3.60	.61	1.153	.250
Arbitration	3.75	0.92	3.82	0.87	-.641	.522 (INS)	3.79	.89	3.31	.94	2.369	.018*
Appeasement	3.04	1.13	2.92	1.03	.944	.346 (INS)	3.02	1.10	2.61	1.00	1.658	.098
Defusion	2.85	0.94	2.91	0.86	-.588	.557 (INS)	2.90	.91	2.34	.76	2.722	.007**
Overall CMS	3.40	0.47	3.38	0.47	.366	.715 (INS)	3.41	.46	3.01	.49	3.868	.000**

*Significant at 0.05 level; INS- Insignificant; ** Significant at 0.01 level

Table 5
Summary of Mean Scores and ANOVA of Dimensions of Conflict Management (OSCM Model) on the basis of Age and Education of Respondents

Strategies	A2 (176)		A3 (189)		f values	Sig.	EQ2 (257)		EQ3 (108)		f values	Sig.
	M.S.	S.D.	M.S.	S.D.			M.S.	S.D.	M.S.	S.D.		
Resignation	2.91	0.78	3.53	0.86	50.874	0.000**	3.20	0.87	3.30	0.90	0.981	0.323
Withdrawal	2.45	0.64	2.87	0.71	34.891	0.000**	2.65	0.74	2.72	0.64	0.855	0.356
Negotiation	4.11	0.62	4.00	0.69	2.550	0.111	4.00	0.69	4.16	0.57	4.694	0.031*
Confrontation	3.74	0.87	3.74	0.88	0.003	0.955	3.68	0.87	3.87	0.86	3.445	0.064
Compromise	3.68	0.80	3.90	0.74	7.350	0.007**	3.81	0.79	3.75	0.77	0.414	0.521
Arbitration	3.84	0.88	3.71	0.93	1.768	0.184	3.70	0.94	3.94	0.80	5.152	0.024*
Appeasement	2.80	1.16	3.19	1.00	11.914	0.001**	2.87	1.08	3.31	1.09	12.46	0.000**
Defusion	2.49	0.81	3.23	0.86	70.305	0.000**	2.86	0.95	2.90	0.82	0.104	0.733
Overall CMS	3.25	0.45	3.52	0.45	31.803	0.000**	3.35	0.50	3.49	0.39	7.471	0.003**

*Significant at 0.05 level; INS- Insignificant; ** Significant at 0.01 level; A1= Below 25, A2= 25-40, A3= 41-55; EQ1= Under Graduate, EQ2= Graduate, EQ3= Post Graduate. Note: The highlighted values in the table have been derived from Robust Test of Equality of Means where assumption of Homogeneity has not been met.

We can also conclude that null hypothesis (H_05) is rejected i.e. there is no significant impact of education upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks. Hence, educational qualification has significant impact upon overall conflict management.

Table 6
Summary of Mean Scores and ANOVA of Dimensions of Conflict Management (OSCM Model) on the basis of Working Experience and Salary Income of Respondents

Strategies	WE1 (86)		WE2 (98)		WE3 (181)		f values	Sig.	SI2 (151)		SI3 (214)		f values	Sig.
	M.S.	S.D.	M.S.	S.D.	M.S.	S.D.			M.S.	S.D.	M.S.	S.D.		
Resignation	2.75	0.71	2.93	0.75	3.62	0.84	45.625	0.000**	3.02	0.83	3.38	0.89	14.914	.000**
Withdrawal	2.32	0.55	2.49	0.65	2.94	0.70	31.414	0.000**	2.51	0.66	2.78	0.72	13.543	.000**
Negotiation	4.12	0.54	4.07	0.70	4.01	0.68	0.943	0.390	4.11	0.62	4.01	0.68	2.076	.151
Confrontation	3.79	0.84	3.73	0.87	3.72	0.90	0.234	0.791	3.80	0.87	3.70	0.88	1.101	.295
Compromise	3.65	0.74	3.57	0.88	3.98	0.69	11.024	0.000**	3.72	0.81	3.84	0.75	2.054	.153
Arbitration	3.94	0.82	3.77	0.97	3.69	0.90	2.253	0.107	3.87	0.90	3.70	0.91	3.428	.065
Appeasement	2.68	1.12	2.86	1.24	3.24	0.95	9.151	0.000**	2.80	1.15	3.14	1.04	8.741	.003**
Defusion	2.44	0.81	2.44	0.70	3.31	0.85	53.746	0.000**	2.64	0.92	3.03	0.88	16.876	.000**
Overall CMS	3.21	0.46	3.23	0.45	3.56	0.42	27.222	0.000**	3.31	0.51	3.45	0.43	7.675	.008**

*Significant at 0.05 level; INS- Insignificant; ** Significant at 0.01 level; WE1= Below 5, WE2= 5-10, WE3= 11-15; SI= Below 20000, SI2= 20000-40000, SI3= 40001-60000. Note: The highlighted values in the table have been derived from Robust Test of Equality of Means where assumption of Homogeneity has not been met.

Impact of Experience upon OSCM Model of Conflict Management

Descriptive statistics for various working experience groups and significant values derived from the ANOVA table and Robust Test of Equality of Means has been reported in table no.6. Assumption of ANOVA i.e. homogeneity of variance has not been met in case of Withdrawal and Appeasement ($P < 0.05$) so p values have been derived from 'Robust Test of Equality of Means and remaining p-values has been derived from ANOVA table i.e. Resignation ($f=45.625^{**}$, $p < 0.01$), Negotiation ($f=0.943$, $p > 0.05$, INS), Confrontation ($f=0.234$, $p > 0.05$), Compromise ($f=11.024^{**}$, $p < 0.01$), Arbitration ($f=2.253$, $p > 0.05$, INS), Defusion ($f=53.746^{**}$, $p < 0.01$) and overall conflict management status ($f=27.222^{**}$, $p < 0.01$) where assumption of homogeneity of variance has been met ($p > 0.05$). The concluding results derived from table no.6 stated that working experience has significant impact upon various conflict management strategies such as Resignation, Withdrawal, Compromise, Appeasement, Defusion and it is insignificant towards Negotiation, Confrontation and Arbitration. The null hypothesis (H_06) that there is no significant impact of working experience upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks has been rejected thereof and alternate hypothesis (H_{a6}) that working experience has significant impact upon various levels of conflict has been accepted.

Impact of Salary Income upon OSCM Model of Conflict Management

According to salary income, respondents have been classified into four categories: 'Below 20000', '20000-40000', '40001-60000' & '60001 and above' (per month). In order to analyse the impact of salary income upon conflict management dimensions, ANOVA and Robust Test of equality of means has been applied. Summary of mean scores and ANOVA test has been shown in table no.6. P-values for overall CMS have been derived from 'Robust Test of Equality of Means' because of non-homogeneity of variances ($p < 0.05$) and p-values for remaining eight dimensions of conflict management have been derived from ANOVA table i.e. Resignation ($f=14.914^{**}$, $p < 0.01$), Withdrawal ($f=13.543^{**}$, $p < 0.01$), Negotiation ($f=2.076$, $p > 0.05$, INS), Confrontation ($f=1.101$, $p > 0.05$, INS), Compromise ($f=2.054$, $p > 0.05$, INS), Arbitration ($f=3.428$, $p > 0.05$, INS), Appeasement ($f=8.741^{**}$, $p < 0.01$) and Defusion ($f=16.876^{**}$, $p < 0.01$). The overall results indicated significant impact of salary income on conflict management strategies (CMS) with f-value= 7.675** ($p < 0.01$). Table no.6 indicated the rejection of null hypothesis (H_07) that there is no significant impact of salary income upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks. Hence, salary has been found significant socio-economic variable contributing towards conflict management.

CONCLUDING OBSERVATIONS

This research paper mainly deals with comparative data analysis related to exploration of conflict resolution mechanism adopted by management of public and private sector commercial banks selected under study. Results indicated that managers of both public and private sector banks prefer to negotiate first to resolve conflict and are least concerned about withdrawal strategy and defusion strategy in their relative concerns. Findings revealed that Negotiation style ranks first followed by Compromise style; Confrontation style; Arbitration; Appeasement style; Defusion style; Withdrawal style and Resignation style of handling conflict in public sector banks whereas in private sector banks, Negotiation ranks first followed by Arbitration style; Confrontation style; Resignation style; Compromise style; Appeasement style; Defusion style and Withdrawal style of handling conflict. By the end of this research paper, Null hypothesis H_01 to H_07 has been tested. Overall results indicated that gender is insignificant towards various conflict management strategies and other individual characteristics such as age, educational qualification, salary income, marital status and working experience has significant upon conflict management strategies.

Table 7
Summary of Accepted Hypothesis, Application of Relative Techniques and their Description
(Concluding Observations)

Hypothesis	Description	Technique Adopted	Overall Results
H _a 1 (Alternate Hypothesis)	There is significant difference in the conflict management strategies adopted to resolve conflict by the managers of public sector and private sector banks.	Independent Sample t-test	Accepted and Significant
H ₀ 2 (Null Hypothesis)	There is no significant impact of gender as socio-economic variable upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.	Independent Sample t-test	Accepted and Insignificant
H _a 3 (Alternate Hypothesis)	There is significant impact of marital status as socio-economic variable upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.	Independent Sample t-test	Accepted and Significant
H _a 4 (Alternate Hypothesis)	There is significant impact of age as socio-economic variable upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.	One Way Analysis of Variance (ANOVA)	Accepted and Significant
H _a 5 (Alternate Hypothesis)	There is significant impact of educational qualification as socio-economic variable upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.	One Way Analysis of Variance (ANOVA)	Accepted and Significant
H _a 6 (Alternate Hypothesis)	There is significant impact of working experience as socio-economic variable upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.	One Way Analysis of Variance (ANOVA)	Accepted and Significant
H _a 7 (Alternate Hypothesis)	There is significant impact of salary income as socio-economic variable upon the adoption of various conflict management strategies by managers in the selected public sector and private sector banks.	One Way Analysis of Variance (ANOVA)	Accepted and Significant

LIMITATIONS, SUGGESTIONS AND MANAGERIAL IMPLICATIONS

The present research work is incapable to plug all the possible sources of errors and contaminations just because of shortage of time and resources, also very likely to produce the genuine results. In the light of above findings, Effective conflict management is necessary both in public as well as in

private sector banking organisations. Healthy approaches should be followed up by identifying particularly the nature, types, level and extent of conflict in these banks along with its sources and dysfunctional impacts. Management should have open communication policy so that human resources can come closer, collaborate and make compromises where possible with the authorities concerned. If the workplace conflict is managed properly then it helps the management to achieve its strategic objectives with the better work performance of banking staff; positive working environment that will automatically leads towards high organisational productivity.

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REGIONAL DISPARITY AMONG STATES IN INDIA: A COMPARATIVE ANALYSIS OF GUJARAT AND KERALA

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Abstract

This paper is an attempt to examine the regional disparities in terms of economic growth and social development with reference to comparative analysis of Gujarat and Kerala. The effect of different Economic variables on economic growth and social indicators has been observed during the research work. Empirical evidence suggests that there is a positive relationship between Economic growth and social development. However, this rapid economic development has not been necessarily accompanied by social development sector especially in case of Gujarat. It is further strengthened by Human Development Index position of Gujarat which suggest that as a state Gujarat is doing very well in terms of economic Growth but that is not the case in terms social aspect but the other hand Kerala is doing well in terms of social indicators but economy of state is in disarray. This paper is mainly based on analysis of secondary data collected from authentic and reliable sources. The paper concludes by arguing that the government should be more concerned about regional imbalance in human and economic development.

Key Words: India; Gujarat; Kerala; Economic; Regional; Development; Regional disparity; Public Expenditure; Inequality

JEL Classification: O47, R10

INTRODUCTION

Economic development and Social development are interrelated, one leads to another. Studies suggest that mere focus is on economic development by ignoring the social development resulted into weak and unsustainable development. This also reduces the tempo of economic development. The main emphasis on economic sector and marginal policy attention to social sectors like education and health results in economic prosperity accompanied by social poverty. Social deprivation mainly in education, health and adverse quality of life finally eclipses economic development. Planning and strategy for allocation of resources between economic and social sectors is in need, and it is very essential policy decision for the country. Assigning due importance to social sectors has also become non-negotiable in the light of new found source of economic growth and same time reaping the benefits of demographic and geographic dividends. India has in form of a largest number of population in the working age group and being the seventh largest country of the world. It is in this backdrop of growing importance of regional equality and its relation with economic development the present paper tries to focus in this direction. Disparity in economic and social development is often a source of dissatisfaction in a federal system. Although such disparities have never received adequate importance in India, government have given very high weightage to this aspect for deciding allocation of resources among states.

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Every time allocation of resources among states is made to address the issue of regional disparity, one or the other theory gets acceptance of the policymakers over the rest of the competing alternatives (Roy and Bhattacharjee, 2009; Dholakia, 1980). Scholars have argued that the fast economic growth of the India in the recent decade was due to their high amount of investment in human development in the preceding years (Kurian, 2000). The Kerala model of achieving high level of human development without corresponding high achievement on the economic front by emphasising the role of public investment in social sectors has impressed Indian policymakers at the Delhi and states (Lekha, 2003). Several question has been asked about Kerala model, mainly due to state is experienced resource crunch with high level of social consumption on account of slow economic development and fast deteriorating financial picture of the state.

Regional disparities in economic development can be explained in terms of varying levels of infrastructural services available to people in different regions. Improvement in infrastructure is essential for enhancing efficiency of the production system and for enhances productivity of any economic entity. Attempt has been made in this write-up to examine the spatial disparities in socio-economic aspects across the states in India with special reference to Gujarat and Kerala. Further attempt has also been made to examine the effect these aspects at an aggregate level considering state as unit of analysis (Patra and Acharya, 2011).

Economic and regional disparities not only affects production and consumption directly economy, society but also creates many direct and indirect externalities. In the literature, there are several studies examining the relationship between Economic and regional social disparities. These studies suggest that social indicators do contribute towards the growth of output, income and employment of the economy and ultimately the quality of life of the people in the concerned economy (Gramlich, 1994; Esfahani and Ramirez, 2003).

OBJECTIVES OF THE STUDY

- To study and understand the regional and economic disparity among Indian states.
- To study and analyse the comparative status of Gujarat and Kerala in Context of Economic and Social indicators in way to explore right model for development.

SCOPE OF THE STUDY

Scope of the study is limited to the regional, economic and social disparity among Indian states at the same time it also tries to compare socio-economic status of Gujarat and Kerala. And moreover to access what could be road ahead for Indian government and state government to fill the developmental gap?

RESEARCH METHODOLOGY- LITERATURE REVIEW

The paper largely depends upon secondary sources of data. Study is mainly based on secondary research method through literature review and evaluative method. Data and information has been collected from relevant and authentic sources such as reports from various ministry and department of government of India. Data and information also has been taken from various working and research papers of national and international journals with repute.

DISPARITIES AMONG INDIAN STATES

During initial part of independence phase, considerable disparity in economic and social development among all the regions of the country existed. One of the main objectives of the planning process initiated in the early 1950s was to reduce these regional differences and to achieve, balanced development (Solanki, 2008).

Various policy instruments including direct public investment by the Centre, building up of capacity enhancing institutions have been tried to achieve this objective. These policies were continued during the first three decades of planning. Even though lack of success, these measures ensured that disparities were not getting aggravated. Economic reforms in the early 1980s which resultant in full-fledged deregulation and liberalization in the early 1990s, government decision in investment has diminished. Private investment became the principal factor of economic development. Private money flowed to only those regions where conditions are good to achieve maximum return on investment. As a result, States with better physical and social infrastructure, forward and backward supply chain and other conducive factor attracted the large share of investment over the last two decades. The report by Department of Industrial Policy & Promotion clearly indicate that the major share was accounted by states needed reframing such as Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh and Karnataka (Bagchi et.al. 2005). Recently some of the backward States like Chhattisgarh, Jharkhand and Orissa started attracting private investment proposals mainly in mining and industries based on mineral extraction. The only chance for these States which do not possess natural resources to attract private investment is to create conducive environment with effective physical, social infrastructure, better law and order situation and administrative efficiency. However, these can be achieved only through public investment either by the Centre or the State authorities. The dilemma is that the fiscal picture of both Centre and states not adequate enough for such investments. As a result of higher economic growth and better tax compliance resulting from tax reforms, there have been some improvements in the financial resources of the Centre and the State.

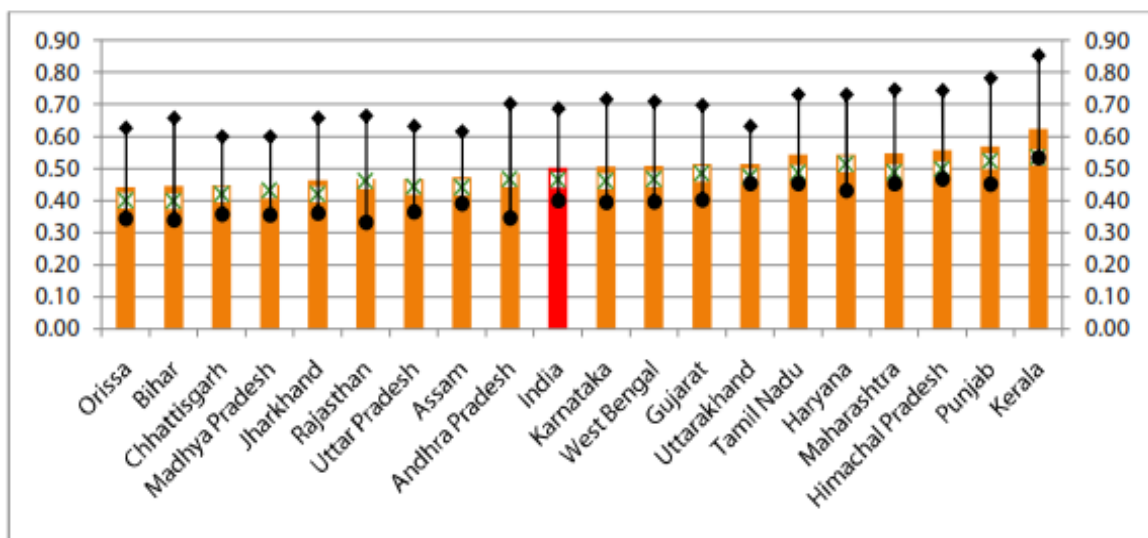
However, Most of States have revenue balances, while expenditures are severely reduced. It includes some of the most backward States where sectors like education, health, drinking water, sanitation, road connectivity, etc., are crying for investment. Differential economic performance of the last two decades has increased the regional disparities in the country. Broadly speaking, while the western and southern States have experienced faster economic growth, the northern and eastern States lagged behind (Kurian, 2000).

The per capita income differentials among states in country have been very much visible and widening even further. Thus, while the economic development graph has been shifting in favour of south-west direction of India, the demographic factor of gravity has been moving in the opposite direction. On the other hand problem is that while more and more employment opportunities are created in the developed regions the labour growth is higher in the backward regions of the country. Due to this large scale migration, in search of employment take place from the backward regions to the developed regions of the country. This will have adverse implications socially as well as economically.

Thus the inter-state comparison of performance of states based on different indicators shows that while some states have performed well in terms of growth indicators, they have performed poorly in terms of other indicators like poverty, rural-urban disparity, unemployment, education, health and financial inclusion. This calls for a rethink on the criteria used for devolution of funds to states under Finance Commissions where criteria like income distance (12th Finance Commission) or fiscal capacity distance (13th Finance Commission) along with population are given high weightage and none of the human development indicators or financial inclusion indicators are used. Similarly

the criteria used for awarding special category status to states (hilly and difficult terrain, low population density and/ or sizable share of tribal population, strategic location along borders with neighbouring countries, economic and infrastructural backwardness, and non-viable nature of state finances) need to be revisited.

Figure 1
HDI and its dimensions: Indian states



Notes: Vertical bars (orange colour for states and red for India) indicate the HDI; dark black circles (inside the bars) indicate the education dimension index; cross within white squares, the income dimension index; and dark black diamonds (outside the bars), the health dimension index; and the states are arranged in ascending order of their HDIs.

Source: Human Development report. 2012, Government of India

Three dimensions of HDI i.e. income, education and health are adjusted for inequalities in attainments across people. Globally, India is ranked 119 out of 169 countries but loses 32 percent of its value when adjusted for inequalities. Amidst growing concern over these persistent inequalities, and in light of government emphasis on inclusive growth, this paper calculates the HDI and Inequality-adjusted HDI for states in India. The methodology adopted is similar to the approach of the Human Development Report (HDR) 2010 and data utilized from different rounds of the National Sample Survey on appropriate variables. To facilitate a cross-country comparison, the indices are normalized with reference to the goalposts outlined in the HDR 2010 (Deaton and Dreze 2002).

When ranked according to global goalposts, Kerala's rank is 99 (between Philippines and the Republic of Moldova) whereas Orissa is ranked 133 (between Myanmar and Yemen). Amongst India's states, Madhya Pradesh suffers the greatest loss of HDI due to inequality with 35.74 percent. Variations in IHDIs across states and a comparative analysis with global averages reveal that inequality in the distribution of human development is distinctly more pronounced in India than elsewhere (Ahluwalia, 2002).

The Human Development Index (HDI) achievements of states in India both at the aggregate and disaggregate levels are shown in Figure 1. India has a HDI value (using international goalposts) of 0.504. The HDI is the highest for Kerala (0.625) followed by Punjab (0.569) and the lowest for Orissa (0.442) and Gujarat (.511) improving from previous position.

As the graph reveals, while the HDI scores across states show little variation and the variation in the sub-indices for education and health show a greater degree of variation. The income index shows the least degree of variation.

In addition there are large spatial imbalances in the levels of development. Development is biased in favour of areas having proximity to the urban corridors, which also attract the largest magnitude of investment flows (Ghosh, 2006). The remote hilly areas in the east and to the south have witnessed little growth of per capita income or employment matching the growing workforce. Regional imbalances are glaring and growing. The development gains have trickled down unevenly among rural and urban areas, developed and backward pockets and among scheduled and non scheduled sections of population (Suryanarayana et al, 2011).

Gujarat's economic performance, relative to other states, places it among the very top of the list of states, irrespective of the period of comparison (Hirway et. al. 2002). While Mumbai and Maharashtra were among the first of the regions to overcome the ill-effects of trade union movements (strikes and lockouts) through the phenomenon of productivity linked wage increases, the movement took a long time in spreading to the east and the deep south (Kerala) where even today a complete liberation may have only just happened. Gujarat has always had the lowest proportion of man days lost in strikes and lockouts, and in the number of strikes relative to the industrial base especially as compare to Kerala.

COMPARATIVE ANALYSIS OF GUJARAT AND KERALA

It is generally considered that the "Kerala Model" is symbolic of a primarily redistribution (Franke & Chasin, 1992) and state driven development while "Gujarat Model" talks about primarily growth and private-entrepreneurship driven development model. Jagdish Bhagwati in their recent book India's Tryst with Destiny, argue that it is ultimately the Gujarat Model that has delivered in Kerala, because Kerala has been a rapidly growing state in the post-Independence era, which is the reason it ranks fourth among the larger states, according to per-capita gross state domestic product and first according to per-capita expenditure.

Their assessment that in health, Kerala's per capita private expenditures are nearly eight times its per capita public expenditures and more private schools and many private hospitals are contributing is true but a recent trend. The 'Kerala Model' is about huge and systematic State investment in education and health over a long period of its history, delivered effectively due to politically aware and participative citizens.

Comparing social indicator figures of Gujarat and Kerala, Amartya Sen lists out that physical quality of life indicators of various states. Data also suggest that Gujarat was behind Tamil Nadu and Himachal Pradesh in terms of larger social development. "The median per capita income in Gujarat is Rs 6,300 a year, Rs 7,000 in Tamil Nadu, Rs 9,042 in Himachal and Rs 9,987 in Kerala. In terms of percentage of population below poverty line (2004-05 scale), Gujarat is 31.6, Tamil Nadu is 29.4 Himachal 22.9 and Kerala 19.6. The infant mortality rate under five years of age stands at 60.9 per 1,000 children in Gujarat, 39.5 in Tamil Nadu and 16.2 in Kerala (Shekhawat, 2013).

Gujarat and Kerala are two very different kinds of states in terms of all kind of variables one can think off. Gujarat is highly industrialised; Kerala hardly so. Gujarat has attracted high levels Foreign Direct Investments (FDI); Kerala has been far less successful in this front. Gujarat

has been politically "right wing"; Kerala just the opposite - with powerful labour unions and grass roots political activism influencing public policy. In assessing Gujarat's economic performance and in arriving at a strategy or approach to take it further, the right comparison ought to be with its peer states such as Kerala, since with India as a whole there is nothing much to compare on the economic dimensions. It has done exceedingly well on most of the economic measures in the context of Kerala.

The per capita income of Gujarat in 2010-11 with Rs. 75,115 was already higher than that of Kerala at Rs. 71,434 having overtaken it before. Observe that Gujarat grew the most rapidly over the decade though it was closely followed by Karnataka, while Maharashtra, AP, Tamil Nadu were significantly slower and Kerala is nowhere. Gujarat's pattern shows variability, with much decline in the growth rate from 1998-99 onwards.

Table 1
Economic Indicators

Sl no.		Kerala	Gujarat	All India
1	Per capita net state domestic product (SDP) in Rs (2010-11)	71,434	75,115	53,331
2	Percentage share in total FDI approved (2004-10)	0.4	5.79	NA
3	Average annual growth of state domestic product (GSDP) in per cent (2000-2001 to 2007-2008)	7.76	9.20	3.98
4	Percentage of population below poverty line (Population as on 1st March 2012)	7.05	16.63	21.92
5	Range of min wages for unskilled workers in Rs (2005)	109-271	55-210	38-322
6	Job-seekers registered with employment exchanges in thousands (December 2009)	4356.9*	905.5*	38152.2
7	Percentage of urban population (2011 Census)	47.72	42.58	31.16

Sources: Ministry of statistics and Programme implementation, GoI Report, 2012, National Sample Survey Office (NSSO,2012), Handbook of Statistics on Indian Economy 2009-10, Census population extrapolated, GoI 2011, Planning Commission, 2013

Note: *in 000

During the last two decade of high economic growth in India, state such as Gujarat's economic development has been phenomenal. Gujarat is in a class by itself, having shown an achievement which is in excess of 9 percent per annum. During the period of 2004-10 foreign direct investment (FDI) in terms of share in total FDI Gujarat is doing very with 5.79 percent and on the other hand Kerala with just .4 percent reveals the clear picture of both the states in terms of economy and viability seen by the foreign investors especially in context of business environment.

Average annual growth of state domestic product (GSDP) of Gujarat during (2000-2001 to 2007-2008) has been in much better in compare with 9.20 percent and Kerala with 7.76 percent and at the same time both the states doing much better then National level GSDP which is 3.98 percent.

If one study the economic indicator such as percentage of population below poverty line as on 1st March 2012 , it suggest that Kerala with only 7.05 percent population below poverty line is doing much better than almost all the states and way above in comparison to Gujarat which constitutes 16.63 per cent of population below poverty line. Kerala and Gujarat both faring well if one compare

with national population with 21.92 percent population below poverty line but performance of Kerala in terms population below poverty line is well appreciated specially when data reveals that Kerala is not doing so well in terms of GDP and other economic Indicators.

Economic indicators such as minimum wages for unskilled workers (2005) again suggest us that how well Kerala is performing in implementation of social welfare measures and protection of rights of labour as it can be observed through minimum wages paid to unskilled labour which much higher with Rs. 109-271 in Kerala and it much lower in an economically developed state such as Gujarat which is only paying Rs. 55-210 for unskilled labour. Data also say that for economic development sate such as Gujarat has compromise with labour welfare measure because low minimum wage rate more industry friendly which require correction in terms of being a welfare state.

As if one go through the data in table no. 1, then it can be observed Job-seekers registered with employment exchanges in thousands (December 2009), it reveals that Kerala constitute of high number of unemployed population then Gujarat which performing much in terms of it and also show that labour welfare measure has negative impact in Kerala and same time flexible labour law implementation which allow exploitation of labour has positive impact on employment with higher employment rate. According to the census (2011) Kerala has the highest in urban with 47.72 per cent and Gujarat with urban area of 42.58 per cent doing respectively doing well. It is obvious that poorer states spend a greater proportion of income on food in total consumption expenditure.

Narrowing inter-state and inter-regional disparities is also one of the objectives of inclusive development. Inter-state comparisons of socioeconomic development of selected major states based on available indicators from different sources show some interesting results. In 2011, Kerala has the highest sex ratio with 1084 females per 1000 males, followed by Tamil Nadu (995), while Haryana is at the bottom (877). Interestingly, the sex-ratios in some of the developed states like Gujarat and Maharashtra are also low at 918 and 925 respectively, same sort of trend also can be observed in child sex ratio. These numbers are also reflection of respective state government priorities. Education does have impact on rights of and that can be seen through the mean of age of marriage of female is higher in Kerala as compared to Gujarat, which also showcase dismal figures in terms female literacy in states but Gujarat is doing better against national level performance.

Women empowerment also can be considered or measured in terms of women participation in decision making. Above table no. 2 reveals that there is positive correlation between education and being empowered in terms of married women decision making as Kerala with 62.5 percent women participating in decision making which is higher than numbers shown by Gujarat with just 56.7 percent but as a nation we are not doing enough in context of married women who usually participate in household decisions.

Table 2
Women Social Demography

Sl no.		Kerala	Gujarat	All India
1	No. of females per 1,000 males (2011 census)	1084	919	943
2	Child sex ratio (2011)	964	890	919
3	Mean age for marriage for female (2011)	20.2	19.8	18.3
4	Female literacy rate (2011)	90.0	70.7	65.46
5	Currently married women who usually participate in household decisions in per cent	62.5	56.7	52.5
6	Women who have experienced spousal violence in per cent	16.4	27.6	37.2
7	Percentage of women's employment to total employment (2003)	39.3	12.7	18.1*

Sources: Ministry of statistics and Programme implementation, GoI Report, 2012, Census population extrapolated, GoI 2011, Planning Commission, 2013, National Family Health Survey 2005-06 and State Report Cards 2005 of National Institute of Educational Planning and Administration

Note: *in 000

Indicators such as 'women who have experienced spousal violence, women with more than 10 years of education and women's employment to total employment' (2003) clearly elaborate the argument that Kerala is doing much better in terms social welfare indicators than Gujarat which is economically more developed state. Even thou Gujarat is one of most economically developed state in country and doing really well as per economic indicators is concerned as compare to Kerala but data reveal a different picture in terms women employment in Gujarat (12.7 percent) which much below the performance of Kerala (39.3 percent), in fact even with overall performance with all the indicators of women social welfare, Gujarat is not as par as Kerala but doing better than national performance but indicators such as participation of women in Gujarat is even much lower than national average.

We have used several indicators for prosperity of people such as ownership of television, motorised vehicle, pucca house, access to a toilet facility, piped drinking water and electricity to measure prosperity among citizen in the state. Table no. 3 elaborates indicators such as ownership of television, Pucca house and access to the toilet where Kerala is performing much better then Gujarat but variables such as ownership of motorised vehicle and use of piped drinking water, Gujarat is doing better.

Table 3
Well-Being/Prosperity

Sl no.		Kerala	Gujarat	All India
	Percentage of households that:			
1	Have a television	67.7	53.8	44.2
2	Have a motorised vehicle	24.7	30.2	18.6
3	Live in a pucca house	84.1	56.4	41.4
4	Have access to a toilet facility	96	54.6	44.5
5	Use piped drinking water	24.6	72.7	42
6	Have electricity	91	89.3	67.9

Sources: National Health Profile 2006, National Family Health Survey 2005-06 and State Report Cards 2005 of National Institute of Educational Planning and Administration

Note: *in 000

Indicators such as piped drinking water shows that Gujarat with more than 72.7 percent accessibility towards it, has invested heavily on physical infrastructure and on the other hand Kerala is performing really dismally with just 24.6 percent population using the piped drinking water. Only towards the accessibility of electricity both states Gujarat and Kerala showing the same with around 90 percent and also performing much better then national average.

Kerala is the best performer in terms of life expectancy at birth for both males (71.5 years) and females (76.9 years) whereas Assam is the worst performer for both males (61 years) and females (63.2 years) during 2006-10. Infant mortality rate (IMR) in 2011 is the lowest in Kerala (12) and highest in Madhya Pradesh (59) against the national average of 44. Birth rate is lowest in Kerala (15.2) and highest in Uttar Pradesh (27.8) against the national average of 21.8 percent. And story is not that different as per census (2011) which says that Kerala is excelling among all the states in India with life expectancy at birth with 75.8 and Gujarat has also improved its position with life expectancy at birth with 66.4.

As table 4 clearly shows that health indicators such as infant deaths per 1,000 live births in which Kerala is performing very well in tackling the issue of infant death and performance of Gujarat is not up to the mark. Indicators in the context of institutional deliveries, children under 3 who are underweight and mothers who had at least three antenatal care visits for their last birth shows same picture where Gujarat is nowhere near Kerala. It is not that different if one explores the vaccination coverage in Kerala with 75 percent and Gujarat with 45 percent, but data also shows were both the state government heading with their policies. Again in terms of children age 6-35 months who are anaemic reveals the same pictures where performance of Gujarat with more the 80.1 percent is dismal in compare to Kerala which has only 55.7 percent of children in that category.

Table 4
Health

Sl no.		Kerala	Gujarat	All India
1	Life expectancy at birth (2011)	75.8	66.4	65.5
2	Number of infant deaths per 1,000 live births in the last five years	15	50	57
3	Institutional deliveries in the last three years in per cent	100	55	41
4	Mothers who had at least three antenatal care visits for their last birth in per cent	93.9	64.9	50.7
5	Vaccination coverage in per cent	75	45	44
6	Children age 6-35 months who are anaemic in per cent	55.7	80.1	79.2
7	Population served per government hospital bed (2013)	910	1,746	879
8	Per capita expenditure on health in Rs (2008-09)	507	320	340.5

Sources: National Health Profile 2006, National Family Health Survey 2005-06 and State Report Cards 2005 of National Institute of Educational Planning and Administration, expenditure, Central Bureau of Health Intelligence (CBHI), 2013

Note: *in 000

As per Central Bureau of Health Intelligence (2013) population served per government hospital bed (2013) again says the same thing where in Gujarat, per government hospital bed serves 1,746 people and Kerala per government hospital bed serves 910 people, it means that Government of Kerala has provided much better health facilities than Gujarat. And it can be further understood in terms of expenditure on health which says during 2008-09 Kerala has spent Rs. 507 per capita expenditure on health and Gujarat has spent Rs. 320 per capita expenditure on health.

Gujarat's health care delivery system appears to be floundering. Shortage of doctors at primary health centres (PHCs) is 34% but shortage of specialist doctors like paediatricians and gynaecologists at community health centres (CHCs) reaches a jaw-dropping 94%. Infrastructure itself has not yet been built – 21% of sub-centres, 19% of PHCs and 11% of CHCs do not exist. In tribal areas, 70% of X-Ray technicians and 63% of pharmacists are not posted, while there is a 100% shortage of specialist doctors. The results of this disarray in health are evident. Gujarat's infant mortality rate¹ has been dismal as it was 38 in 2012.

Maternal mortality ratio (MMR²) is 122 for Gujarat, well ahead of the national average of 178, but well behind Kerala (66), and not anywhere near to economically well off states such as Maharashtra (87) and Tamil Nadu (90). The cause of this mediocre performance of Gujarat in education and health is partly due to not spending enough on these crucial aspects. Since 2001-02, Gujarat government spent only 13.2% of its total expenditure on education compared to the national average of 14.8% for all states. Equivalent states spent much more – Maharashtra (18%), Tamil Nadu (14

¹ number of children dying before they reaching one year per thousand.

² MMR is the number of women dying from child birth-related causes per 10,000 live births.

%). Similarly, Gujarat government was lacklustre about healthcare, spending just 3% of the total expenditure on it on an average. Tamil Nadu spent 4 %, Maharashtra 3.5% but even states like Jharkhand (4.8%) and Rajasthan (4.5%) were ahead.

As history shows that Kerala always been performing excellently in terms of all the variables of education and Gujarat is lagging behind but has improved a lot in last one decade. Table no. 5 support the above argument with numbers on various indicators of education. Kerala has been ranked number one state in the country in context of literacy rate with 96 percent and Gujarat is also performing better with 87.2 percent as per census (2011). Indicators such as schools with one teacher, students for each teacher, average classrooms in each school and number of student who go on to Grade V clearly shows that Gujarat need to do more to improve its present status.

Table 5
Education

Sl no.		Kerala	Gujarat
1	Literacy rate (2011 census)	96.0	87.2
2	Percentage of schools with one teacher	0.1	5.7
3	No. of students for each teacher	26	36
4	Transition rate from primary to upper primary in per cent	86.6	82.7
5	Average classrooms in each school	10.5	4.8
6	Average number of instructional days	181	210
7	Percentage who go on to Grade V	108.5	78.9
8	Dropouts (Grade I-V) in per cent	5.8	2.2

Sources: Ministry of statistics and Programme implementation, GoI Report, 2012, Census population extrapolated, GoI 2011, State Report Cards 2005 of National Institute of Educational Planning and Administration,

Note: *in 000

Other variables such as transition rate from primary to upper primary Gujarat is up there with Kerala. In terms of indicators as average number of instructional days, average number of instructional days and dropouts (Grade I-V) Gujarat is performing much better against the Kerala. All the indicators of education in terms of prove the argument that Kerala is faring much better than all other states in India so as Gujarat, but recent initiatives of government of Gujarat with some result shows that Gujarat is also improving by each passing day but still it is doing better than most of states in India in the context of various variables on education as mentioned in the above table on education.

A closer look at important aspects of education, to people's lives shows up an unexpectedly dismal picture in Gujarat. Dropout rates in schools are unacceptably high at 58% compared to the national average of 49%. Pupil teacher ratios are higher than the national average, especially in senior classes – at intermediate levels there are 52 students for every teacher in Gujarat compared to the national average of 34.

In case of higher education the provisional report (2011-12) of All India Survey of Higher education (AISHE) reveals that higher education seems to be in doldrums as Gujarat's gross enrolment ratio (GER³) of 17.6 is lower than the national average of 20.4 and much below Kerala (23.1), same time even well below equally advanced states like Tamil Nadu (38.2) and Maharashtra (27.4).

In other words, inequality in the distribution of human development is distinctly pronounced in India in comparison with the world scenario as it can be observed in case of comparative study of Gujarat and Kerala with other part of country. While the plots for normalized indices across dimensions point to a progressive increase in the median from income to education to health across countries, the order is from education to income, and finally to health across the Indian states. In other words, education is one major human development dimension, which calls for serious policy attention to reduce disparities in attainment. Further, whereas for income, health and the HDI (and their inequality-adjusted indices), India lies in the inter-quartile range of cross-country distribution, the same is not the case with education, where the country is in the bottom quartile group and it is very much reflected way the two top most states in India in terms of economic and social development catering to citizens.

The adjustment for inequality made little difference to the distributional profile of normalized indices for education across countries; but the same brought about a radical downward shift of the box plot for the Indian states. Accordingly, the loss due to inequality for the world as a whole was 28 percent in education, while for India, it's a much higher 43 percent and the loss due to inequality in health in India is 34 percent as compared to the world average of 21 (UNDP, 2011) and it show India even thou so called next super power may not doing enough.

ROAD AHEAD AND CONCLUSION

Since economic liberalisation the states in India are making a concerted effort to improve the socio-economic performance in the state. On the basis of government of India states such as Gujarat, Maharashtra, Rajasthan, Tamil Nadu, Andhra Pradesh, Karnataka, Kerala and Madhya Pradesh recorded higher growth rate of economy post economic reforms. However, Assam, Odisha, Uttar Pradesh, Bihar and West Bengal recorded lower growth rate in development of economy. During pre-liberalisation period Punjab, Rajasthan, Haryana, Delhi, Tamil Nadu, Andhra Pradesh, Orissa, Madhya Pradesh and Karnataka recorded higher economy and employment growth than that of all India. While states such as Uttar Pradesh, Kerala, Assam, Bihar, Gujarat, Maharashtra and West Bengal recorded lower growth rate. During post-liberalisation period states like Karnataka, Andhra Pradesh, Karnataka, Gujarat and Maharashtra accelerated the growth of economy and employment. During post-liberalisation period in terms of growth of real output better performance is recorded by Gujarat, Karnataka, Tamil Nadu, Rajasthan and Maharashtra, while Assam, Bihar and West Bengal shared relatively poor performance. In overall, Tamil Nadu, Andhra Pradesh, Punjab, Haryana, Rajasthan and Karnataka recorded better performance in terms of growth of employment and output.

An analysis by United Nations Development Programme (UNDP, 2011) on impact of inequalities at a disaggregated level reveals that inequalities in the education dimension are the highest. It calls for a special focus on areas and social groups that continue to face constraints in accessing education. In both education and health, not only is the attainment of people low, but the extent of inequality remains high.

The degree of inequality, within group of southern states such as Kerala, Tamilnadu and Andhra Pradesh, and the western states of Maharashtra and Gujarat enjoying a much more distribution of

³ GER is the proportion of 18-23 year olds studying in higher education to their total population.

wealth and other attributes, same time other backward states in north and eastern part of India. Among the cluster of southern and western states Kerala is economically most underdeveloped state and on the other hand in terms of social indicators they have performed remarkably well same time Gujarat is one of most economically developed states. Some of this inequality in the allocation of public health expenditure can be explained by income-related differences in utilisation patterns of public facilities, with the rich using more care, if health care is a normal good. But if, however, promoting equity is a key objective of the state, there is no doubt that substantial scope for improvement remains, whether in terms of interstate equity, or within state distributions of public expenditure.

Kerala suffers from the highest level of inequality among the larger states. So growth, and not redistribution, largely explains low levels of poverty. In health, Kerala's per-capita private expenditures are nearly eight times its per capita public expenditures (Government of Kerala, 2010). In education, excluding two or three tiny northeastern states, at 53 percent, rural Kerala has by far the highest proportion of students between ages 7 and 16 in private schools. Same time Gujarat with its raising clout economically with more 8 percent GDP growth rate has not been as with Kerala in terms of social indicators such as health and education but way and well ahead of Kerala in context of economic Indicators.

Moreover, the developmental literature rarely provides rigorous, empirically based analysis, of the extent and importance of public participation on economic development. This paper examined empirically the impact of collective action and public participation on economic and social development in India by comparing two very different and significant states in terms of India's growth. Our analysis uncovered important aspects of that regional and economic disparity Indian and more in terms two very different states in their nature and its different static and dynamic effects. The paper entails, therefore, substantial implications for the understanding of the approaches of Indian states towards socio- economic development. Overall we concluded that collective action may have important endogenous, positive effects on economic development. A particular finding in Kerala was the implementation of social policies that promoted human development and widespread socio-economic security. Our empirical analysis demonstrated that the negative relationship between social and economic development. These two indicators are very different from each other and independent.

Off course playing with indicators is a tricky game, one can always cherry-pick this data or the other, but definitely Kerala is more "progressive" social indicator wise than Gujarat with without proper health and education system may not be sustainable for long time.

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ANATOMY OF TOURISM OF HIDDEN HILL STATIONS OF RAJOURI AND POONCH

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Abstract

Tourism's importance, as an instrument for economic development and employment generation, particularly in remote and backward areas has been well recognized the world over. Need for development of tourism industry is very important in Rajouri and Poonch because regional economy depends mostly upon traditional form of occupations, unaffected and unaltered by modern day industrial development and changing perceptions. The primary and secondary sector of the regional economy shows little prospects of growth and expansion, though agriculture, horticulture; cattle's rearing forms the backbone of the regional economy since times immemorial. Tourism can play a crucial role in the regional economic development as the region has a unique distinction of possessing potential tourist destinations in all forms. This paper explores the potential untapped numerous tourist destinations in these twin border districts and also reviews the current tourism development policies of the Government of Jammu and Kashmir in particular with reference to Rajouri and Poonch. However, it is found that there are major conflicts between the policy planning and practices adopted by Govt. of J&K when it comes to Rajouri and Poonch.

Keywords: *Economic development, Pilgrimage, Rajouri and Poonch, Tourist Destinations.*

JEL Classification L83, Z32

INTRODUCTION

Tourism is travel for recreational, leisure or business purposes. Tourism is an important activity all over the world. All countries endeavor to promote tourism and make all-out effort in this direction. Tourism encompasses several industries like hotel and restaurants, aviation and transportation, construction industry and thousands of the roadside vendors who provide various services to the tourists. Tourism thus generates great employment opportunities and income to the people than what could be accomplished by promotion of any other industry. Tourism has emerged as one of the most preferred and fastest growing industry of the world. Although tourist inflow has a long history in India, yet its importance as an industry was recognized by Government of India only in 1980s.

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Thus, tourism is late started industry in our country. Globalization and opening up of the economy has helped tourism to emerge as one of the biggest foreign exchange earners to this country. Besides creating vast opportunities for gainful employment, tourism has also helped the realty sector a great deal through construction of hotels, shopping malls and restaurants.

Tourism industry is more important in case of Rajouri and Poonch because regional economy depends mostly upon traditional form of occupations, unaffected and unaltered by modern day industrial development and changing perceptions. Agriculture, horticulture, cattle rearing forms the backbone of the regional economy. Agriculture is the dominant sector of state economy. Together with allied activities agriculture provides employment to 62 percent of rural population which constitute 75 percent of states total population. Despite being the main source of livelihood, agriculture has not witnessed any progress over the past quarter century in the area. The state economy is gradually shifting from primary production to tertiary sector.

Tourism can play a crucial role in the regional economic development. The primary and secondary sector of the regional economy show little prospects of growth and expansion. The development of agriculture is hampered due to very small average size of landholding, limited availability of arable land and lack of opportunities to apply modern techniques of farming. Industry consist of few small and micro enterprises with no hope for expansion due to non availability of raw materials, skilled manpower and little proximity to establish markets in the other cities and towns. The region is dependent on outside supplies including for the items of daily consumption and value addition is meager and restricted to retail margins. In the light of above mentioned facts tourism is recommended as lead sector for development of Rajouri and Poonch, as tourism has variety of impacts like income and employment generation, promotion of transportation, development of infrastructure, generation of tax and other forms of revenue to the government. Tourism industry is also recognized to have high multiplier effect as incomes are spread among vast sections of society. The effect of change in economic activities resulting from household spending of income earned directly or indirectly as a result of tourist spending further generates incomes and jobs in the other sector of the economy, For example service providers in hotels and restaurants support regional economy directly or indirectly through spending their incomes in the region for housing, food, transportation and usual array of household products and service needs.

REVIEW OF LITERATURE

Sacareau (2003) argued tourism is a system of practices, actors and places that move through time and space with the development of the society which produced them. The hill stations have not been ruined by the shift from the colonial era to the postcolonial age. On the contrary, they have become the favourite destination of Indian domestic tourism, probably because they were real places for recreation, and not only the symbol of imperialism. They have also kept and developed some administrative functions, a sign of their urbanity among the mountainous areas where they stand. The new tourist system that emerged in the second half of the 20th century has not broken with the older one. The Indians succeeded in their conquest of this symbolic place of power, a long time before Independence. However, they also found in these stations an alterity and an exoticism in precisely what was familiar to British residents. What is exotic for one is not exotic for the other... It exemplifies the amazing power of tourists to subvert places and of tourism to survive the conditions that governed its generation.

Roy and Tisdell. (1998) book hocus is on various aspects of tourism as development issues for the whole of India, policy and environmental issues, income and employment generation from tourism and human relations in tourism management and regional tourism. The importance of tourism in India's economic development is emphasised and measures that can be taken to ensure sustainable

growth of tourism in India are discussed. The issues and policies presented are applicable to developing countries around the world.

Mohit (2011) stated that Himalayan region offers some of the rarest 'tourism' products of nature with a wide ecological range and diversity. Apart from the many-splendored natural attractions and scenic beauty, the religious and socio-cultural dimensions of the tourist resource assume significance in the context of the hill districts lying in the lap of the lower Himalayas. Tribal life, ethnic culture, folk traditions, folklore and the innumerable religious shrines and sanctified spots seem to have grown with the splendor of nature as an organic whole. Accelerated pace of development since the 1950s, gradual socialization and broad basing of tourism, educational awareness, and improved transport and infrastructure facilities, have all contributed to enormous proliferation as well as concentration of tourism related infrastructure in the popular hill-stations like Simla, Nainital, Mussoorie and Darjeeling, to name a few. In the absence of advance planning in a systematic manner, relentless influx of tourists to such centers has disturbed the demand and supply equilibrium. This has given rise to acute problem of landuse,, environmental pollution and degradation, stress condition on infrastructure, transport and services, and creating conflicting conditions.

Travel and Tour World (2013) UK and the US issuing travel alerts to all their citizens the tour planners are pleading with the political parties to spare the tourism industry as there is a huge tourism boost in the hill areas during this peak tourist season. However the hills earn its living from tourism and with the dismal political state the industry is bound to suffer if situations do not improve. Tourists travelling to the hilly areas of Darjeeling are over 1.75 lakhs which includes almost 15,000 foreign tourists. The annual business volume is about 400 crore and nearly 65% goes back to the local economy and nearly half of the population benefits directly or indirectly from the industry.

Baxter and Bowen (2004) assess the effects on the UK tourism industry from both outbreaks and also focuses on the role of the media in its portrayal of the effects. Data are gleaned from secondary sources such as BBC archives of radio and television programmes, other media such as key newspapers, as well as specialist journals and government reports. The study concludes that the 1967–68 outbreak had only a limited actual effect on tourism (and an even more limited effect as perceived in the media), whereas the 2001 epidemic had a much larger effect—actual and as perceived in the media. It is suggested that there are many explanations for the differences, including the time of the year of the outbreaks, the spatial spread of the disease, the amount of countryside that was deemed to have restricted access and the growth in supply of rural tourism operators. The changed character of news reporting itself created some different effects—the media role in the 2001 crisis was not entirely passive. Indeed, the paper finally stresses that the role of the media is crucial in tackling any future such crisis—the media can be *harnessed* as a key element of tourism contingency planning. In this respect there is, indeed, much similarity between the 2001 FMD crisis and other current crises worldwide.

OBJECTIVES OF THE STUDY

1. To explore tourism potential in the areas of District Rajouri and Poonch
2. To stratify the viable tourism destinations on the basis of types of tourism
3. To recommend policy measures for improving tourism in the area.

RESEARCH METHODOLOGY

Research methodology involve both primary and secondary source, visit to various tourist places therefore the field study; allows a critical understanding of the issues associated with the tourism, its need for development of potential tourist destination in the area. Insights were gained through various publication including government reports, journals, articles, books and newspapers.

DISCUSSION

Geographically, twin border districts of Rajouri and Poonch fall in the Pir Panjal belt of Jammu province. This is an important mountainous range which separates the valley of Kashmir from Jammu province. District Rajouri shares a long border from Sunderbani to Bhimbergali with Pakistan occupied Kashmir (PoK) in the west. It is bounded by Udhampur district in the east and by Jammu in the southeast. The northern part of the district consists of hilly terrain. Jammu lies in close proximity of 160 kilometers from the district. The geographical area of the district is 2,630 sq. km. It comprises of six tehsils, namely, Thanamandi, Rajouri, Budhal, Kalakote Sunderbani and Nowshera. Poonch town, the headquarters of the district by the same name, is situated at a distance of 246 km. northwest of Jammu. The town is at a height of 3,287 feet above sea level. It is surrounded by the Line of Control (LoC) on three sides and is separated from Kashmir Valley by the mighty Pir Panjal range in the north. The geographical area of the district is 1,674 sq. km., comprising three tehsils, viz., Mendhar, Surankote, and Haveli (Poonch). There are no industrial units in the district. The district Rajouri ranks 518th position in population with 619,266 souls and Poonch ranked 548th position in population with 476,820 souls, in country out of total 640 districts. Therefore, the study pertains to tourism in the area of Rajouri and Poonch. The study is limited to Baba Ghulam Shah Badshah Ziarat Rajouri, Nangali Sahib (Poonch), Sain Miran Ziarat and Budha Amar Nath Shrine (Poonch).

REASON BEHIND TOURISM

Wealthy people always travel to distant parts of the world, to see the great buildings, work and art, learn new languages, and experience new culture, taste different cuisines.

1. It is seen that by promotion of tourism industry host nation/region can achieve economic growth and development.
2. World Bank, Asian Development Bank and other multinational institute recommended expansion of tourist industry to boost socio economic transformations of least develop and developing nations
3. This is because of rise in the income of the people, Short span of holidays - wanted to make this short break more pleasurable and memorable so they went for adventure travel, Further this is facilitated by internet sales of tourism product-Tailor made tourism product as desired by customers.

TOURISM IN JAMMU AND KASHMIR

Jammu and Kashmir is often called 'Paradise on earth' known for its scenic landscape is the northern west part of the India. Tourism in J&K forms an integral part of the State's economy. The state of Jammu and Kashmir is a world known tourist destination. Incoming tourists are generally categorized into (a) Leisure Tourists (b) Pilgrimage Tourists (c) Adventure Tourists. Leisure tourists

are largely confined to Kashmir valley in (Gulmarg, Tangmarg, Palgham, Dal-lake, Wolar Lake, Mugal Gardens and Amar Nath shrine) where as Jammu receives millions of pilgrims on their way to Mata Vashno Devi Shrine. Naked peaks of Ladakh often called as 'Moon on Earth'. Ladakh attracts significant number of tourists who are predominantly foreigners.

PROSPECTS OF TOURISM DEVELOPMENT IN TWIN BORDER DISTRICT RAJOURI AND POONCH

The region comprising Rajouri and Poonch has yet to find its place on the tourist map of Jammu and Kashmir. The number of incoming tourists has remained negligible in spite of vast tourism potential in the area. There has been no effort to develop tourist sites and no campaign is undertaken to attract tourists. The region has a unique distinction of possessing potential tourist sites for all the three categories of tourist. The number of Pilgrim can increase manifold with the development of tourist facilities around Shahdara Shrief shrine in Rajouri, Budha Amar Nath shrine, Nangali Sahib and Baba Sain Merain shrine in Poonch. Nangali Sahib is the largest Sikh shrine in Jammu and Kashmir. Baba Ghulam Shah Badshah Shadhra Shrief attracts thousands of devotees from all sections of society including Hindu, Sikh and Muslims across the country.

The opening up of Mugal road has further increased opportunities for mass tourism in the region. There is ample scope for development of tourism activities which would bring a new wave of economic development in the area of Rajouri and Poonch. In spite of tremendous tourism potential twin border district Rajouri and Poonch had been devoid of any development activity. This area needs tourism development because This region has very small agriculture arable land.

1. Lack of modern agriculture techniques.
2. Negligible enterprise development in the area.
3. Non availability of raw material for setting up of industry.
4. Less proximity of market development.
5. The region is dependent upon outside supply of consumable goods.

Before discussing avenues for tourism development it is essential to discuss a brief historical background of District Rajouri and Poonch as it correlate with the tourism in the area. Around 326 BC, Alexander the Great invaded in Poonch to fight with Porus and then after in 1020 BC, Mahmood Ghazanavi occupy the area by fighting Raja Tarlokan Chand of Poonch, thus the area remained under control of Mughals, In 1596 AD, Mughal emperor Jahangir made Siraj-Ud-Din ruler of Poonch. Then it remained under the dictatorship of Raja Razaq, Shabaz and Rustum Khan till 1720 AD. In 1891 this area was captured by Maharaja Ranjeet Sing and it remains under his occupation, under Khalsa Darbar Lahore till 1850. It follows the tenure of Sikh kingdom ship by Moti Sing, Baldev Sing etc. After 1947-48 war between India and Pakistan, some portion of Poonch goes to Pakistan occupied Kashmir. Till 1965 Poonch remained as it was, then in 1965 Poonch further divided in to two districts i.e. District Rajouri and Poonch. This is all about the historical background. Taking about exploration of tourism industry Government of Jammu and Kashmir as well as Jammu & Kashmir Tourism Development Corporation (J&KTDC) not ever desired to exploit the potential of the area. J&K TDC had spent 8.45 Crore for tourism development activities in Rajouri for last 2-3 years and 6 crore in Poonch. Rs 22.84 Crore for districts Rajouri and 9.64 Crore for districts Poonch had been submitted to central government for development of infrastructure like tourist huts, cafeterias, and renovation of heritage sights etc.

TOURISM POTENTIAL OF THE AREA

Rajouri and Poonch can be the favorite tourist destination as moderate summer and winter climate are equal but short distance from the summer and the winter capitals of state provides additional advantages to the region to woo holiday makers who look for respite from scorching heat in summer and bone chilling cold in winter. Unlike other tourist resort in state, Rajouri and Poonch can developed all round the year rather than seasonal activities. Region has potential for seasonal cum round the year all types of tourism which includes

1. Adventure Travel
2. Pilgrimage tourism
3. Leisure tourism
4. Eco tourism
5. Heritage Tourism
6. Medical tourism

There are numerous destinations which jointly come under leisure, Adventure, Heritage and Eco tourism. These are as follows:

Noori Chamb

This place associated with the name of Mughal Queen Noor Jahan wife of Emperor Jahangir. Noori Chamb is famous for its scenic beauty and milky water fall. It is situated near Baharamgala- in Surankote, about 45 Km from Poonch town. The fall of the stream gives rise to dense clouds of water vapors which engulfs the area and spread all over. The emperor Jahangir had developed so much fancy and liking for his fall that he named it Noori Chamb after the name of his beloved queen Noor Jahan. Mughal Queen used to stay here for relaxation and bath while on the way to Kashmir. She had got fixed a mirror beside the fall on rock wall where she used to have her makeup after bath; the remnants of mirror are still there.

Girgan Dhok

It is a valley of seven lakes which is located about 70Kms from Poonch town. Girgan Dhot has beautiful seven wet lands called as seven lakes namely Sukhsar, Neelsar, Bhagsar, Katorasar, Kaldachnisar, and Nandansar situated at the altitude of 12000 Feet in Bufliaz belt. Nandansar is one of the biggest lake in Girgan Dhok. The length of this lake is about one mile & breadth is half mile. These beautiful lakes have their own charm which a visitor would long remember. These wet lands are still untapped and can be developed as eco and leisure tourism destinations to attract the tourists from across the world by proper infrastructure development and connectivity.

LEISURE, ADVENTURE AND ECO TOURISM DESTINATION TOURISM DESTINATIONS

Wet Lands (Lakes of Pir Panjal)

Wetlands are crucial natural resources; these are the areas of land that are either temporarily or permanently covered by water. This means that a wetland is neither truly aquatic nor terrestrial. The Pir Panjal falling under the jurisdiction of Rajouri-Poonch districts is a repository of beautiful lakes situated at an altitude between 13,000–14,500 feet. In the local parlance, lake is called "Sar" and meadow is called "Marg". This stretch of Pir Panjal is full of lakes and meadows and a place to be well enjoyed by the tourists. There are more than 27 lakes between Simar Sar to Nandan Sar in an area of 900 km. Of these seven lakes are big in size and rest are smaller. Next to Kaunsar Nag, Bhag

Sar is the biggest lake. Most of the big lakes are situated at the boundary line between Jammu division and the Kashmir valley and drain into the Kashmir valley. The important lakes are Sukh Sar, Akal Dakshni, Nandan Sar, Chandan Sar, Katori Sar, Raviwalli marg group of lakes, Chamar Sar, Bhsg Sar, Diya Sar, Padyaran Sar I and II, Katori Sar in Bela Marg and Smat Sar. All the above lakes are situated in the highlands of Pir Panjal Range and freeze during winter and become available for rafting or boating only during summer season i.e. during the months from June to October.

Sukh Sar

This is the first lake if one approaches these groups of lakes from northern direction. This is an oval shaped lake situated at an elevation of about 3000 m and is very small in size.

Akal Darshni

This lake is situated next to Sukh Sar at a distance of about one km. Akal Darshani is worshipped by all Bakerwals who pass through this route and consider it very sacred. Lake is triangular in shape and the colour of water looks black in comparison to blue colour of other lakes. It is located slightly at higher altitude to that of Sukh Sar at an elevation of about 3,300 m. This lake is about 200 m wide and 400 m long.

Nandar Sar

Nandan Sar Lake is one of the biggest lakes in the Rajouri District. This lake is oval shaped and measures over 1 km in length. Nandan Sar Lake is situated at a height of 3500 m above sea level. Upon reaching the site, tourists would discover that the water of this lake is deep blue in colour. The water of Nandar Sar runs from the Jadi Marg Nullah and flows down into the Kashmir Valley. Travellers planning to visit the Nandar Sar Lake have to first climb up the slope of Akal Darshini and then descend to the Kashmir watershed.

Chandan Sar

At half an hour trekking distance from Nandan Sar is located Chandan Sar amidst a depression formed by lofty mountains across to east. Chandan Sar is located at an elevation of about 3,600 m and is as big as Nandan Sar.

Katori Sar

From Chandan Sar route again enters Rajouri District through Dharhal pass (3,650 m) in westerly direction. Just near is the saddle and irregular shaped lake, with blue waters, welcomes the travels. This is Katori lake or Sar at an elevation of about 3550 meters.

Ravi Walli Marg group of lakes

From Katori Sar as one descends down due west, water of four lakes gives a panoramic view of Ravi Walli Marg. The four lakes located in this Marg are Kokar Sar, Neel Sar, Bhag Sar and Ding Sar. Altitude of this place is about 3,300 m and is one of the best camping sites at this altitude.

Bhag Sar

Bhag Sar is the highest lake situated in this series of lakes in Tapani/Budhal mountains at an elevation of about 3700 meters. It is an oval shaped lake and is inaccessible for a common man. It is enclosed from all the four sides and is always full of icebergs.

Diya Sar

This lake is also accessible from Sarota Marg located due west from Chamar Sar. Shape of the lake is typical like an Indian earthen lamp and so named as Diya Sar. This lake is about one km long and located at an elevation of about 3,600 m.

Padyaran Sar (I & II)

Just below Diya Sar Gali, at an elevation of 3,400 m twin lakes of Padyaran Sar can be seen. Both are bean shaped lakes. Padyaran-I is slightly bigger than Padyaran II. Most of the time, these lakes remain under snow. Nomadic Bakerwals of Taryath, Tatapani, Khawas, Metka, Moghla, Kandi, Bakori, and Budhal cross Rupari pass to enter Kashmir valley.

Gum Sar

This is another small lake at the foot of Dhakyar peak at an elevation of 3,600 m. Dhakyar peak is the highest peak in this range. It is Pyramid type Mountain with height of about 4,660 m.

Samot Sar

Samot Sar is located on northern end of Badjari Marg, at an elevation of about 3,550 m. This is an oval shaped blue water lake with maximum length of about one km. Samot Sar is nearest accessible lake from Budhal side (1,800 m).

Behram Gala

It is 45 km on the east of Poonch city and connected with motor able road. This place is surrounded by mountains and forests and situated on the foot hills of Peer Pangal pass on Mughal road. Power and water supply are available at the site. The climate is very pleasant and cool. There are two important shrines (one of Hindus and other of Muslims) located in the village. The village is just 500 meters away from the famous water fall Noor Chamb. This spot is also important from trekker's view point because the main path leads towards the valley of Girgan and the valley of seven lakes starts from this very place. There is a need of conversion of Behram Gala into a tourist resort by constructing tourist huts and trekkers sarais.

Surankote

Surankote is the beautiful valley on the south-western side of Peer Pangal range. It situated in between snow bounded peaks. This place resembles with Pahelgam. The climate is very cool and pleasant. The maximum temperature goes to 32 degree Celsius in summer. This place can also attract number of tourist because of its unique and beautiful make up.

Dehra Ki Gali

DKG is situated at the height of 6300 feet with salubrious climate, thick forests, cool breeze and charming view of surrounding hills can suits tourist's expectations.

Loran

Another charming place in Mandi Poonch provides view of beautiful Loran River which flows through foot hills of Pir Pngal travelling to Loran can be a memorable experience for tourist.

Mandi

Mandi is very beautiful place in the area. It is a narrow valley enclosed by sheer grassy hills situated near two streams namely Gagri and Plusta. Beautiful view and cool climate further make Mandi a famous tourist spots during summer.

Nandi Shool

A place in Mandi in addition to Loran, 150 feet long water fall comes from Pir Panjal hills add to the beauty of the area. The adjoining area is very much beautiful and pleasant, tourist may overwhelm by rehearing here

Heritage tourism destinations

Poonch Fort

This fort is a heritage building and has immense historical importance, located in the heart of Poonch town. The foundation of building was laid by Raja Razak Khan and then constructed by Raja Rustam Khan. This building reflects unique architecture style of Mugals, Sikh and Europeans. Regime of different persons in their successive time put their impression on the fort architecture. Like Central portion reflects Sikh architecture, upper and lower most portion reflects European and Mugals architecture.

OTHER HISTORICAL SITES

These include Thanamandi Quila, Chingus Quila, Balistan Bawan, Fort of Dani Dhar Tata pani in district Rajouri which have values and heritage importane.

PILGRIMAGE TOURISM DESTINATIONS

Shadhra Shrief Shrine

Shadhra a place is associated with the name of great saint Baba Ghulam Shah Badshah; this shrine has both religious and historical importance to tourist of all sections of society. During the regime of Maharaja Ranjtit Singh, Hari Singh was a spy/constable in his military, once Hari Singh had visited to Baba Ghulam Shah, Baba told him that one day he would be the owner of this territory. When this saying comes true and he becomes the Maharaja of the state J&K, he visited Shadhra to thanks but Baba had already left this world. Then he constructed this shrine. Since, then the shrine becomes more famous to people of all religious faith. Every day shrine received thousands of pilgrimage throughout lengths and width of country.

Budha Amar Nath

This place has great religious importance due to the temple of Swami Budha Amarnath. It is said that this temple is older than Swami Amarnath of Kashmir. Legend goes that Lord Shiva had visited this place. There is a natural Shivlinga of white stone inside the temple. Thousands of pilgrims with great devotion come to this place from different parts of the country. The main religious function is

held on the occasion of Rakasha Bandhan festival. In recent years there is a great influx of devotees from northern parts of India. If promoted and developed it can prove potential sites like other Hindu pilgrimage destination in state.

Sain Miran Sahib Shrine

In a recent year shrine of Baba Sahib Sain Miran shrine becomes very famous across the state and tourist of all religious faith visit here especially during the Urus/Barsy time. It is also situated in Guntrian Mandi 10 Km away from Poonch town. Reaching at the top of the hill in the shrine one can view beautiful scenery of the surrounding region.

Nangali Sahib

This shrine is the biggest Sikh shrine in the State this place has great religious importance; thousands of pilgrims of all religions throughout the country come to this place every year It was established by Sant Bhai Mela Singh. In coming pilgrims continuously increasing manifold in the recent years existing accommodation may not suffice the need in near future. So there is need to develop accommodation facilities beside tourist amenities.

Ramkund

Ramkund temple is the ancient temple is situated in the village Narol which is 11 kilometers on the south of Mendhar town. This old monument is having great religious importance. Legend argued that it was constructed for the first time by Lord Rama when he was on his way to Kashmir. Road connectivity and proper development in the vicinity of the temple can woo the tourist from all over India.

Chotay Shah Shrine

This shrine is also situated in Mendher District Poonch; hundreds of pilgrims come to this place every day and is very famous shrine among locals. Beside these pilgrimages destinations there are other destination like Ziarat Hazrat Sayed Pir Habib Shah Pamrote Surankote.

ADVANTURE AND ECO TOURISM DESTINATION

Mugal Road

Revival of historical Mugal road brings opportunities for local to reap the benefit of travel and tourism related activities in the area by opening up of road side tourism amenities. Contribution of the opening up of Mugal Road can be seen in the form ecotourism development in places near Peer ki Gali, Access to historical Mugal Saraie and adventure travel in the area.

Cross Border Tourism

Recent confidence building measure leads to cross border travel and tourism along with trade, a large numbers of persons of divided families were waiting since many years to visit across and meet each other. From 2005 by opening of Poonch- Rawlakote bus service help a tremendous influx of tourism in the area which is still in progress .If it continues it is expected that there will be more tourist flow from others parts of the neigh borer country.

PROBLEMS IN THE DEVELOPMENT OF TOURISM IN THE AREA

Loop poles in concern government policies and strategies. In spite of all these potential sights there are only 5 tourist huts, 31 Hotels and four tourist Bungalows in Rajouri and Poonch. None of the hotel is rated as A rather B class for tourist staying. Concerned tourism development authorities highlighting in the news papers that, they are providing subsidies and loan to the construction of Hotels etc to people but no physical construction took place in the District Poonch under this scheme.

Central government released a handsome amount for the renovation of heritage sights in the both districts but at present these sights are as it was with minor denting panting. From last few year government is planning to construct tourist huts and similar facilities near tourist destination but it is not implemented properly by concerned Tourism Development Authorities, if implemented further it remains to Physical and Financial report of the department for annual achievement which is considered to be basic loop poles of the concerned government. This region could not get the proper receive the proper attention of any government from past five decades and never any ruling party government keep any portion of the area in the priority sector in development, which causes misery in the area because of underdevelopment.

FINDING OF THE STUDY

The reason behind the underdevelopment and non exploitation of tourism can be understand by following reason.

1. Insufficient infrastructure.
2. Lack of Road/Rail connectivity in area as well to the tourists destinations.
3. Non availability of Air Service.
4. Non seriousness of the concerning tourism development authorities.
5. Non involvements of locals.
6. Ignorance of peoples and illiteracy in the region.
7. No promotion strategy is undertaken.
8. Continuous migration of person's from rural to urban areas.
9. Trouble in the areas during year 1990s and 2000.
10. Lack of push and pull forces
11. Poor leadership in both districts.
12. Corruption.
13. Lack of analysis of tourism carrying capacity in various places and environment Impact analysis.

RECOMMENDATIONS

After reviewing government policies and exploring potential for tourism development, it is necessary to recommend some suggestion and policy measure for implementation in the area.

1. First one is construction of tourism reception centers for incoming tourist, it will help to both tourists and concerning authorities.
2. Training and skill enhancement of local youths for gainful employment like guides and tour operators.
3. Development of sustainable tourism so that in exploiting tourism nature may not harm.
4. Separate tourism circuit for seven wetlands, eco tourism development around Mugal road and similar places in the region.
5. Construction of road tracks on hilly region like Peer Pangal etc.
6. Construction of rail route from Katra, Udhampur to Rajouri and Poonch via Raisi.

7. Incentives to entrepreneur so that they can contribute tourism development activities.
8. Need to build Public Private Participation in developmental activities.
9. Neither state government nor this region undertakes any promotional strategy like 'Incredible India' for promotion of tourism.
10. There should be recreational activities.
11. Community participation is necessary for overall development of the region.
12. Government and Local operators should encourage responsible tourism in the area.

CONCLUSION

From the insight it is understood that area consist of twin border district Rajouri and Poonch has very less opportunities in development in the field of agriculture and industry. As both the district, have several unexploited tourist sites if developed properly without compromising environment, it can prove life line for the region. So it is recommended as lead sector for overall development of the area. There are several factors and false government policies which hinder the development However, if planned policies are implemented in a right way at the bottom levels this area is no more away from prosperity.

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PRICE VOLATILITY AND FOOD SECURITY IN INDIA: AN EXPONENTIAL MODEL

S. K. Kulshrestha* & Daya Singh Bhullar**

Abstract

Government policy is playing an important role for sustainable agriculture growth. The price fluctuation pattern is as different as it has assumed generally. The widespread hunger established in many nations of the world is not due to the non-availability of food in the market but is due to inflation in food crops. So inflation affects purchasing power of the society of rural as well as urban areas. Wholesale prices index based study of food grains, wheat, rice and cereals of every month of last ten year analyzed that growth rate of price index of food grains, wheat, rice and cereals is much higher in the last quarter of the year. Growth rate of price index of food grains, wheat, rice and cereals is much higher in the last quarter of the year. Food grains price index growth rate highest in the month of December and lowest in the month of June. The Growth rate of price index in wheat is highest in November and lowest in March. The growth rate of rice is highest in the month of December and at its lowest during the months of June and July. The growth rate of cereals price index is highest in the month of November and at its lowest in the month during April to August.

Key Words: Food Inflation, Growth Rate, Variance

JEL Classification: L16, L66

INTRODUCTION

Government has many instruments to check fluctuations in price to agriculture commodity which is helpful for sustainable growth in agriculture. The various issues relating to the sustainable production of food for the growing population have been dealt with by the Panel on Food Security and Environment, of the World Commission on Environment and Development (WECD, 1987). Food production does not provide food security to everyone. Sanderson (1984) estimated per capita grain consumption in A.D. 2000 based on the expected per capita consumption in the recent past. Assuming that no significant changes in per capita grain consumption occur, the food grain requirements in various regions of the world were estimated and estimated that the global requirement of food grains in 2025 is about 3050 million tonnes, including food, feed and industrial use. It has been pointed out in the WCED (1987), that food imports are not the answer for the increasing populations in developing countries because importing leads to growing crops with export potential. Importing food also results in unemployment in predominantly agricultural countries.

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Coupled with this is the poor price of exported farm commodities in developed countries. This has resulted in the increasing indebtedness of developing countries, with several undesirable ecological and political consequences. The objectives of the paper is to analyse the effect of price inflation on food grains, wheat, rice and cereals and this analysis based on monthly examine the price volatility of food grains, wheat, rice and cereals. Jacobs (2011) analyzed that the rapid escalation has converged the cost of food. Sustainable solutions to counter the ongoing food crisis need to be found. The logic of competition that governs agribusinesses and supermarkets works against guaranteeing the right to good-quality food for all. South Africa's existing agro-food marketing and food-security policies (and agencies such as the NAMC and the Competition Commission) start from a deeply flawed premise to resolve the ongoing food crisis. Fairer competition and other reforms of the food system within the boundaries of existing laws and the Constitution are unworkable in the long run. To date these have been fruitless in curbing influential corporations from dominating and manipulating food production, markets, and distribution systems for private gain. The ways in which societies produce, market, and consume food must be fundamentally rethought and rationalized. The key pathway to such a new food system is through agrarian reform.

It must start with constructing an ecologically sustainable farming system under the democratic control of peasant farmers, other workers in the agro-food sector, and consumers. The passage of food from the farm to the plate must be reconfigured so as to protect the environment and human well-being. A food system for profit must be replaced with a food system to guarantee the right to adequate food for all. Fritsch *et al.* (2011) analysed households could continue as at present or embark on different strategies, i.e. farm development, starting non-farm self-employment, or stopping agriculture, and could receive policy support for the chosen strategy. In general, results show that continuing as at present is not a reasonable alternative and that action is needed. Farm development is a preferable policy for all household types, while early retirement or starting a non-farm self-employed activity is a practicable option only for a few households. Gedara *et al.* (2012) observes that the main message emerging from this study is that the significant negative impact on food security caused by food price increase has been offset by the rapid increase in income.

METHODOLOGY

The secondary data is collected from Department of Food & public Distribution from 1999-2010. Time series data is used here to check the growth rate of Food grains, wheat, rice, cereals. Semi log econometrics model has been used here to estimate the growth rate these product.

Semi-Log: The exponential equation is given by

$$\text{Ln}Y_i = \alpha + \beta t + U_i$$

Here Y_i = Dependent variable the i^{th} year ($i= 1, 2, 3 \dots N$)

α = Intercept, β = Growth coefficient, U_i = Residual term

The parameters α and β are estimated by the least square method.

The significance of the regression coefficients of the model has been tested by usual Student's t-test. The coefficient of determination has also been calculated for the model

MONTHLY AVERAGE OF WHOLESALE PRICE INDEX OF FOODGRAINS (BASE 1993-94 =100)

Table 1
Food Grains Price Index Analysis

Month	Intercept	Growth Rate (P-Value)	R ²	Average Price Index	C of V of Price Index
January	5.018	0.035 (0.000)	0.836	188.36	13.51
February	5.026	0.035 (0.000)	0.821	189.96	13.79
March	5.028	0.035 (0.000)	0.808	190.11	13.83
April	5.032	0.035 (0.000)	0.760	190.44	14.16
May	5.036	0.035 (0.001)	0.745	191.25	14.33
June	5.049	0.034 (0.001)	0.739	192.77	14.13
July	5.053	0.035 (0.001)	0.738	194.69	14.50
August	5.057	0.035 (0.001)	0.741	195.99	14.66
September	5.053	0.037 (0.001)	0.740	196.89	15.25
October	5.040	0.039 (0.001)	0.760	197.84	16.10
November	5.027	0.043 (0.001)	0.759	199.36	17.64
December	5.019	0.044 (0.000)	0.763	198.98	17.67

Authors' calculation

Note: All growth coefficients of food grains are significant at 1% level

Figure: 1
Coefficient of Variation of Food Grain Price Index

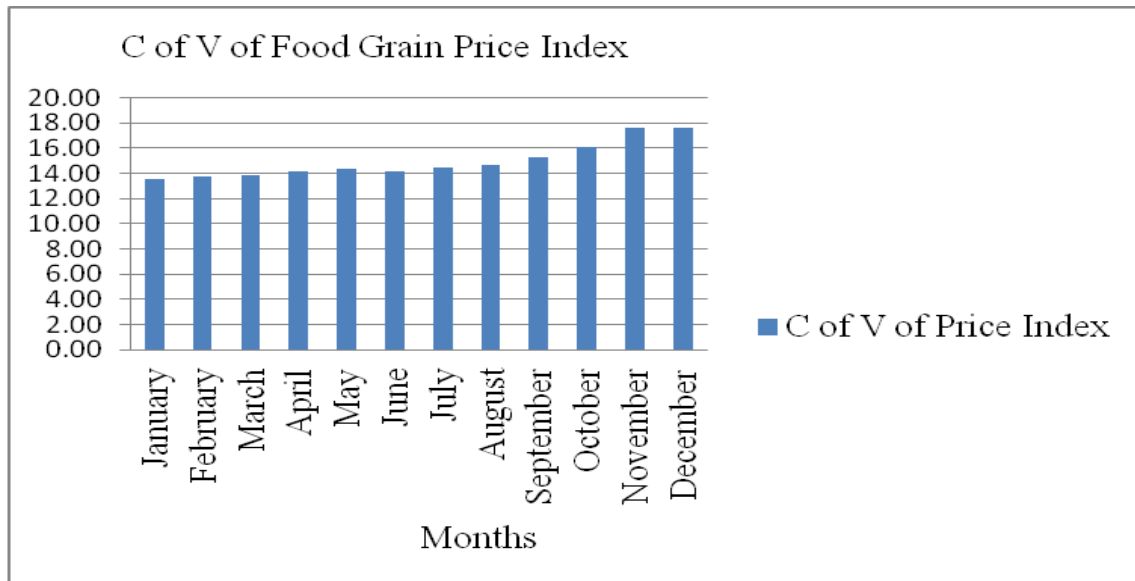


Table 2
Wheat Price Index Analysis

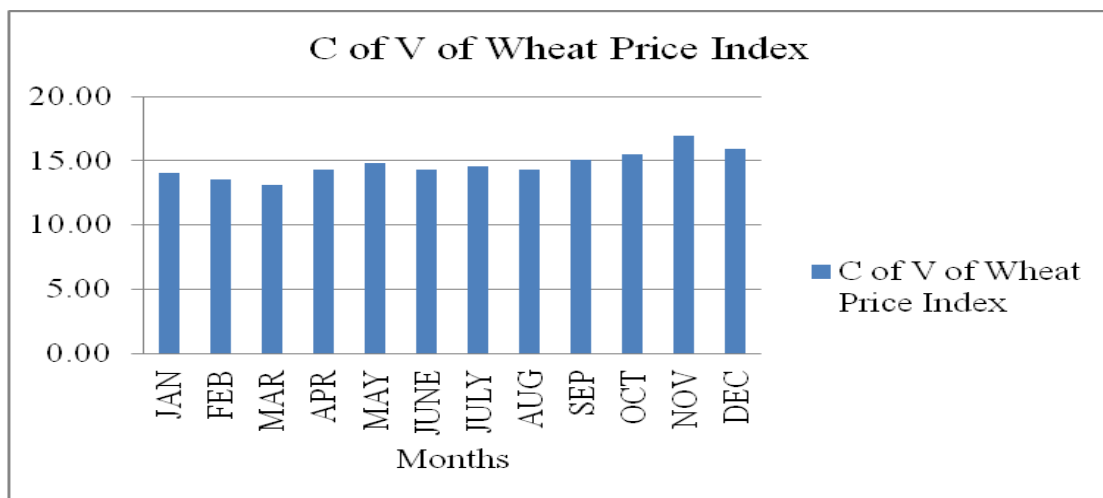
Month	Intercept	Growth Rate (P-Value)	R ²	Average Price Index	C of V of Price Index
January	5.043	0.039 (0.000)	0.881	196.97	14.07
February	5.064	0.037 (0.000)	0.881	198.93	13.50
March	5.064	0.036 (0.000)	0.864	197.37	13.15
April	5.032	0.037 (0.000)	0.825	193.22	14.27
May	5.022	0.038 (0.000)	0.818	192.56	14.80
June	5.034	0.037 (0.000)	0.828	193.72	14.33
July	5.043	0.038 (0.000)	0.811	195.79	14.56
August	5.051	0.037 (0.000)	0.816	196.81	14.30
September	5.047	0.039 (0.000)	0.808	198.46	15.03
October	5.048	0.040 (0.000)	0.815	200.09	15.46
November	5.048	0.043 (0.000)	0.813	204.40	16.94
December	5.058	0.042 (0.000)	0.855	205.06	15.92

Authors' calculation

Note: All growth coefficients of wheat are significant at 1% level

Semi log model shows that the growth rate inflation of foodgrains is about the same from the January to August but inflation growth much faster after August and it is much higher at November and December. Inflation growth rate of all months are significant shown by student t test. Coefficient of determination is more than 80 percent which shows that January to March prices inflation in foodgrains are more. Coefficient of variation shows much variation in the last four months of the years which reflects that the foodgrains prices are more volatile nature in these months.

Figure: 2
Coefficient of Variation of Wheat Price Index



The model shows that the growth rate of inflation of wheat is vary in each month. The inflation growth rate is lowest in March and highest in November. Wheat inflation is the 3.9 percent in January and September, 3.7 percent in February, April, June and August, 3.8 percent in May and July, 3.6 percent in March, 4.0 per cent in October, 4.3 per cent in November and 4.2 percent in December. Growth rate of all month is statistically significant. Coefficient of determination is more than 80 per cent. The coefficient of variation shows the much variability in the last three months of the years.

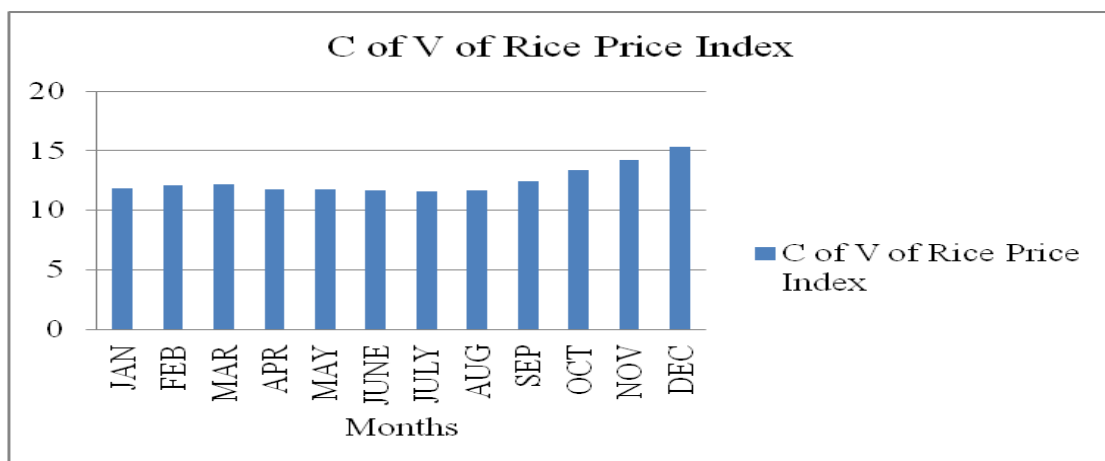
Table 3
Rice Price Index Analysis

Month	Intercept	Growth Rate (P-Value)	R ²	Average Price Index	C of V of Price Index
January	4.982	0.029 (0.001)	0.732	174.11	11.87
February	4.996	0.028 (0.001)	0.700	175.79	12.04
March	5.001	0.028 (0.002)	0.681	176.75	12.21
April	5.026	0.025 (0.005)	0.605	178.34	11.74
May	5.033	0.025 (0.005)	0.594	179.31	11.77
June	5.045	0.024 (0.007)	0.576	180.69	11.64
July	5.053	0.024 (0.007)	0.577	182.16	11.62
August	5.056	0.025 (0.006)	0.585	183.07	11.67
September	5.052	0.026 (0.006)	0.589	184.09	12.45
October	5.035	0.030 (0.003)	0.638	185.01	13.37
November	5.017	0.032 (0.002)	0.665	184.69	14.26
December	4.994	0.035 (0.002)	0.680	183.39	15.30

Authors' calculation

Note: All growth coefficients of rice are significant at 1% level

Figure: 3
Coefficient of Variation of Rice Price Index



The growth rate of inflation of rice January is 2.9 per cent in every year, 2.8 per cent in February and March, 2.5 percent in April, May and August, 2.6 percent in September, 3.0 per cent in October, 3.2 percent in November and 3.5 percent in December. The growth rates of all month are statistically significant. These models show that inflation of rice is highest in the month of December. The price index of rice highly fluctuates in the last four month which has shown in Fig 3.

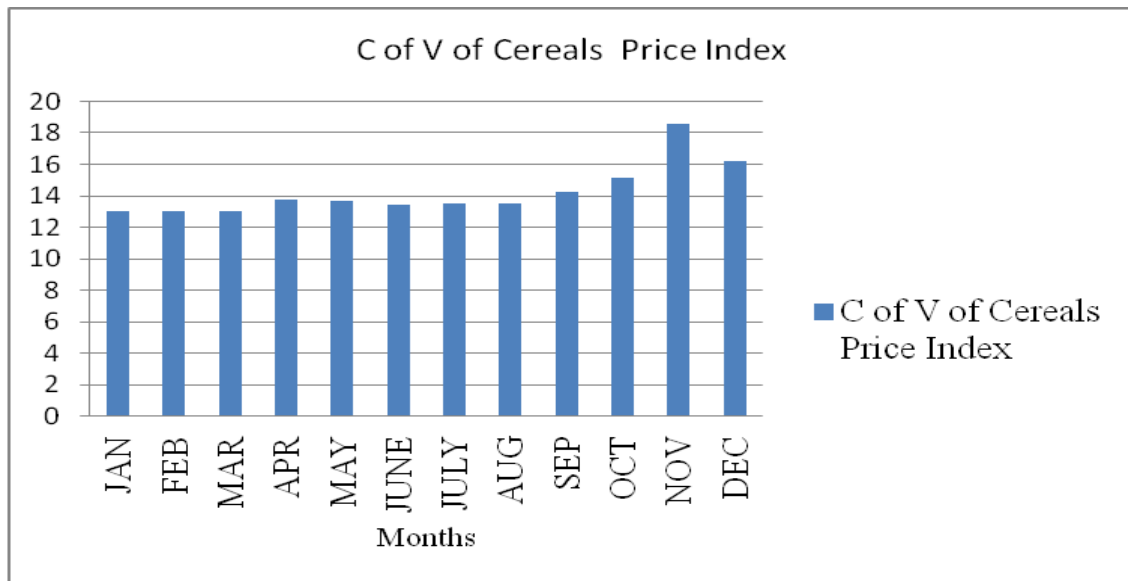
Table 4
Cereals Price Index Analysis

Month	Intercept	Growth Rate	R ²	Average Price Index	C of V of Price Index
January	5.018	0.034 (0.000)	0.835	186.8727	13.00797
February	5.034	0.033 (0.000)	0.809	188.8091	13.05651
March	5.038	0.033 (0.000)	0.789	189.0091	13.04319
April	5.041	0.032 (0.001)	0.731	190.15	13.7664
May	5.042	0.032 (0.001)	0.720	189.5182	13.65531
June	5.053	0.032 (0.001)	0.719	190.9273	13.44666
July	5.060	0.032 (0.001)	0.719	192.4818	13.50723
August	5.065	0.032 (0.001)	0.717	193.6455	13.52326
September	5.059	0.034 (0.001)	0.716	194.4364	14.23342
October	5.043	0.037 (0.001)	0.748	194.9636	15.11148
November	5.018	0.043 (0.001)	0.720	198.0636	18.59082
December	5.025	0.040 (0.000)	0.787	196.0636	16.19302

Authors' calculation

Note: All growth coefficients of cereals are significant at 1% level

Figure: 4
Coefficient of Variation of Cereals Price Index



The Table 4 shows, that the growth rate of price index of cereals is by and large is same in the January to September but highest in November and it much enhance in the last three month of the year. The figure 4 shows the variability of prices in the last three month.

CONCLUSION AND SUGGESTIONS

1. Growth rate of price index of food grains, wheat, rice and cereals is much higher in the last quarter of the year.
2. Food grains price index growth rate highest in the month of December and lowest in the month of June.
3. The Growth rate of price index in wheat is highest in November and lowest in March.
4. The growth rate of rice is highest is the month of December and at its lowest during the months of June and July.
5. The growth rate of cereals price index is highest in the month of November and at its lowest in the month during April to August.
6. The government should focus on the last quarter of the year for check the food inflation and make public distribution system more approachable in this quarter.

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Annexure													
COMMODITY NAME	YE A R	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
Food Gains	1999	159.7	165.9	166.5	168.2	169.7	172.8	175.8	180.5	183.2	182.9	180.9	177.1
	2000	175.4	174.8	175.3	177.6	178.0	178.4	179.0	176.2	172.7	170.5	171.1	172.1
	2001	171.0	169.2	169.8	171.1	173.0	175.7	175.6	174.1	173.3	172.9	172.4	171.2
	2002	168.9	169.7	170.7	170.1	169.9	170.7	172.6	175.8	177.1	175.1	175.9	175.6
	2003	175.2	176.9	177.3	176.1	176.1	177.3	177.5	176.4	175.9	176.6	176.0	174.2
	2004	176.4	177.7	175.4	172.7	173.2	174.1	175.4	178.7	178.9	179.0	178.9	179.3
	2005	179.3	180.2	179.9	179.1	179.2	182.1	184.9	185.6	186.1	187.0	188.4	189.3
	2006	192.7	194.4	194.8	194.5	196.7	198.4	198.8	201.0	206.5	210.6	212.4	214.1
	2007	213.5	213.8	211.1	210.9	210.9	211.2	214.1	215.6	215.5	216.3	216.9	216.3
	2008	217.7	219.1	222.3	223.9	222.8	223.8	228.1	229.7	229.8	235.3	237.5	239.6
	2009	242.2	247.9	248.1	250.6	254.3	256.0	259.8	262.3	266.8	270.0	282.6	280.0
Cereals	1999	158.0	166.5	168.3	170.0	170.7	173.8	177.3	182.7	184.9	183.6	181.9	178.7
	2000	176.7	176.3	176.6	178.4	178.4	178.4	178.3	175.5	172.0	169.4	169.4	170.1
	2001	169.6	168.2	168.2	169.6	171.3	173.3	173.2	171.1	170.4	169.6	169.3	168.4
	2002	166.8	168.4	169.8	168.9	168.6	169.1	171.6	174.8	175.8	173.6	174.4	175.1
	2003	175.6	177.3	177.4	176.0	175.9	177.4	177.4	176.4	176.0	176.3	175.7	174.1
	2004	176.5	178.0	175.7	172.9	173.5	174.6	175.6	178.9	178.7	178.9	179.1	179.7
	2005	180.1	181.5	181.5	180.0	179.5	182.3	184.5	185.1	185.5	186.2	186.6	187.0
	2006	190.3	191.5	191.7	189.1	190.6	192.3	192.8	195.4	199.6	201.5	204.3	206.7
	2007	207.1	207.3	205.8	205.2	205.6	206.3	209.2	211.1	211.5	212.6	213.9	213.7
	2008	215.7	217.2	219.2	220.9	220.2	221.1	224.7	224.8	225	231.3	233.6	236.2
	2009	239.2	244.7	244.9	246.5	250.4	251.6	252.7	254.3	259.4	261.6	290.5	267.0
Rice	1999	148.4	157.1	159.3	167.0	167.3	170.5	172.2	176.9	178.3	178.8	175.8	169.7
	2000	166.9	166.0	166.6	169.9	171.0	171.9	173.1	170.5	167.6	164.3	162.8	164.8
	2001	164.8	163.8	165.1	166.8	169.3	171.0	171.1	168.6	169.8	168.9	168.3	165.6
	2002	161.5	161.6	161.6	162.4	162.5	162.6	166.4	168.0	168.6	167.0	166.9	165.8
	2003	165.9	167.0	168.4	168.3	169.9	171.0	171.9	172.4	172.6	172.7	169.3	163.2
	2004	164.4	165.5	164.5	163.3	164.9	166.6	167.1	169.0	170.2	170.1	169.1	168.7
	2005	168.5	170.2	170.3	170.9	170.5	173.7	175.8	177.5	177.8	178.1	176.8	173.5
	2006	173.0	173.3	173.6	174.6	176.4	177.3	177.3	178.3	179.7	181.5	182.0	181.1
	2007	181.1	181.9	183.7	185.5	186.0	186.5	188.4	190.6	192.6	193.2	194.1	193.1
	2008	195.5	196.8	198.9	201.7	200.8	200.7	203.1	203.2	203	214.9	218.5	222.2
	2009	225.2	230.5	232.2	231.3	233.8	235.8	237.4	238.8	244.8	245.6	248.0	249.6
Wheat	1999	162.9	171.7	173.2	163.4	161.7	164.7	170.8	175.0	178.6	179.3	180.9	180.2
	2000	180.8	180.7	180.3	179.8	178.4	178.8	178.3	177.4	175.8	175.9	177.1	176.1
	2001	175.6	174.0	172.0	173.9	175.1	176.3	177.2	175.6	172.7	173.5	174.8	175.5

	2002	173.9	177.0	178.4	173.0	171.5	172.0	172.3	173.0	175.0	175.2	177.1	178.6
	2003	179.1	182.1	179.9	176.5	174.8	176.2	176.1	176.0	176.3	178.0	183.2	187.1
	2004	190.9	192.6	188.6	180.3	178.0	179.4	179.8	183.9	183.7	184.6	186.7	187.7
	2005	188.5	189.6	187.2	180.9	180.0	183.6	186.1	184.8	184.9	187.0	191.0	196.2
	2006	205.5	209.0	209.4	198.9	199.2	200.0	201.1	207.4	216.8	221.2	228.4	233.7
	2007	234.5	232.1	224.5	218.5	217.0	217.1	222.6	224.3	224.2	227.1	230.2	229.8
	2008	231.4	232.6	233.4	233.4	232.6	233.8	240.8	239.9	241.7	238.5	239.3	240.9
	2009	243.6	246.8	244.2	246.8	249.9	249.0	248.6	247.6	253.4	260.7	279.7	269.9

(BASE 1993-94 =100)

MONTHLY AVERAGE OF WHOLESALE PRICE INDEX OF FOODGRAINS

Source: Annual Report 2009-10, Department of Food and Distribution, Government of India

DETERMINANTS OF CAPITAL ADEQUACY IN INDIAN PUBLIC SECTOR BANKS: AN EMPIRICAL ANALYSIS

Parvesh Kumar Aspal* & Naresh Malhotra**

Abstract

The function of the financial and banking system is to mobilize and channelize the funds to the sectors of the economy where funds are required. In order to avoid risk and bankruptcy financial institutions and banks are required to maintain a capital adequacy at specific minimum level. The objective of the present paper is to investigate whether the determinants of bank performance have an impact on the capital adequacy requirement of Indian Public Sector banks. In this study the relationship between determinants of bank performance (Investment, Asset Quality, Management Efficiency, Profitability and Liquidity) and Capital Adequacy Ratio is examined. Multiple linear regression model is applied to determine the impact of independent variables on dependent variable. The study revealed that management efficiency, profitability and liquidity are found to have a statistically significant effect on capital adequacy and is positively correlated. Study concluded that non-performing assets (NPAs) is found to have a negative correlation with capital adequacy ratio.

Keywords: *Capital Adequacy Ratio, Indian Public Sector Banks, Investment, Asset Quality, Management Efficiency, Profitability and Liquidity*

JEL Classification E58, L3

INTRODUCTION

The financial and banking system of a country is the fuel injection system which revolutionises the economic competence by channelizing savings to investment outlet. Banking sector works as a bridge between investors and borrowers and to execute all tasks concerned with the profitable and secured investment of funds. **Patrick (1996)** highlighted that banking and financial sector leads the role of transferring the resources from traditional, low growth sector to high growth sector. The function of the financial and banking system is to mobilize and channelize the funds to the sectors of the economy where funds are required. An efficient financial system is considered as a necessary and sufficient condition for rapid growth and economic development for every modern economy (**Ebong, 2005**). Beside the intermediation function, the financial institutions and banks have considerable implications for economic development of an economy.

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Sound financial performance of banks is an indicator of secure investment and fetches additional investment; where as poor performance of banks has negative effects on the economic development and growth of the economy. Keeping in mind significant role of banks in capital formation of an economy, banks should be more closely watched. The economy where the financial sector is dominated by commercial banks, any breakdown or bankruptcy in the banking sector can result into overall financial crisis and economic tribulations. The banking sector plays more prominent role in developing countries where financial markets are still underdeveloped, and banks are considered the merely major source of finance for the majority of firms and are usually the main depository of economic savings (**Arun and Turner, 2004**). The main reasons for poor performance of the banking sector are inadequate capital, high non-performing assets etc which resulted in failure and collapse of some banks. Due to global financial crisis, many banks became bankrupt and failed to fulfill their capital standards and also unable to absorb possible future losses on assets. In the recent past, the bank policy makers and regulator have set up a number of procedures and measures to link the regulation and supervision of banks to the level of risk and financial viability. The policy makers have enhanced bank supervision through maintaining an adequate and ample level of capital adequacy.

It is mandatory for commercial banks to maintain an adequate level of capital funds. The major function of bank capital is to provide resources to absorb possible losses on assets which may arise in the future. Regulators and bankers should take broader view of the costs that are relevant and associated in setting the strategy for establishing an adequate level of capital requirements. From the bank stockholders' viewpoint, the function of capital is to earn a reasonable and satisfactory rate of return. Any feasible and practical standard for measuring capital adequacy should be expressed in terms of the function of bank capital (**Stegall, 1966**).

The Basel Committee on Banking Supervision 1975 originated the worldwide recognized and acceptable capital regulations. The committee framed the details of the agreed structure for measuring capital adequacy and the minimum standard.

In 1988 Basel Capital Accord propounded the definition of capital and distinguished it between core elements (Tier 1) capital and supplementary elements (Tier 2) capital. Basel Committee introduced capital adequacy regulation in 1988, which required globally active banks to maintain a minimum capital equal to 8% of risk adjusted assets, with capital consisting of Tier I capital (equity capital and disclosed reserves) and Tier II capital (long term debt, undisclosed reserves and hybrid instruments) that has been adopted by more than 100 countries (**Jacobson et al., 2002**). In order to avoid risk and bankruptcy financial institutions and banks are required to maintain a capital adequacy at specific minimum level. The regulators of capital requirements try to guarantee that risk exposure on banks are maintained by a sufficient amount of capital which bears future unexpected losses. An adequate amount of capital will guarantee the banks to promote their cushion of assets which can be employed for liquidation claims.

REVIEW OF LITERATURE

The professionals, regulators and the bankers differ in their opinion regarding the adequate level of capital adequacy. On one side regulators stressed on the safety of banks and favor more level of capital adequacy and liquidity of bank, whereas bankers normally prefer to operate with lower level of capital adequacy. It is found that smaller equity base will increase financial leverage and equity multiplier, which will results in a normal return on assets into a high return on equity (**Koch, 2010**). Here an effort is made to review some studies related to the subject under study.

Hahn (1966) investigated factors determining capital adequacy in commercial banks. Study found that capitalization depends upon growth and size factors which fluctuate in their influence according to growth conditions and policies affecting structure. Similarly, profitability also depends upon

growth and size. Although, profitability fluctuates in the short run with given levels of capitalization and in the long run levels of capitalization adjust to achieve competitive rates of return regardless of differences in size and growth. **Marcus (1983)** explained the dramatic decline in capital to asset ratio in U.S commercial banks during the last two decades. The study followed time series-cross section estimation to hypothesize that the rise in nominal interest rates might have contributed to the fall in capital ratios. **Ebhodaghe (1991)** revealed that capital adequacy point is that level where the banks' adjusted capital is sufficient to assume all unexpected losses that may occur in the future and cover fixed assets. Moreover there should be an adequate additional capital for running of day to day operations and expansion in the future. **Tanaka (2002)** explored the effect of bank capital adequacy regulation on the monetary transmission mechanism. The findings of the study highlighted that using a general equilibrium frame-work, the monetary transmission mechanism is weakened if banks are poorly capitalized or if the capital adequacy requirement is inflexible. **Barrios and Blanco (2003)** argued that the optimum level of capital for the banking system should be calculated by the level at which the marginal public returns to bank capital (decreased chances of failure and decreased chances of disruption of the payments system) exactly equal the marginal public costs of bank capital (the opportunity cost of diverting capital from other productive uses).

There are a number of determinants of bank performance factors that have an effect on capital adequacy requirements of the banking system, especially with reference to investment pattern, profitability, quality of loans and assets, management effectiveness, earning quality, liquidity and sensitivity. This paper studies the contribution of determinants of bank performance factors on the capital adequacy requirements of Indian Public Sector Banks. **Reynolds et al. (2000)** investigated financial structure and bank performance using dependent variables like capital adequacy, liquidity, profitability, and loan preference. These variables were regressed to structural variables like bank assets, net income, administrative expenses and time. The study concluded that profitability and loan preferences are positively correlated with size, but capital adequacy is negatively correlated with size. The study further found that large banks have smaller capital adequacy ratios, and profit is directly related to capital adequacy. **Al-sbbagh (2004)** studied the determinants of the capital adequacy ratio in Jordanian banking system. Study highlighted that capital adequacy ratio was positively correlated with return on assets, loan to assets ratio, risky assets ratio and dividends payout ratio where as negatively correlated with deposits assets ratio and size of bank. **Asarkaya and Özcan (2007)** investigated the determinants of capital structure in the Turkish banks by using a panel data set covering the period 2002 – 2006 and estimated the model with generalized method of moments. The study suggested an empirical model in order to recognize the factors that clarify why banks hold more capital than required by the regulation. The study found positively and negatively correlated factors with capital adequacy ratio. Study found that lagged capital, portfolio risk, economic growth, average capital level of the sector and return on equity are positively correlated with capital adequacy ratio, whereas share of deposits are negatively correlated. **Ahmad et al. (2009)** highlighted new findings on determinants of bank capital ratios in Malaysian banking sector. This study found a positive relationship between regulatory capital and banks' risk taking behavior. The study also observed that capital requirement regulations introduced in in 1997 are proved successful in the financial crises period. The study also found that a bank capital adequacy ratio has not been motivated by bank profitability. **Bokhari et al. (2012)** analyzed the determinants of capital adequacy ratio in banking sector of Pakistan. Analyses revealed that explanatory variables which used in study, explains why banks hold capital beyond the regulatory requirements. The study revealed that average capital ratio, capital ratio requirement and portfolio risk level depicted weak correlation while share of deposits and return on equity is strongly but negatively correlated with Capital Adequacy Ratio.

Need and importance of the study

Keeping in view the above discussion and review of literature the objective of the present paper is to investigate whether the determinants of bank performance have an impact on the capital

adequacy requirement of Indian Public Sector banks. In this study the relationship between determinants of bank performance (Investment, Asset Quality, Management Efficiency, Profitability and Liquidity) and Capital Adequacy Ratio is examined.

RESEARCH METHODOLOGY

The present study is analytical in nature which tries to investigate whether the indicators of banks performance have an impact on the capital adequacy requirements. A sample of 19 Indian Public Sector banks is selected. The secondary data used for the study is obtained from the annual reports of said banks for a period of 5 years (from 2008 to 2012), which is the most recent data available on banking sector immediate after 2007 global financial crisis. Multiple linear regression model is applied to determine the impact of independent variables on dependent variable. The determinants of banks performance as independent variables are Investment (Total Investment to Total Assets Ratio), Asset Quality (Net NPA to Net Advances Ratio), Management Efficiency (Profit per Employee Ratio), Profitability (Net Interest Margin Ratio) and Liquidity (Liquid Asset to Total Asset Ratio) and the dependent variable Capital Adequacy Ratio (CAR).

Model Specification

For analysis the regression model is specified as:

$$C_{it} = \beta_0 + \beta_1 (\text{Investment}) + \beta_2 (\text{Asset Quality}) + \beta_3 (\text{Management Efficiency}) + \beta_4 (\text{Profitability}) + \beta_5 (\text{Liquidity}) + e_{it}$$

In the above equation β_0 is constant and β_i are the regression coefficient of the explanatory variables, while e_{it} is the residual error of regression.

Explanation of Variables and Hypotheses Formation

Dependent Variable

Capital Adequacy Ratio

Capital adequacy is believed as one of the crucial factors which protect the bank from being bankrupt and maintain the financial stability of a bank. It is a gauge which replicates the capability of a bank to bear unexpected losses arising in the future and bank leverage. As per Capital Adequacy Standard framed by Bank for International Settlements (BIS), banks are required to have a primary capital base equal at least to eight percent of their assets. **Dang (2011)** emphasized that the capital adequacy is assessed on the basis of capital adequacy ratio. Capital adequacy ratio represents the internal strength of the bank to cover up losses during the period of financial crunch.

The higher the Capital adequacy ratio, represents stronger the bank. This ratio guarantees that banks are able to honor the liabilities and other risk such as operational risk, credit risk and market risk. In India the banks are required to maintain the capital adequacy ratio of 9% as per latest Reserve Bank of India standards.

Capital Adequacy Ratio (CAR) = (Tier-I + Tier-II)/Risk Weighted Assets

Independent Variables

Investment

Total investments to total assets reflect the extent of deployment of assets of a bank in investment as against advances. This ratio measures the proportion of total assets locked up in investments. It is ascertained by dividing total investments with total assets. A higher ratio represents that the bank has maintained a high cushion of investments as a safeguard against NPAs by adopting a conservative policy.

H₀₁: Investment (Total Investment to Total Assets Ratio) has no statistically significant effect on capital adequacy.

Asset Quality

Financial strength of a bank is characterized by the quality of assets and the component of non-performing assets in total assets. Credit risk in the shape of non-performing assets is one of the vital issues that have an influence on the financial health of a bank. The mounting non-performing assets are a challenge and will adversely affect the performance of banks.

H₀₂: Asset Quality (Net NPA to Net Advances Ratio) has no statistically significant effect on capital adequacy.

Management Efficiency

Management efficiency of a bank ensures its survival and expansion. It means adherence to sound standards, ability to chalk out and react to vibrant environment and managerial ability.

Management efficiency indicates the capacity of the bank to meet the expenses from the income generated. Higher the operating profit means management is more efficient in terms of operational efficiency.

H₀₃: Management Efficiency (Profit per Employee Ratio) has no statistically significant effect on capital adequacy.

Profitability

Profitability is the profit making ability of an enterprise. The profit figure indicates the amount of earning of a business during a special period. While, profitability denotes whether these profits are constant or improved or deteriorated, how and to what extent they can be improved. In this study Net Interest Margin Ratio is used as a proxy for profitability. Profitability and the capital adequacy ratio is most likely positively related, because a bank is expected to increase asset risk in order to get higher returns in most cases. Thus, a positive relationship is expected between profitability and capital adequacy ratio.

H₄: Profitability (Net Interest Margin Ratio) has no statistically significant impact on banks' capital adequacy ratio.

Liquidity

Liquidity determines the short term financial position of a bank and it reveals the ability of a bank to honor its obligations and maintain cash flow requirements. The reputation of bank is significantly represented by the risk of liquidity. An adequate liquidity position helps a bank in obtaining sufficient liquid funds.

H₀₅: Liquidity (Liquid Asset to Total Asset Ratio) has no statistically significant effect on capital adequacy.

ANALYSIS AND DISCUSSION

The following table shows the five year average values of selected ratios for different variables specified in the above model.

Table 4.1

Bank	Capital Adequacy	Total Investment to Total Assets	Asset Quality	Management Efficiency	Profitability	Liquidity
Allahabad Bank	12.85	29.37	0.84	5.52	2.68	7.53
Andhra Bank	12.94	25.02	0.33	6.39	2.96	9.2
Bank of Baroda	13.72	22.07	0.44	7.28	2.59	12.81
Bank of India	12.31	23.87	0.77	5.36	2.52	10.49
Bank of Maharashtra	12.16	28.5	1.11	2.63	2.67	7.61
Canara Bank	13.9	26.62	1.58	6.2	2.37	8.57
Central Bank of India	11.7	27.32	1.47	2.23	2.21	8.64
Corporation Bank	13.49	28.5	0.45	8.38	2.34	10.54
Dena Bank	12.06	26.98	1.24	4.81	2.57	9.04
Indian Bank	13.45	29.8	0.48	6.81	3.42	7.94
Indian Overseas Bank	13.51	27.35	1.26	4.11	2.81	8.6
Oriental Bank of Commerce	12.85	26.63	1.03	6.71	2.36	9.27
Punjab & Sind Bank	13.02	29.12	0.58	4.93	2.78	8.34
Punjab National Bank	13.08	26.47	0.75	6.01	3.23	8.27
Syndicate Bank	12.27	24.4	0.92	3.68	2.52	9.57
Union Bank of India	12.65	26.28	0.86	5.98	2.72	8.18
United Bank of India	12.62	31.53	1.51	2.42	2.35	9.12
UCO Bank	12.15	27.13	1.71	3.2	2.08	8.47
Vijaya Bank	12.5	29.43	1.1	4.08	2.26	9.37

Descriptive Statistics of Model's Variables

The findings of the study are outcome of descriptive statistics and multiple regression analysis has been used to explain the fundamental characteristics of independent variables. The regression model is estimated on the sample of 19 public sector banks from the year 2007 to 2012. The independent variables viz. Investment, Asset Quality, Management Efficiency, Profitability and Liquidity have an influence on the Capital adequacy ratio. The capital adequacy of the banks is measured by Capital Adequacy Ratio and is taken as dependent variable in the regression model.

Sample means, maximum, minimum, standard deviation, skewness and kurtosis on basis of data analysis is given in Table 4.2.

Table 4.2

Proxy Variables	Capital Adequacy	Investment	Asset Quality	Management Efficiency	Profitability	Liquidity
Mean	12.80	27.18	0.97	5.09	2.60	9.03
Maximum	13.90	31.53	1.71	8.38	3.42	12.81
Minimum	11.70	22.07	0.33	2.23	2.08	7.53
Std. Dev.	0.62	2.29	0.42	1.75	0.34	1.23
Skewness	0.13	-0.35	0.18	-0.09	0.87	1.71

From the above Table 4.2 we conclude that the proxy variables Loans and Management Efficiency are negatively skewed. Other proxy variables Capital Adequacy, Asset Quality, Profitability and Liquidity are positively skewed. The mean value of capital adequacy 12.80% shows that Indian public sector banks maintain higher level of capital adequacy requirement than mandated by Reserve Bank of India of 9%. This provides banks an opportunity to make more advances to public. The average investment rate calculated by Total Investment to Total Assets Ratio is 27.18%, which means the proportion of total assets locked up in investments and it provides the bank a cushion of investments as a safeguard against NPAs by adopting a conservative policy. In the meantime, a non performing asset has a mean value of 0.97 which lies within the limits prescribed by Reserve Bank of India. With respect to management efficiency the proxy variable profit per employee ratio shows mean value of 5.09 which is low and may have negative impact on profitability of banks. Proxy variable used to measure profitability is net interest margin ratio; the average mean value is 2.60. The proxy variable used for liquidity has shown mean value of 9.03.

Correlation Analysis

For the determination of multicollinearity problem, the simple correlation matrix among independent variables is examined and depicted in the table (4.3). **Cooper and Schindler (2003)** argued that a multicollinearity problem exists when correlation scores are 0.8 or greater.

In the regression equation form above results of the regression analysis are expressed in the following regression equation.

$$C_{it} = 2.989 + 0.087(I) + 0.938(A) + 0.302(M) + 1.073(P) + 0.245(L)$$

Coefficient effect (β_i) is a predictor of all the variables related to capital adequacy of Indian public sector banks. The regression analysis results reveal the below listed observations.

1. The value of adjusted R^2 emphasizes that 68.2% variability in the capital adequacy of Indian public sector banks can be explained by independent variables.
2. The Durban Watson test value 2.41 points out there is no serial correlation among the variables.
3. The F-Test value is 5.57 and p-values is less than 5% for the data variables. This points out the very well fit of regression model. In other words the null hypothesis (H_0 : There is no effect of given explanatory variables on dependent variables) is rejected.
4. The regression coefficients of independent variables viz. Management Efficiency and Profitability are statistically significant at 5% significance level; whereas Asset Quality and Liquidity are statistically significant at 10% significance level and these variables have significant influence on the capital adequacy of public sector banks.
5. The regression coefficient of independent variable Investment has no statistically significant influence on capital adequacy of public sector banks.

Based on the estimated regression equation it can be inferred that the t-value for β_1 coefficient is 1.58 which is more than p-value at 5% level of significance. Hence H_{01} is not rejected. It means, in case of Indian Public Sector Banks investments have no significant influence on capital adequacy of banks.

The t-value is β_2 coefficient is 2.13 which is less than p-value at 10% level of significance. Thus H_{02} is rejected and it is concluded that the presence of non-performing assets have significant effect on the capital adequacy of Indian public Sector Banks.

The t-value of β_3 is 3.81 which is less than p-value at 5% significance level hence H_{03} is rejected and it is concluded that management efficiency have significant effect on the capital adequacy of Indian public Sector Banks.

The regression coefficient β_4 which measures profitability by proxy variable Net Interest Margin Ratio has t-value of 2.25 which is less than p-value at 5% significance level. Hence H_{04} is rejected.

The β_5 coefficient which shows liquidity measured by proxy variable Liquid Asset to Total Asset Ratio has T-value is 1.84 and p-value is less at 10% level of significance, hence H_{05} is rejected. It means liquidity has significant influence on capital adequacy of sample banks.

CONCLUSION

To investigate the determinants of capital adequacy patterns in the Indian Public Sector Banks, the multiple linear regression has been applied. In particular, the current study lays stress on Investment, Asset Quality, Management Efficiency, Profitability and Liquidity as the bank's performance characteristics. Such characteristics reflect some anticipated risks like investment risks, operational efficiency risk and liquidity risks and an attempt has been made to measure if these factors affect the variability of capital adequacy in the Indian Public Sector Banks. The study revealed that management efficiency is found to have a statistically significant effect on capital adequacy and is positively correlated. This revealed that banks with high income as compared to their expenditure will improve efficiency in terms of profit, which in turn will improve the capital adequacy. It is found that profitability measured through net interest margin ratio has statistically significant effect on capital adequacy and is positively correlated. It means excess of interest earned over interest expended will improve the profitability, which further improve the capital adequacy. It is also found that liquidity (Liquid Asset to Total Asset Ratio) has a statistically significant influence on CAR and is positively correlated, which revealed that an increase in bank liquidity reflects bank's ability to meet its credit demand and cash flow requirements. Investment (Total Investment to Total Assets Ratio) has a statistically insignificant relationship and negative correlation with capital adequacy ratio which reflects that investments have no effect on capital adequacy. Further, study concluded that non-performing assets (NPAs) is found to have a negative correlation with capital adequacy ratio, which highlights the fact that the increase in bad debts will depreciate the value of capital and banks may be exposed to credit risks. Finally, the estimated model identified that different variables like Management Efficiency, Profitability and Liquidity have significant impact on the capital adequacy ratio and are positively correlated.

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THE IMPACT AND ASSESSMENT OF CUSTOMER SATISFACTION & LOYALTY ON CRM

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Abstract

Loyalty & Satisfaction is becoming a key concept in the relationship marketing context, as it is well known that the cost of attracting new customers is considerably higher than retaining existing ones. Therefore, it is important to understand the process of establishment of satisfaction & loyalty. This study deals with the gender satisfaction & loyalty towards mobile companies or service provider. With the rapid development of mobile technology and users' wide adoption of mobile phones, mobile services have been a huge success in India. The study investigated the impact of perceived customer value, perceived service quality, and trust on gender satisfaction and loyalty.

Keywords: CRM, Service Quality, Gender Satisfaction & Loyalty.

JEL Classification: M3, M10

INTRODUCTION

The telecom industry in India has witnessed a transformation from a monolithic regime, through an age of de-regulation and privatization; it has seen the rapid rise of market players who offer innovative products and services. This change has been commensurate with the growth of the industry, now ranked the fifth largest in the world and soon expected to be second largest. Most notable among these are the beliefs that existing customers are more profitable because the acquiring and attracting of new customers is expensive, and that it is less costly to up-sell or cross-sell products or services to current customers (Berry, 1995¹; Peppard, 2000²; Sheth and Paravatiyar, 1995³). The objective of customer relationship management is to unite and join information technology and business processes in a fashion that enables the firm to acquire new customers, to retain existing customers, and maximize the lifetime value of its customers (Peppard, 2000). Service quality has become an important means of differentiation and is critical for achieving corporate success. The proven positive relationship of service quality with customer satisfaction (Danaher and Mattsson, 1994⁴; Leisen and Vance, 2001⁵), customer loyalty and retention (Ranaweera and Neely, 2003⁶), profitability (Thompson, DeSouza and Gale, 1985⁷; Bloemer, Ruyter and Wetzels, 1999⁸) and competitive advantage (Hampton, 1993⁹) provides a base to explore the subject in the mobile context.

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There have been various ways for marketers to implement relationship marketing tactics, which are expected to have impact on customer retention and loyalty. Relationship marketing tactics can be executed through service quality, price perception; value offered, alternative attractiveness, and so on.

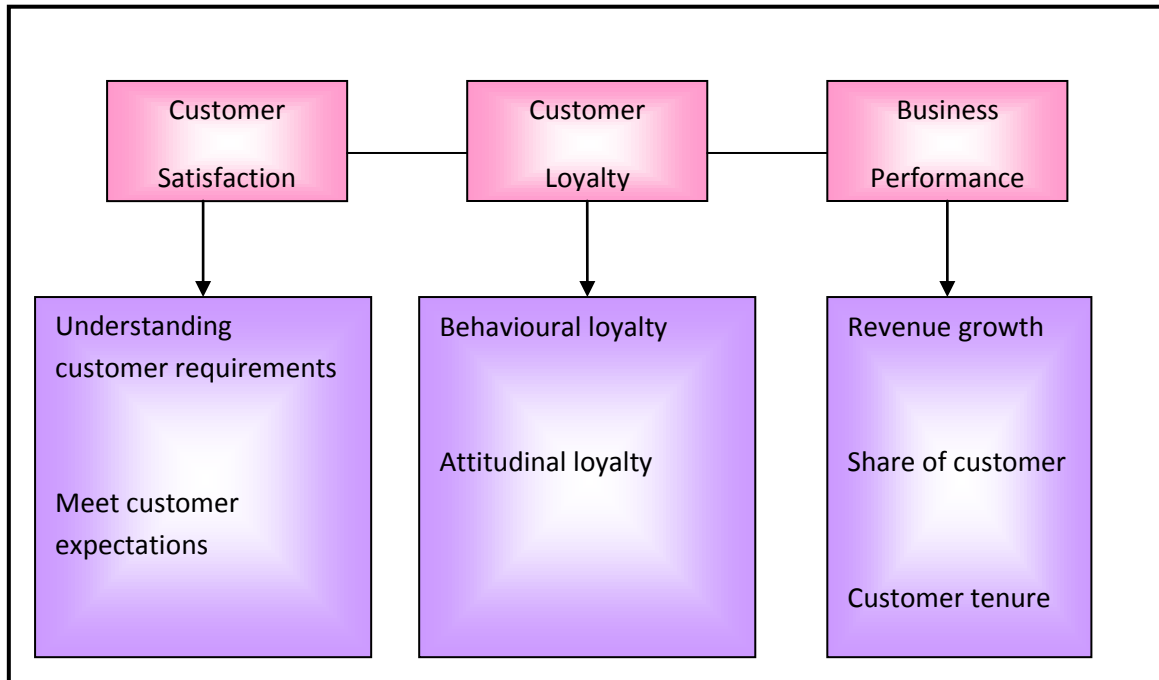
(Tseng 2007¹⁰) discussed that tactics as direct mail, tangible rewards, interpersonal communication, preferential treatment and membership could enhance long term relationship and increase relationship satisfaction, trust and commitment. (Peng & Wang 2006¹¹) also examined the application of relationship tactics in service quality, reputation (brand), price perception, value offers.

The nature of the relationship between satisfaction and loyalty is complex. Satisfaction leads to attitudinal loyalty (Lovelock, Patterson and Walker, 2001¹²). Defined as the intention to make future purchases (Oliver, 1980¹³; Patterson, Johnson and Spreng, 1997¹⁴; Bolton, 1998¹⁵; Page and Eddy, 1999¹⁶; Jones and Suh, 2000¹⁷), it is assumed that attitudinal loyalty is a necessary implication of satisfaction. Satisfaction is defined as an emotional post-consumption response that may occur as the result of comparing expected and actual performance or it can be an outcome that occurs without comparing expectations (Oliver 1996¹⁸). Therefore satisfaction as a result of the disconfirmation of expectations can be labeled evaluative satisfaction whereas satisfaction as an outcome of non rational processes can be labeled emotion-laden (Cronin, Brady and Hult 2000¹⁹).

REVIEW OF LITERATURE

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT” (Buttle, 2004²⁰). CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations. (McDonald, 2002²¹). Services Quality is considered as a major determinant in customer retention and building value relationship (Venetis and Ghauri, 2004²²). Service quality results in repeated sales and increased market share, which leads to customer loyalty (Buzzell and Gale, 1987²³). Customer loyalty is customer repeating purchase intention to some specific products or services in the future (Jones et al., 1995²⁴). It is making customers feel committed: When the benefits are meaningful to them, they will stay on (Grossman, 1998²⁵). Loyalty is used to describe the willingness of a customer to continue patronizing a firm’s goods and services over a long period of time and on a repeated and preferably exclusive basis, and voluntarily recommending the firm’s products to friends and associates (Lovelock, 1996²⁶). Customer loyalty is the result of an organization’s creating a benefit for customers so that they will maintain and increasingly repeat business with the organization (Anderson and Jacobsen, 2000²⁷). Providing a high service quality can lead an organization to charge premium price (Brown et al., 1992²⁸). High service quality enhances customers’ favorable behavioral intentions while simultaneously reduces their unfavorable intentions (Zeithaml et al., 1996²⁹).

Figure1



Source: Buttle, F. (2004), Customer Relationship Management: concepts and tools, Oxford: Elsevier Butterworth-Heinemann.

Satisfaction increases because customer insight allows companies to understand their customers better, and create improved customer value propositions. As customer satisfaction rises, so does customer repurchase intention (**Anderson, 1994³⁰**). This in turn influences actual purchasing behaviour, which has a significant impact on business performance.

Objective

The broad objectives of the study are as follows:

- (a) To analyze the impact of gender satisfaction on building CRM.
- (b) To examine the impact of customer loyalty on building CRM.

Hypothesis

H₀: There is no significant difference between gender satisfaction and CRM.

H₀: There is no significant difference customer loyalty and CRM.

Research Methodology

The study is based on both the primary and secondary data. The primary data was collected on the basis of questionnaires administered to various respondents in the state of Uttarakhand. In this research Stratified Random sampling procedure has been used. Geographical region divided on the basis of different districts such as Dehradun, Haridwar, Tehri, Rudraprayag, Chamoli, Nainital and Pauri district of Uttarakhand. The district has been selected for study purpose on the basis of tele density. The total sample size was 300.

Table 1

Districts	Population*	Population in %age	Size of Stratum
Dehradun	447808	10	30
Haridwar	1447187	32	96
Pauri	697078	15	45
Chamoli	370359	8	24
Rudraprayag	227439	5	15
Tehri	604747	13	39
Nainital	762909	17	51
Total	4557527	100	300

Source: E-Uttaranchal.com

Two schedules were prepared and tested before administering these to the respondents in the state of Uttarakhand. The information was sought from the mobile phone users regarding their background, finance, marketing practices and opinions on Marketing infrastructure, institutions and problems etc. The secondary data was collected from published and unpublished records and reports of the central Government and Government of Uttarakhand. for this purpose, personal visits were made to several organizations of which the following are important - TRAI annual reports, Official websites of different mobile service providers in Uttarakhand & Statistical Organization Uttarakhand etc. The data collected on the basis of questionnaire were tested with the help of test of significance besides using various other statistical techniques like average, correlation & hypothesis testing with the help of SPSS.

ANALYSIS & INTERPRETATION

Customer judges the value of consumption after contrasting benefits gained from products and services with their costs (**Zeithaml, 1988³¹**). Service firms provide superior value through enhanced offers can improve customer satisfaction by increasing the customer's perceived benefits and

reducing the sacrifice so that customer retention is improved (Ravald & Grönroos, 1996³²). (Ravald & Grönroos 1996) described the effect of value-adding strategies in long term relationship. Companies execute certain value-adding strategies can increase customer’s perceived benefits and reducing customer’s perceived sacrifices, which in turn stimulate customer repurchasing activities and remain in the same service provider. In a long-term relationship, customer perceived value offered is related to both episodes and expectations (Ravald & Grönroos, 1996). When customer’s expectations are satisfied, they will feel safety, credibility, and security as perceived value in this relationship, which all together increase trust and then enhance customer’s loyalty. Therefore, companies should concern about customer’s value from customer’s point of view, and thoroughly understand customer’s value chain in order to be able to reduce customer-perceived sacrifice (Mouri, N. 2005³³). Increasing the customer benefits means adding something to the core product that the customer perceives essential, beneficial and of unique value. In telecommunication sector, it is essential for operators to offer something valuable to customers in service interaction process, such as reward refund activities and promotional offers, in order to gain customer satisfaction and trust, which are expected to enhance customer loyalty.

Table 2

		Use of particular product or service gives you a feel to be a part of organization.					Total	Karl Pearson’s Coefficient Of Correlation	Pearson Chi-Square (χ^2)			
		always	often	sometimes	rarely	never						
S e x	Male	Count	33	15	29	4	89	170	- 0.018	29.780		
		% of Total	11.0%	5.0%	9.7%	1.3%	29.7%	56.7%				
	female	Count	14	11	41	19	45	130				
		% of Total	4.7%	3.7%	13.7%	6.3%	15.0%	43.3%				
	Total	Count	47	26	70	23	134	300				
		% of Total	15.7%	8.7%	23.3%	7.7%	44.7%	100.0%				
			You are faithful with-Brand					Total			Karl Pearson’s Coefficient Of Correlation	Pearson Chi-Square (χ^2)
			strongly agreed	agree somewhat	neither agree nor disagree	disagree somewhat	strongly disagree					
	Male	Count	70	22	54	2	22	170			+ 0.157	26.965
		% of Total	23.3%	7.3%	18.0%	.7%	7.3%	56.7%				
female	Count	20	35	53	4	18	130					
	% of Total	6.7%	11.7%	17.7%	1.3%	6.0%	43.3%					
Total	Count	90	57	107	6	40	300					
	% of Total	30.0%	19.0%	35.7%	2.0%	13.3%	100.0%					
		Sales Person					Total	Karl Pearson’s Coefficient Of Correlation	Pearson Chi-Square (χ^2)			
		strongly agreed	agree somewhat	neither agree nor disagree	disagree somewhat	strongly disagree						

Sex	Male	Count	7	12	60	4	87	170	-0.226	28.041	
		Table 2 Continued									
		% of Total	2.3%	4.0%	20.0%	1.3%	29.0%	56.7%			
	female	Count	5	30	49	10	36	130			
		% of Total	1.7%	10.0%	16.3%	3.3%	12.0%	43.3%			
	Total	Count	12	42	109	14	123	300			
		% of Total	4.0%	14.0%	36.3%	4.7%	41.0%	100.0%			
			Contended with the goodwill and image of your mobile company						Karl Pearson's Coefficient Of Correlation	Pearson Chi-Square (χ^2)	
			always	often	sometimes	rarely	never	Total			
	Male	Count	51	69	29	7	14	170	+ 0.115	9.233	
		% of Total	17.0%	23.0%	9.7%	2.3%	4.7%	56.7%			
	female	Count	33	39	33	13	12	130			
		% of Total	11.0%	13.0%	11.0%	4.3%	4.0%	43.3%			
	Total	Count	84	108	62	20	26	300			
		% of Total	28.0%	36.0%	20.7%	6.7%	8.7%	100.0%			
			Fulfilling commitments						Karl Pearson's Coefficient Of Correlation	Pearson Chi-Square (χ^2)	
			always	often	sometimes	rarely	never	Total			
	male	Count	35	85	38	10	2	170	+0.109	25.972	
		% of Total	11.7%	28.3%	12.7%	3.3%	.7%	56.7%			
	female	Count	7	82	35	0	6	130			
% of Total		2.3%	27.3%	11.7%	0%	2.0%	43.3%				
Total	Count	42	167	73	10	8	300				
	% of Total	14.0%	55.7%	24.3%	3.3%	2.7%	100.0%				
		Level of contentment with service of your mobile company						Karl Pearson's Coefficient Of Correlation	Pearson Chi-Square (χ^2)		
		strongly agreed	agree somewhat	neither agree nor disagree	disagree somewhat	strongly disagree	Total				
male	Count	50	55	17	0	48	170	+0.082	41.502		
	% of Total	16.7%	18.3%	5.7%	0%	16.0%	56.7%				
female	Count	13	81	19	2	15	130				
	% of Total	4.3%	27.0%	6.3%	.7%	5.0%	43.3%				
Total	Count	63	136	36	2	63	300				
	% of Total	21.0%	45.3%	12.0%	.7%	21.0%	100.0%				
		Increase in the first- time resolution of complaints.						Karl Pearson's Coefficient Of Correlation	Pearson Chi-Square (χ^2)		
		strongly agreed	agree somewhat	neither agree nor disagree	disagree somewhat	strongly disagree	Total				

		hat	disagree	t	e		Correlation		
male	Count	19	51	66	27	7	170	-0.066	12.036
	Table 2 Continued								
	% of Total	6.3%	17.0%	22.0%	9.0%	2.3%	56.7%		
female	Count	7	62	40	19	2	130		
	% of Total	2.3%	20.7%	13.3%	6.3%	.7%	43.3%		
Total	Count	26	113	106	46	9	300		
	% of Total	8.7%	37.7%	35.3%	15.3%	3.0%	100.0%		

Out of total 300 respondents, 47(15.7%) respondents said that on using the particular services or products they always feel that they are also a part of that organization, among them 33(11.0%) are male & 14(4.7%) respondents are female; Out of total respondents 26(8.7%) respondents said that on using the particular services or products they often feel that they are also a part of that organization,, among them 15(5.0%) respondents are male & 11(3.7%) respondents are female; Out of total respondents 70(23.3%) respondents said that on using the particular services or products they sometimes feel that they are also a part of that organization,, among them 29(9.7%) respondents are male and 41(13.7%) respondents are female; Out of total respondents 23(7.7%) respondents said that on using the particular services or products they rarely feel that they are also a part of that organization, among them 4(1.3%) are male & 19(6.3%) respondents are female; & Out of total respondents 134(84.0%) respondents said that on using the particular services or products they never feel that they are also a part of that organization, out of which 89(29.7%) are male & 45(15.0%) respondents are female. The value of Karl Pearson coefficient of correlation is -0.018. Hence it can be concluded that that there is a less significant negative correlation in between the two variables. Since the calculated value of chi-square for degree of freedom 4 at 5% level of significance is 29.780 is more than tabulated value 9.488, therefore null hypothesis is rejected, i.e. there is a significant difference between Gender and the views of respondents that on using the particular services or product gives them a feel that they are also the part of that organization.

Out of total respondents, 90(30.0%) respondents are always loyal with brand, among them 70(23.3%) are male & 20(6.7%) respondents are female; Out of total respondents 57(19.0%) respondents are often loyal with brand, among them 22(7.3%) respondents are male & 35(11.7%) respondents are female; Out of total respondents 107(35.7%) respondents are sometimes loyal with brand, among them 54(18.0%) respondents are male and 53(17.7%) respondents are female; Out of total respondents 6(2.0%) respondents are rarely loyal with brand, among them 2(0.7%) are male & 4(1.3%) respondents are female; & Out of total respondents 40(13.3%) respondents are never loyal with brand, out of which 22(7.3%) are male & 18(6.0%) respondents are female. The value of Karl Pearson coefficient of correlation is +0.157. Hence it can be concluded that that there is a less significant positive correlation in between the two variables. Since the calculated value of chi-square for degree of freedom 4 at 5% level of significance is 26.965 more than tabulated value 9.488, therefore null hypothesis is rejected, i.e. there is a significant difference Gender and loyalty for brand among customer.

Out of total respondents, 12(4.0%) respondents are strongly agree with the statement that they are loyal with sales person, among them 7(2.3%) are male & 5(1.7%) respondents are female; Out of total respondents 42(14.0%) respondents are agree with the statement that they are loyal with sales person, among them 12(4.0%) respondents are male & 30(10.0%) respondents are female; Out of

total respondents 109(36.3%) respondents are neither agree nor disagree with the statement that they are loyal with sales person, among them 60(20.0%) respondents are male and 49(16.3%) respondents are female; Out of total respondents 14(4.7%) respondents are disagree with the statement that they are loyal with sales person, among them 4(1.3%) are male & 10(3.3%) respondents are female; & Out of total respondents 123(41.0%) respondents are strongly disagree with the statement that they are loyal with sales person, out of which 87(29.0%) are male & 36(12.0%) respondents are female. The value of Karl Pearson coefficient of correlation is -0.226. Hence it can be concluded that that there is a less significant positive correlation in between the two variables. Since the calculated value of chi-square for degree of freedom 4 at 5% level of significance is 28.041 is more than tabulated value 9.488, therefore null hypothesis is rejected, i.e. there is a significant difference between Gender and loyalty for sales person among customer.

Out of total respondents, 84(28.0%) of the respondents said that they always satisfied with the goodwill and image of their mobile company out of which 51(17.0%) are male & 33(11.0%) respondents are female, 108(36.0%) respondents said that they often satisfied with the goodwill and image of their mobile company among them 69(23.0%) respondents are male & 39(13.0%) respondents are female, 62(20.7%) respondents said that they sometime satisfied with the goodwill and image of their mobile company among them 29(9.7%) respondents are male and 33(11.0%) female respondents sometime satisfied with the goodwill and image of their mobile company. Out of total respondents 20(6.7%) respondents said that they rarely satisfied with the goodwill and image of their mobile company out of which 7(2.3%) are male & 13(4.3%) respondents are female. Out of total respondents 26(8.7%) respondents said that they never satisfied with the goodwill and image of their mobile company out of which 14(4.7%) are male & 12(4.0%) respondents are female. The value of Karl Pearson coefficient of correlation is +0.115. Hence it can be concluded that that there is a less significant negative correlation in between the two variables. Calculated value of χ^2 for degree of freedom 4 at 5% level of significance is 9.233 and χ^2_{tab} is 9.488. Since calculated value of chi-square is more than tabulated value therefore null hypothesis is rejected, i.e. there is a significant difference Gender & satisfaction with the goodwill and image of their mobile company.

out of total respondents, 42(14.0%) respondents are always satisfied with the statement that their company try to meet all commitments, among them 35(11.7%) are male & 7(2.3%) respondents are female; Out of total respondents 167(55.7%) respondents are often satisfied with the statement that their company try to meet all commitments, among them 85(28.3%) respondents are male & 82(27.3%) respondents are female; Out of total respondents 73(24.3%) respondents are sometimes satisfied with the statement That their company try to meet all commitments , among them 38(12.7%) respondents are male and 35(11.7%) respondents are female; Out of total respondents 10(3.3%) respondents are rarely satisfied with the statement That their company try to meet all commitments , among them 10(3.3%) are male & 0(0%) respondents are female; & Out of total respondents 8(2.7%) respondents are never satisfied with the statement That their company try to meet all commitments, out of which 2(.7%) are male & 6(2%) respondents are female. The value of Karl Pearson coefficient of correlation is +0.109. Hence it can be concluded that that there is a less significant negative correlation in between the two variables. Calculated value of χ^2 for degree of freedom 4 at 5% level of significance is 25.972 and χ^2_{tab} is 9.488. Since calculated value of chi-square is more than tabulated value therefore null hypothesis is rejected, i.e. there is a significant difference Gender & does your company tries to meet all commitments.

Out of total respondents 63(21%) respondents strongly accept that they are satisfied with the service of their mobile company, among them 50(16.7%) respondents are male, 13(4.3%) respondents are female. Out of total respondents 136(45.3%) respondents accept that they are somewhat satisfied with the service of their mobile company among them 55(18.5%) respondents are male, 81(27.0%) respondents are female. Out of total respondents 36(12.0%) respondents accept that they are neither agree nor disagree with the statement that they are satisfied with the service of their mobile company, among them 17(15.7%) respondents are male, 19(6.3%) respondents are female. Out of

total respondents 2(0.7%) respondents accept that they are disagree somewhat with the statement that they are satisfied with the service of their mobile company among them 0(0%) respondents are male, 2(0.7%) respondents are female & Out of total respondents 63(21.0%) respondents accept that they are strongly dissatisfied with the service of their mobile company, among them 48(16.0%) respondents are male, 15(5.0%) respondents are female. The value of Karl Pearson coefficient of correlation is +0.082. Hence it can be concluded that that there is a less significant negative correlation in between the two variables. Calculated value of χ^2 for degree of freedom 4 at 5% level of significance is 41.502 and χ^2_{tab} is 9.488. Since calculated value of chi-square is more than tabulated value therefore null hypothesis is rejected, i.e. there is a significant difference Gender & contentment level with service of mobile company.

Out of total respondents 26(8.7%) respondents strongly agree with the statement that there is increase in first time resolution of complaints after the implementation of CRM, among them 19(6.3%) respondents are male, 7(2.3%) respondents are female. Out of total respondents 113(37.7%) respondents are somewhat agree with the statement that there is increase in first time resolution of complaints after the implementation of CRM, among them 51(17.0%) respondents are male & 62(20.7%) respondents are female; Out of total respondents 106(26.0%) respondents are neither agree nor disagree with the statement that there is increase in first time resolution of complaints after the implementation of CRM, among them 66(22.0%) respondents are male & 40(13.3%) respondents are female. Out of total respondents 46(15.3%) respondents are somewhat disagree with the statement that there is increase in first time resolution of complaints after the implementation of CRM, among them 27(9.0%) respondents are male, 19(6.3%) respondents are female. Out of total respondents 9(3.0%) respondents are strongly disagree with the statement that there is increase in first time resolution of complaints after the implementation of CRM, among them 7(2.3%) respondents are male & 2(7%) respondents are female. The value of Karl Pearson coefficient of correlation is -0.066. Hence it can be concluded that there is a less negative correlation in between the two variables. Calculated value of χ^2 for degree of freedom 4 at 5% level of significance is 12.036 and χ^2_{tab} is 9.488. Therefore null hypothesis is accepted, i.e. there is no significant difference gender and views regarding the statement that there is an increase in the first-time resolution of complaints.

CONCLUSION & RECOMMENDATION

The new approach to marketing holds that people do not buy things but buy solutions to problems and that to succeed, firms need unique insights into customers and their problems. When the things are viewed in this manner, 'relationships' with customers become the key to attract and holding them. It will take a long time when relationship marketing becomes a common tool for all companies, but the beginnings has been made by companies for whom identifying such 'key accounts' bring in a substantial part of their revenue. Since these accounts are critical, it makes sense for these companies to take their relationships with these customers to a higher level. Customer satisfaction and customer loyalty are the two major factors which show the real image of CRM application and implementation in the company. Customer satisfaction performs an important mediating role between service quality and customer loyalty is supported by this research. Hence, the management of mobile companies should primarily focus on customer satisfaction for which service quality is an important antecedent. On the basis of the above given analysis and interpretation of the data, following conclusions can be drawn out. Out of total 300 respondents, on the basis of demographic profile gender, 170 respondents are male where as 130 respondents are female. The frequency distribution regarding the classification of the respondents on the basis of demographic profile i.e. Gender of the respondents. Customer loyalty cannot be built in a day. Increasingly it is built through longer term customer relationships with a valued brand. Consumers have varying degrees of loyalty to specific brands, stores, and companies. 171 respondents, out of the total respondents are not loyal customers of a particular mobile company. When the customer is loyal towards the certain company then on using the product, brand or the services of such company

the customer feels that he/she is using his own company product/service. This feeling of service make the customer feels a strong relationship between him and the company. On the basis of gender, the respondent show the negative attitude towards the feeling of owns with the company. More than 50% of the respondents are either disagree somewhat or strongly disagree that using the particular services or product they feel that they are also the part of that organization where as the remaining are strongly agree, agree somewhat or neither agree nor disagree. Service market is different from the product market as the contents like loyalty, commitment, reliability have more importance in case of service market due to intangibility of the product. The service providing companies if do not fulfill their commitment towards their customers, customers started losing their faith in such companies and turn to some more committed service provider or the company. As per the demographic profile gender, 14% (42) respondents said that they are always agree that their company try to meet all its commitment, around 56% (167) respondents said that they are often agree, 24% (73) respondents said that they are sometimes agree, 6% (18) respondents said that they are rarely agree or never agree that their company try to meet all its commitment. In today competitive environment where businesses compete for customers, customer satisfaction is considered as a key factor and now it has become a key element of business strategy. On the basis of demographic profile gender 84 respondents are always agree, 108 respondents are often agree, 67 respondents are sometimes agree, 20 respondents are rarely agree and 26 respondents are never agree that they satisfied with the goodwill and image of their mobile company. Now days, company focus on the various product/services features, benefits, services etc. provided to their customers, so that the maximum benefits can be obtained. On the basis of sex, 63 respondents are strongly agree that they are satisfied with the services of their mobile companies, 136 respondents are agree somewhat that they are satisfied with the services of their mobile companies, 36 respondents are neither agree nor disagree that they are satisfied with the services of their mobile companies, 2 respondents are disagree somewhat that they are satisfied with the services of their mobile companies and 63 respondents are strongly disagree that they are satisfied with the services of their mobile companies. Government makes policy for the development of the particular sector or the area. These policies affect the sector, might provide benefits or increase the difficulty of the manufacture in one or the other aspect. As compare to the private companies public companies are easily affected by the government policies. The mobile phone affects our lives. It is more than just a 'must have' item in developed, western countries. The mobile phone industry is unique in its rate of innovation – both in terms of the handsets themselves and the range of services on offer. Amendment in the existing various policies can be seen in papers but the benefit is when it is well implemented. Change in previous flourish policy affects the industries and their consumers as well. Some product contains subsidies which are abolished and on other, subsidies are provided due to which the whole scenario can be change.

ON THE BASIS OF THE ABOVE GIVEN CONCLUSIONS FOLLOWING RECOMMENDATIONS CAN BE DRAWN

Each and every organization in present focuses on customer needs and want to satisfy them to the best of it. Therefore to handle the customers' complaint, make customers satisfied and to create relationship with them is done through a new management technique known as Customer Relationship Management. CRM can be defined as a business model which has principal goal of identification, anticipation and understanding the needs of current and potential customers so as to increase retention, growth and profitability. Customer loyalty is a major goal for customer service and management leaders, and gaining and keeping loyal customers is increasingly recognized as the key to business growth. The growth comes from loyal customers' increased purchases over time, their willingness to pay premiums for additional service and referrals. With the continued growth of new competitors and the increasingly knowledgeable and demanding consumer, creating and maintaining customer retention represents an absolute imperative for companies. Therefore the mobile companies should not only focus on customer satisfaction alone but should also consider

customer loyalty as important part of the CRM. Though under the study maximum respondents are satisfied with their respective mobile service provider/s. therefore it is recommended that the company should not over look these features or take them lightly but concentrate on them more with other features also. The success of any business depends on it goodwill and image, therefore a company should avoid discrimination between customers, fake promises, negative publicity, hidden pricing policies, etc. To maintain/build the goodwill and image of a company, CRM has been proved as an effective tool in a company. In case of the mobile company also this tool is equally important therefore we suggest that in the competitive environment, a mobile company should focus on its goodwill and image for better future and growth. The greater loyalty a company inspires among its customers, employees, suppliers and shareholder, the greater is its profit potential. Customer satisfaction shows the mirror image of the customer loyalty, therefore thinking of the customer loyalty without satisfaction is worthless. A customer is always loyal for brand, company, sales person, organization if, the customer is satisfied with his pre set expectations as compare to the facilities or services provided by the company or service provider/s. Therefore it is recommended to the various mobile service providers to emphasis on making loyal customers. However, loyalty is a complex multi-faceted concept and its conceptions multiplied in a variety of disciplines. So the companies should try to understand the process of establishing loyalty through satisfaction and use the concept with regard to CRM for better outcomes.

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