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PORTFOLIO EVALUATION-AN EMPIRICAL ANALYSIS OF EQUITY GROWTH SCHEMES OF SELECTED MUTUAL FUNDS IN INDIA

Dr. Anju B. Nandrajog *

Abstract :

The fundamental objective of Indian Financial System is to provide the efficient services to the capital market for its smooth functioning. Mutual fund sector plays a major role in the growth of capital market of India. In this context, close monitoring and evaluation of mutual funds has become essential. Therefore, the present study examines the performance of 30 sample schemes of equity funds from growth option considering 15 from large caps and 15 from small & middle caps selected from 3 private mutual fund houses of India for duration of January 2006- June 2016. The paper further examines whether characterisation of schemes pattern significantly affects performance of selected equity schemes or not. Also examines the investment performance of selected mutual fund schemes. It is concluded that equity large cap average return is higher than equity small & mid cap schemes and total risk is found less than benchmark among the selected schemes. There is no further scope for diversification found except in few schemes.

Keywords: Return, Risk, Sharpe Measure, Treynor Measure, Jensen's Alpha

Introduction:

Mutual fund investment popularity has increased drastically over the past two decades and playing a significant role in the Indian financial market. Mutual funds are working as a cheaper, quick and transparent investment tool in today volatile and glooming market environment. Mutual fund attracts small investors and helps them to encourage the growth of the economy. Mutual fund sector of India has developed significant growth in terms of AMCs started from Rs. 246.7 millions in 1965 to Rs. 1006 billion in 2002 to 7599.95 billion end of 2012 to 8252 billion INR in the year 2014. So, it is the dire need of the economy to study the performance of the

mutual fund sector time to time. The portfolio performance evaluation primarily refers to the determination of how a particular investment portfolio has performed relative to some comparison benchmarks and it is important for the investors and the fund managers to know the relative performance of the portfolio. The performance review will generate and provide information that will help the investor/fund manager to assess any need for rebalancing of the investments.

Review of Literature:

Numerous studies were conducted in the world covering almost all aspects of mutual funds. These include descriptive and empirical studies

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dealing with mutual funds as a whole or covering some of their specific aspects majority of performance appraisal. The review also helps the researcher in identifying research gaps on which we can focus in future.

Friend et al. (1964) conducted a study from 1953-58 considering 152 mutual funds and they found that mutual funds provided a weighted average return by using their own benchmark. Sharpe (1964) made an essential contribution for evaluating mutual funds performance. With the help of risk and return probabilities, he measured capital asset prices and market conditions. Treynor (1965) favoured the use of beta instead of the standard deviation and advocated that to measure portfolio's return, systematic risk is much better than unsystematic risk. Friend et al. (1965) study concluded that, on an average, the fund had not performed better than markets performance from which they selected their securities. Sharpe (1966) using 34 open ended mutual funds for the period 1954-63 and found that the performance of only 11 funds are superior to that of DJIA (index) and concluded that fund performance is clearly inferior to the DJIA. Treynor and Mazuy (1966) found that no investment managers of any of the 57 selected funds had successfully outguessed market and suggested that an investor is completely dependent on general market fluctuations. Jensen (1968) studied 115 mutual funds for 1954-64 and concluded that these funds are not able to estimate security prices well sufficient to outperform. Friend, Blume and Crockett (1970) studied the performance of 86 mutual funds with portfolios and concluded that mutual funds having high turnover performing better than low turnover whereas fund size does not show any impact on the performance. Carlson

(1970) reported that sample selected by him has outperformed while using Sharpe ratio than the Dow Jones benchmark. Arditti (1971) found contrary results than Sharpe's that average fund performance could be superior to the performance of DJIA for a long duration. SEC study (1971) concluded that some of the funds performed better than benchmarks but no consistency was found in performance. McDonald (1974) analyzed performance of 123 mutual funds for the duration of 1960-69 in USA using New York Stock Exchange (NYSE) as market index and found that more than half of the funds are providing better return than the market in terms of Treynor's measure, whereas only one-third of the funds performed better in Sharpe's measure than the market index (NYSE). Gupta (1974) evaluated the performance of mutual fund industry for the duration of 1962-72 using both DJIA and S & P 500 as market indices and concluded that all types of funds outperformed than market irrespective of market index choice. Norman (1977) applied neutral risk adjusted performance measure and concluded that approximate 66 per cent of the funds had larger net returns adjusted for systematic risk. Thompson (1978) found that discounted fund shares, adjustment for risk provided superior performance the market during 1940-1975 on close-end investment company shares. Guy (1978) concluded that, no trust had outperformed than the London Stock Exchange Index. Reilly (1982) study concluded that the selected sample funds were successful to perform better than market during study. Ariff and Johnson (1990) found that the performance of Singapore unit trusts spread around the market performance with approximately half of the funds performing below the market and another half performing above the market on a

risk-adjusted basis. Cole and IP (1993) present evidence that portfolio managers were unable to earn overall positive excess risk-adjusted returns. Gallagher and Martin (2005) found no statistically significant difference in the return of large and small funds in Australia.

Some of the prominent studies pertaining to the performance evaluation of mutual funds in India are: Jaydev (1996), Dave (1998), Thomas (1998), Kulkarni, (1998), Hudson (1998), Chakrabarti and Rungta (2000), Gupta (2001), Narasimhan and Vijayalakshmi (2001), Turan, Bodla and Mehta (2001), Biswadeep (2002), Chander (2002), Sethu and Baid (2002), Sadhak (2003), and Mishra (2002). The majority of research studies conducted in between 1995 and 2002 have shown that the mutual funds in India could not win the confidence of investors due to their low return, lack of transparency and ambiguity in rules and regulations. Tripathy (2004) evaluated the performance of 31 tax planning schemes in India over the period 1994-95 to 2001-2002. The results indicate that the fund managers under study have not been successful in reaping returns in excess of the market or in ensuring an efficient diversification of portfolio. Sondhi and Jain (2006) examined the performance of 36 mutual funds for the period 1993 to 2002 and concluded that performance of the sample funds remained far from satisfactory in terms of rates of return and risk adjusted returns. Anand (2007) reported that the mutual funds are not able to compensate the investors for the additional risk because they have taken by investing in growth schemes. Chakraborty et al (2008) examined the performance of 40 mutual funds with growth option for the period 2005-2007 using BSE 100 as market portfolio and 364-day treasury bills as risk free rate of return.

It concluded that majority of the selected funds are outperforming as compared to market and risk free rate of return. Bodla and Garg (2007), Garg and Soni (2008) found that growth mutual funds have succeeded in providing a fair rate of return to the investors. Deb (2008) showed that the funds have not been able to beat their style benchmarks on the average. Lakshmi et al (2009) revealed that the sample growth schemes did not provide adequate return in terms of systematic risk and unsystematic risk. Jaiswal & Nigam (2010) found that mutual fund's provide better return than any return on risk free securities but unable to outperform the benchmark portfolio in terms of average return. Mehta (2012) found that public sector mutual funds of this category performed brilliantly and maintained the monopoly in index market funds. Dhanda et al (2012) concluded that very few schemes have performed better than benchmark. Kaur (2012) found that all the schemes failed to give reward to variability and only 4 schemes are able to give more reward to volatility than benchmark whereas Prajapati & Patel (2012), Lohana (2013), Sharma (2013) and Garg & Gupta (2014) concluded that most of the mutual funds have given positive return during the study period and succeeded to beat the benchmark and good performance is given by risk adjusted measures. Senapathy & Krishna (2015) found high risk, high return for many schemes and majority of the schemes outperformed the benchmark on risk adjusted measures and they concluded that due to economic conditions mutual fund industry is generating more return than ever before. So, due to wide dispersion in the results of previous studies it is dire need of the hour to study the mutual fund industry to judge the above mentioned gaps in the existing studies.

Objectives of the Study

- To study the financial performance of selected equity mutual funds schemes of private sector in terms of rate of return earned vis-a-vis market return and risk free return.
- To study the total risk, systematic risk and volatility of selected equity mutual funds schemes of private sector.
- To study the financial performance of selected equity mutual fund schemes of private sector in terms of risk-adjusted returns with benchmark and stock selectivity.

Hypotheses of the study

H_1 : There is no difference in the performance of selected equity mutual funds schemes with the market portfolio and conventional risk free investments.

H_2 : There is no variation in the total risk factor of selected mutual fund schemes and market return and volatility of schemes over the market.

H_3 : There is no significant difference in the risk adjusted returns and the benchmark.

Sampling and Database

This study takes returns of a total sample of 30 schemes from different 3 mutual fund houses for the duration of January 2006 to June 2016 which are purely related to open ended schemes (growth category) of private sector and never declared dividend in their lifetime. The daily NAV of the funds were obtained from the AMFI and the other variables are mainly collected from annual reports of the fund

companies. National Stock Exchange Index known as Nifty is considered as appropriate benchmark. Further, the daily yields on 91-day treasury bills (T-Bills) are used as a surrogate for the risk-free rate of return. Due care has been taken to take identical time periods and equal sample observations for comparison of funds, performance and benchmark performance. For characterisation of the schemes all the selected schemes are divided in to two categories as:

- (1) Funds having average financial assets above 500 crores as large cap schemes
- (2) Funds having average financial assets between 100 crores to 500 crores as medium cap schemes and less than 100 crores considered as small cap schemes.

So according to size wise classification, there are 15 schemes considered as large cap schemes and 15 are considered as medium and small cap schemes.

Tools used for Data Analysis

- (a) Portfolio return

$R_p = (NAV_t - NAV_{t-1}) / NAV_{t-1}$ Where, R_p = Annual return on a scheme, NAV_t = NAV for current day and NAV_{t-1} = NAV for preceding day.

- (b) Total risk of the scheme (σ_p)

$$= \frac{\sqrt{(Rp - AvgRp)^2}}{N - 1}$$

- (c) Market Portfolio (Total risk) (σ_m)

$$= \frac{\sqrt{(Rm - AvgRm)^2}}{N - 1}$$

$$(d) \quad \beta_p = \frac{\text{Cov}(R_p, R_m)}{\sigma_m^2}$$

$$(e) \text{ Sharpe's Ratio: } (R_p - R_f) / \sigma_p$$

$$(f) \text{ Treynor Ratio: } (R_p - R_f) / \beta_p$$

(g) Jensen Measure:

$$\alpha_p = R_p - E(R_p), E(R_p) = R_f + \beta_p (R_m - R_f)$$

To test whether the difference between the performance of a fund and the market is significant or not, t-test at 5% level of significance is applied. ANOVA has been used for testing the difference in performance of a fund across fund characteristics like size wise basis.

Data Analysis and Discussion

Portfolio Measurement using Returns Measures

The return of the portfolio is commensurate with the returns of its individual assets. The return of the portfolio is the average of the returns of its component assets. In this study the returns are measured by comparing the returns of the sample schemes with one another, sample schemes returns with benchmark returns and risk free rate of return. To this end by observing Table-1 reveals some inferences; when we compare the scheme returns of the sample schemes Reliance Pharma Fund-G with the

return of 10% ranked top and Kotak Emerging Equity Scheme-G ranked the last with 6% in the category of equity large cap. Sundaram SMILE Fund-G generated the return of 13% and Reliance Banking Fund Inst. Plan-G having the return of -6% stood last. Also 22 of sample schemes generated higher return than average of all schemes return (0.06) and market proxy. When average returns of equity large cap and equity small & mid cap are compared, equity large cap average is higher than equity small & mid cap schemes.

When the sample schemes are compared with their benchmark return; except 7 schemes all other schemes earned more return than benchmark returns. One scheme Reliance Banking Fund Inst. Plan-G provided negative returns to the investors. All sample schemes earned the risk premium which is excess of return over risk free rate of return.

Generally, higher risk investments potentially yield a higher return. If we compare the return and risk of the sample schemes, surprisingly Reliance Pharma Fund- Growth Plan-G having highest return is having low risk and some other funds which are having the low return are having highest risk such as Reliance Diversified Power Sector Fund-G and Sundaram Select Focus Fund-G. Schemes like Kotak Emerging Equity Scheme-G having low return low risk. So, the general statement higher the risk, higher the return doesn't apply on the study.

Table-1
Risk and Return Comparisons of Selected Schemes

SL No	Name of Schemes	Rp	Rank(Category Wise)	Overall Ranking	Rm	Rank(Category Wise)	Overall Ranking	Rf	SDp	Rank(Category Wise)	Overall Ranking	β	Rank(Category Wise)	Overall Ranking	R_i^2	Rank(Category Wise)	Overall Ranking
Equity Large Cap Schemes																	
1	Kotak 50 Growth	0.07	10	12	0.06	11	15	0.03	1.42	11	23	0.86	4	11	0.97	2	11
2	Reliance Banking Fund-Growth Plan-G	0.09	2	3	0.06	10	14	0.03	1.77	1	5	0.93	1	2	0.82	15	27
3	Reliance Diversified Power Sector Fund G	0.06	13	16	0.06	14	21	0.03	1.53	4	13	0.83	8	15	0.89	12	24
4	Kotak Opportunities - Growth	0.07	8	9	0.06	1	2	0.03	1.52	5	14	0.88	3	9	0.97	6	15
5	Reliance Equity Opportunities Fund Retail Plan G	0.08	4	5	0.06	8	12	0.03	1.41	12	25	0.79	10	18	0.96	7	17
6	Reliance Growth Fund Retail Plan G	0.07	7	8	0.06	4	5	0.03	1.43	9	21	0.79	11	19	0.97	4	13
7	Reliance Pharma Fund-Growth Plan-G	0.10	1	2	0.06	11	15	0.03	1.27	15	30	0.55	15	30	0.88	14	26
8	Reliance Regular Saving Fund- Equity Option- G	0.08	5	6	0.06	11	15	0.03	1.48	7	17	0.83	7	14	0.98	1	10
9	Sundaram SMILE Fund-G	0.08	6	7	0.06	6	9	0.03	1.61	2	8	0.85	5	12	0.89	13	25
10	Sundaram Select Focus Fund-G	0.06	12	15	0.06	2	3	0.03	1.56	3	11	0.90	2	6	0.97	3	12
11	Sundaram Select Midcap-G	0.09	3	4	0.06	3	4	0.03	1.43	10	22	0.73	13	25	0.96	8	18
12	Reliance Tax Saver (ELSS) Fund-G	0.07	9	10	0.06	9	13	0.03	1.40	13	26	0.76	12	23	0.90	11	23
13	Sundaram Tax Saverr Fund-G	0.07	11	13	0.06	7	10	0.03	1.44	8	20	0.82	9	17	0.97	5	14
14	Kotak Tax Saver Fund-G	0.06	14	18	0.06	5	7	0.03	1.49	6	16	0.85	6	13	0.95	9	19
15	Kotak Emerging Equity Scheme – Growth	0.06	15	19	0.06	15	23	0.03	1.37	14	28	0.71	14	27	0.91	10	21

16	Kotak Contra Scheme-G	0.06	5	20	0.06	2	6	0.03	1.36	15	29	0.77	10	21	0.98	7	7
17	Kotak Mid Cap Fund-G(Known as Kotak)	0.06	3	14	0.06	5	15	0.03	1.41	13	24	0.75	12	24	0.93	11	20
18	Reliance Banking Fund-Inst. Plan-G	- 0.06	15	30	0.05	10	25	0.04	3.94	1	1	0.88	6	8	0.03	14	29
19	Reliance Diversified Power Sector Fund Inst. Plan G	0.01	14	29	0.03	15	30	0.02	1.68	6	7	0.76	11	22	0.98	8	8
20	Reliance Equity Opportunities Fund Inst. Plan G	0.03	13	28	0.05	11	26	0.03	2.16	3	3	0.73	13	26	0.01	15	30
21	Reliance Growth Fund Inst. Plan G	0.06	6	21	0.05	14	29	0.03	1.47	12	19	0.77	9	20	0.99	3	3
22	Reliance Media and Entertainment Fund G	0.06	4	17	0.06	5	15	0.03	1.54	9	12	0.69	15	29	0.91	12	22
23	Reliance NRI Equity Fund-Growth Plan-G	0.07	2	11	0.06	5	15	0.03	1.50	10	15	0.88	5	7	0.99	2	2
24	Reliance Vision Fund Inst. Plan Growth Plan-G	0.05	10	25	0.05	12	27	0.03	1.48	11	18	0.82	8	16	0.96	10	16
25	Sundaram Balanced Fund - Appreciation	0.06	7	22	0.07	1	1	0.05	1.38	14	27	0.71	14	28	0.99	4	4
26	Sundaram Growth Fund-G	0.05	8	23	0.06	3	8	0.03	1.58	8	10	0.92	2	3	0.99	6	6
27	Sundaram India Leadership Fund-G	0.05	9	24	0.06	9	24	0.04	1.77	5	6	0.92	3	4	0.99	5	5
28	Sundaram Rural India Fund-G	0.04	12	27	0.06	4	10	0.03	2.01	4	4	0.86	7	10	0.80	13	28
29	Sundaram SMILE Fund-Inst. G	0.13	1	1	0.06	8	22	0.08	3.15	2	2	1.21	1	1	0.98	9	9
30	Sundaram Select Focus Fund- Inst. G	0.05	11	26	0.05	13	28	0.02	1.59	7	9	0.91	4	5	1.00	1	1
	Average	0.05			0.06			0.03	1.87			0.84			0.83		
	Overall Average	0.06			0.06			0.03	1.67			0.82			0.88		

To test the hypothesis1, independent t-test was used and the t- value was found greater than the p-value, hence the null hypothesis is rejected. So, after analyzing it, researcher can

conclude that there is significant difference between the scheme returns and benchmark returns. (Refer table-2)

Table-2

Independent T-Test used to test the significance between scheme returns and benchmark returns of sample mutual fund schemes

Annualized Returns	N	Mean	Std. Deviation	Std. Error Mean	t-value	p-value (2-tailed)
Av. Return of Schemes	15	.0740	.01242	.00321	2.453	.021
average return of benchmark	15	.0480	.03913	.01010	2.453	.025

Performance Measurement Using Volatility Measures

The relative rate at which the price of a security moves up or down is called volatility. Volatility is found by calculating the annualized standard deviation of daily change in price. At the time of evaluation of the mutual funds and while comparing the funds with that of the other funds of the similar category, the risks should be taken into account. During the measurement of the risk of each of the schemes, the past volatility will be considered as the measure of the risk and as an indicator or pointer for the future risk. According to capital asset pricing model (CAPM) total risk is having two components; Systematic risk (Market risk) and unsystematic risk(unique risk).Standard deviation is the measure of total risk i.e. market risk plus unique risk and beta is the measure of systematic risk. The following inferences can be drawn on σ , $\hat{\alpha}$ and r^2 of the sample schemes from Table-1.

When the comparison is made using σ , in the category of equity large cap schemes; Reliance Banking Fund-Growth Plan-G (1.77) is having highest and Reliance Pharma Fund- Growth Plan-G (1.27) is having the lowest standard deviation i.e. total risk. In the category of equity small and mid cap; Reliance Banking Fund-Inst. Plan-G (3.94) and Kotak Contra Scheme-G (1.36) are having the highest and lowest value of standard deviation. When all schemes are ranked, Reliance Pharma Fund- Growth Plan-G (1.27) and Kotak Contra Scheme-G (1.36) are having low risk. When the averages of both the categories are compared; the average risk of equity small and mid cap schemes are higher than equity large cap schemes. All sample schemes Standard Deviation is lesser than the benchmark total risk.

Beta measures the risk of a fund by measuring the volatility of its past returns in relation to the returns of benchmark. A beta of less than 1 is generally less risky than general market. By

definition the market index beta is considered to be 1. Accord inly A beta of 1.0 indicates that the investment's price will move in lock-step with the market. Also A beta of less than 1.0 indicates that the investment will be less volatile than the market, and, correspondingly, a beta of more than 1.0 indicates that the investment's price will be more volatile than the market.

The performances of the sample schemes are compared using beta, the $\hat{\alpha}$ of the selected schemes are falling in the range of 1.21 to 0.55 and hence one can infer that all sample schemes are less volatile than the market except one scheme Sundaram SMILE Fund Inst. G having beta 1.21 but these schemes are moving with the market direction. The average beta of equity small & mid cap schemes is higher than equity large cap schemes.

Table-3
One Way ANOVA, Descriptive Statistics

Standard Dev.	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.156	1	1.156	4.208	.050
Within Groups	7.694	28	.275		
Total	8.851	29			
Beta	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.008	1	.008	.657	.425
Within Groups	.355	28	.013		
Total	.364	29			

R-Squared is the value of coefficient of determination (R^2), indicates the degree of diversification. Diversification reduces the unique risk of the portfolio. As discussed above, beta is dependent on correlation of a mutual fund scheme to its benchmark index. So, while considering the beta of any fund, an investor also needs to consider another statistic concept called 'R-squared' that measures the correlation between beta and its benchmark index.

R^2 value ranges from 0-1. According to Morningstar, a mutual fund with R^2 value of 0.85 to 1.00 has a performance record that is closely related to the index and a fund rated

0.70 or less would not perform like the index.

Considering R^2 , the value of R Squared of sample schemes is ranging from 1.00 to 0.01 but most of the schemes having R^2 having except only 2 schemes of equity mid & small cap funds are Reliance Banking Fund Inst. Plan-G and Reliance Equity Opportunity Fund Inst. Plan-G. It concludes that there is no further scope of diversification in sample schemes except these schemes. The average value of R squared of equity large cap schemes are little higher than equity small and mid cap schemes.

To test hypothesis 2, one way ANOVA is used, and significant value (P Value) are found above 0.05, hence, Null hypothesis is accepted and concluded that “there is no significant difference between different volatility measures of the sample schemes as across fund characteristics”.

Performance Evaluation Using Risk Adjusted Performance Measures:

William F. Sharpe (1966) developed a method of measuring return per unit of risk also called as reward to variability. The Sharpe Ratio uses standard deviation which is ‘non directional’ meaning it does not differentiate between upside volatility or downside volatility. The Sharpe ratio is a measure of performance of the portfolio compared to the risk taken. Higher the Sharpe ratio better the performance and greater the profits for taking additional risk.

When the Sharpe Ratio is compared, in the equity large cap category; Kotak Tax Saver Fund-G and Reliance Pharma Fund- Growth Plan-G got the lowest and highest ranks respectively. In the equity small and mid cap category; Reliance NRI Equity Fund- Growth Plan-G and Reliance Banking Fund-Inst. Plan-G stood first and last respectively. The average reward to variability of equity large cap is 0.03 and equity small and mid cap is 0.01 which is lower than the previous category. Overall average of the schemes stood at 0.02 which is

more than benchmark Sharpe Ratio 0.00. Only Reliance Banking Fund Inst. Plan-G, Reliance Diversified Power Sector Fund Inst. Plan-G and Reliance Equity Opportunities Fund Inst. Plan-G have less value than benchmark ratio. Hence these funds are not performing better and attaining very small amount of reward to variability.

Jack L. Treynor (1965) developed a method which is helpful measure the fund’s excess return from each unit of systematic risk. It compares the portfolio risk premium (fund’s rate of return minus the risk free rate of return) to the diversifiable risk (Beta). The beta of general market is defined as 1. The higher the Treynor ratio the better is the performance of the scheme. The negative Treynor index ascertains that the scheme did not outshine the market.

Treynor index value is high for Reliance Pharma Fund-Growth Plan-G and low for Kotak Tax Saver Fund-G in equity large cap category. Reliance NRI Equity Fund-Growth Plan-G ranked first and Reliance Banking Fund- Inst. Plan-G ranked last in equity small and midcap category. The average of all schemes is 0.04. When we observe the ranks of reward to variability and reward to volatility the ranks are almost identical in all the sampled schemes which means the total risk and systematic risk is same. Hence, it is concluded that the unique risk of the sample schemes are very negligible.

Table-4

Analysis of Performance Appraisal of Selected Schemes

SL. No	Name of Schemes	SI	Rank(Category Wise)	Overall Ranking	Tm	Rank(Category Wise)	Overall Ranking	Alpha	Rank(Category Wise)	Overall Ranking
Equity Large Cap Schemes										
1	Kotak 50 Growth	0.03	11	12	0.04	12	16	0.03	11	12
2	Reliance Banking Fund- Growth Plan-G	0.03	5	5	0.07	4	4	0.03	5	5
3	Reliance Diversified Power Sector Fund G	0.02	13	15	0.04	13	17	0.02	13	15
4	Kotak Opportunities - Growth	0.03	10	11	0.05	10	10	0.03	10	11
5	Reliance Equity Opportunities Fund Retail Plan G	0.04	3	3	0.07	3	3	0.04	3	3
6	Reliance Growth Fund Retail Plan G	0.03	8	8	0.06	8	8	0.03	8	8
7	Reliance Pharma Fund-Growth Plan-G	0.05	1	1	0.12	1	1	0.05	1	1
8	Reliance Regular Saving Fund- Equity Option- G	0.04	4	4	0.06	5	5	0.04	4	4
9	Sundaram SMILE Fund-G	0.03	6	6	0.06	6	6	0.03	6	6
10	Sundaram Select Focus Fund-G	0.02	14	18	0.04	14	19	0.02	14	18
11	Sundaram Select Midcap-G	0.04	2	2	0.08	2	2	0.04	2	2
12	Reliance Tax Saver (ELSS) Fund-G	0.03	7	7	0.06	7	7	0.03	7	7
13	Sundaram Tax Saverr Fund-G	0.02	12	13	0.04	11	14	0.02	12	13
14	Kotak Tax Saver Fund-G	0.02	15	19	0.03	15	20	0.02	15	19
15	Kotak Emerging Equity Scheme - Growth	0.03	9	9	0.06	9	9	0.03	9	9
	Average	0.03			0.06			0.03		
Equity Small & Medium Cap Schemes										
16	Kotak Contra Scheme-G	0.02	3	16	0.04	5	18	0.02	3	16
17	Kotak Mid Cap Fund-G(Known as Kotak)	0.02	2	14	0.04	3	13	0.02	2	14
18	Reliance Banking Fund- Inst. Plan-G	-0.02	15	30	-0.11	15	30	-0.02	15	30
19	Reliance Diversified Power Sector Fund Inst. Plan G	0.00	14	29	-0.01	14	29	0.00	14	29
20	Reliance Equity Opportunities Fund Inst. Plan G	0.00	13	28	-0.01	13	28	0.00	13	28
21	Reliance Growth Fund Inst. Plan G	0.02	6	21	0.03	6	21	0.02	6	21
22	Reliance Media and Entertainment Fund G	0.02	4	17	0.05	2	12	0.02	4	17
23	Reliance NRI Equity Fund-Growth Plan-G	0.03	1	10	0.05	1	11	0.03	1	10
24	Reliance Vision Fund Inst. Plan Growth Plan-G	0.01	9	24	0.02	9	24	0.01	9	24
25	Sundaram Balanced Fund - Appreciation	0.01	11	26	0.01	11	26	0.01	11	26
26	Sundaram Growth Fund-G	0.02	8	23	0.03	8	23	0.02	8	23
27	Sundaram India Leadership Fund-G	0.01	10	25	0.01	10	25	0.01	10	25
28	Sundaram Rural India Fund-G	0.00	12	27	0.01	12	27	0.00	12	27
29	Sundaram SMILE Fund-Inst. G	0.02	5	20	0.04	4	15	0.02	5	20
30	Sundaram Select Focus Fund- Inst. G	0.02	7	22	0.03	7	22	0.02	7	22
	Average	0.01			0.01			0.01		
	Overall Average	0.02			0.04			0.02		
	Benchmark Average	0.00			0.02					

Michael C. Jensen (1968) developed a measure to evaluate portfolio known as Jensen's Alpha. Alpha is a coefficient that is proportional to the excess return of a portfolio over its required return, or its expected return, for its expected risk as measured by its beta. Hence, Alpha is determined by the fundamental values of the company in contrast to beta, which measures the return due to volatility. Jensen's Alpha can be positive, negative or 0. If the

Alpha is positive, indicates outperformance of portfolio compared to market and vice versa.

By observing Jensen's Alpha values, under equity large cap category, Reliance Pharma Fund-Growth Plan-G outperformed and Kotak Tax Saver Fund-G underperformed. In equity small and mid cap, reliance NRI Equity Fund-Growth Plan-G outperformed and Reliance Banking Fund- Inst. Plan-G underperformed.

Table-5
One way Anova Descriptive Statistics of Performance Measure

		Sum of Squares	df	Mean Square	F	Sig.
Sharpe Measure	Between Groups	.014	1	.014	13.718	.001
	Within Groups	.029	28	.001		
	Total	.043	29			
Trenor Measure	Between Groups	.003	1	.003	21.952	.000
	Within Groups	.003	28	.000		
	Total	.006	29			
Jenson Measure	Between Groups	.003	1	.003	21.952	.000
	Within Groups	.003	28	.000		
	Total	.006	29			

To test hypothesis 3, one way ANOVA is used and found significant value is less than 0.05. Hence, Null hypothesis was rejected and concluded that "there is significant difference between different risk adjusted performance measures of the sample schemes as across fund characteristics".

Findings

The sample scheme returns are higher than the benchmarks except 7 schemes. All the schemes earned risk premium ranging from -0.06 to 0.13. Phaniswara Raju B. (2008) evaluated

performance of 60 mutual fund schemes of 29 mutual fund companies operating during that time and analyzed using risk adjusted performance measures and find out that many selected schemes failed to outperform the market. It is also supporting to the current research finding that there is mismatch of risk return relationship of some of the sample schemes Reliance NRI Equity Fund-Growth Plan-G of equity small and midcap and Reliance Pharma Fund-Growth Plan-G of equity large cap outshined the benchmark from all angles of performance evaluation. Reliance Banking

Fund-Inst. Plan-G, Reliance Diversified Power Sector Fund Inst. Plan-G, Reliance Equity Opportunities Fund Inst. Plan-G and Sundaram Rural India Fund-G are the underperformers among the sample schemes from many views of evaluation, except these schemes all other schemes performed better than the benchmark. It was also found that these schemes belong to equity small and mid cap schemes. The ranks of Sharpe and Treynor are identical to all the sample schemes, it indicates low unique risk. The overall performance of equity small and mid cap schemes are not satisfactory than equity large cap schemes.

Conclusion

This study analyzed the performance of the selected mutual fund schemes by using the volatility measures, leading performance measures and identified that except one sample scheme, some are performing moderately and some stood as low performers. Hence the portfolio managers who are managing the underperformed funds should depend on extensive research than their intuition to improve their predictive abilities. They have to use active portfolio strategies than passive strategies. Although the mutual fund return is dependent on many factors, being professionally managed funds, fund managers should safeguard the investor's funds by proper diversification.

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HOW NGOS FACILITATE RURAL DEVELOPMENT THROUGH GRASS ROOT ORGANIZATIONS? AN EXPLORATORY STUDY

Dr. R. Dayanandan *

Abstract :

Ethiopian economy has been growing at a considerable and significant rate and there is real potential for sustainable progress to be made, transferring the country from being poor and vulnerable, to one that is growing healthy and resilient. The government accepts that, grass root organizations (cooperatives) make important contributions to socio-economic development. Despite the benefits of the current cooperative sector, and support from the government and development partners, cooperatives face a number of constraints that limit their ability to provide core services to their members in a sustainable and scalable way. The government alone cannot provide a substantial support (in the form of financial, research, infrastructure, technology and so on) for the development of cooperative to overcome the complexity of the problems. Hence the government allowed and encouraged both national and international NGOs be one of the actors of cooperative development. However, how far the NGOs intervention has succeeded in achieving the development of cooperative business is unknown due to dearth of studies. Hence this research focused on the role of NGOs in development of cooperative business in the study area. The required data was collected from 235 cooperative members from six agricultural cooperatives selected by proportional random sampling technique. Key informant interview and focus group discussion were used for triangulation. The collected data was analyzed using SPSS software (version 20). Descriptive statistics such as frequency, percentage, mean and standard deviation were used for analysis. Furthermore, inferential statistics such as one sample t-test, binomial test, Chi-square analysis and ordered logistic regression analysis were carried out to address the objectives. The findings indicate that, NGOs helped for Agricultural Cooperatives in terms of store building, office rent, and furnish office materials with skilled staff, pioneer seed multiplication technology, provided different types of training to cooperatives members, supported marketing linkages, supply market information, helped in standardization and promotion etc. Due to the intervention of NGOs, cooperative member's living standard also improved. The regression results show that, fund availability, staff performance, networking strategy, beneficiary participation, government collaboration and climate change are the factors which affect NGOs in development of Agricultural Cooperatives. It is recommended that NGOs need to promote new technologies, diversify the production of maize and tiff, need to support in marketing like value addition, value chain and market linkages, local resource mobilization and improve the women participation in the cooperatives.

Keywords: NGOs, Agriculture, Grass root Organizations, Rural Development.

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1. Background and Rationale

Over the past three decades, the role of Non Governmental Organizations (NGOs) in development' is remains an area of substantial debate. Neo-liberal economic policies such as the structural adjustment policies of the 1990s backed this approach that directing donors fund through NGOs instead of state structure. As a result, NGOs have become major players in the field of social, economic and environmental affairs, particularly on issues of 'poverty eradication'. On the other hand, many criticisms about NGOs and their response to poverty have been given from different sources. Some scholars have questioned the role NGOs play in development process by explaining how the sector has played in affecting the local power capacity (Shurke and Kathina, 2002).

The growing importance of NGOs in the development process is attributed to the fact that they are considered suitable for promoting participatory grassroots development and self-reliance, especially among marginalized segments of society-namely, the poor, women and children. For example, within development-oriented NGOs, microfinance institutions (MFIs) try to contribute to the economic improvement of the poor by bringing in new income from outside the community, preventing income from leaving the community, providing new [self] employment opportunities and stimulating backward and forward linkages to other community enterprises (Wagonal, 2002). It is with this backcloth of the pessimistic and optimistic conceptions of the NGOs role that this research is needed to be conducted.

In Ethiopia gross root organizations (cooperatives) are one of key sector to bring development, people's equal economic

distribution, to develop democracy and to establish sustainable social and economic community. They enable to bring agricultural sector rapid growth specially to alleviate rural poverty and by improving the livelihood of the rural community to change modern agriculture and to fulfill the 5 years transformation and growth plan and to maximize production and productivity by providing the input to the farmers and by adding value with the production and by accessing linkage to farmers (FCA, 2014). The Government of Ethiopia has identified the cooperative form of business organizations as instrumental to socio-economic development and has supported cooperatives for decades to improve agricultural production and productivity (Bezabeh, 2012). However cooperatives of Ethiopia are facing lot of challenges due to many reasons.

Cooperative formation often starts from a government initiative through its government structures. Government also facilitates support from NGOs to cooperatives, in terms of materials, finance and training. The government alone cannot provide a substantial support, (in the form of financial, research, rural infrastructure, technology and so on) for the development of cooperatives to overcome the complexity of the problems. Hence the government of Ethiopia allowed and encouraged both national and international NGOs be one of the actors of cooperative business development. NGO sector has been working in Ethiopia since the 1970s, in particular on food security related issues and as whole in various development arenas. There is no doubt about the role of the NGOs sector in supporting the country in time of crisis since then. However, from cooperative development perspective there is a need to think differently

about the interventions done so far and analyze the specific technical solutions in the context of the ground reality.

In this regard, there is no much-detailed literature, publications and documentation in sufficient evidence for the above argument. Therefore, it is important to quantify/qualify exactly what the NGOs doing for the rural development through cooperative in the study area. Hence, this paper seeks to explore the role of NGOs in rural development through cooperative organizations for the past six years.

2. Objectives

In line with the study subject, the specific objectives are.....

- To assess the contribution of NGOs in rural development through cooperative development.
- To examine the impact of NGOs intervention on cooperative member's livelihood
- To investigate the factors influencing the NGOs in development of cooperatives
- To understand the sustainability phases out strategy of NGOs in the study area.

3. Study Design and Methodology

The study employed mixed research design encompassing both qualitative and quantitative information. Both secondary and primary data were used to address the objectives. Primary data was collected from the members of sample cooperatives.

The study employed multi-stage sampling technique to select the district, NGOs, cooperatives and the respondents. At the first

stage, among 13 districts in Zone, Meskan district was selected purposively because of high intervention by NGOs towards agricultural cooperatives and geographical proximity of the district. In the second stage, three NGOs namely Self Help Africa, SOS SAHEL and Agri-Service Ethiopia were selected purposively because these NGOs have been supporting large number of agricultural cooperatives and have better experience in their activities in rural development. In the third stage, three agricultural cooperatives among 10 cooperatives from Self Help Africa, two agricultural cooperatives among six cooperatives from SOS SAHEL and one among four agricultural cooperatives from Agri-Service Ethiopia were selected by simple random sampling technique. In the fourth stage, from the total 1949 members of six selected cooperatives, a sample of 235 was arrived using

Poduri (2000) formula.
$$n = \frac{NZ^2 \alpha / 2}{Z^2 \alpha / 2 + 4(N-1) e^2}$$

These sample members were allocated to proportional probability to the size. In the last stage, individual respondents from each selected cooperatives were selected using systematic random sampling technique.

The collected data was analysed by Statistical Package for Social Sciences (version 21) Descriptive statistics like Frequencies, Percentages, Mean and Standard Deviation etc. were used to analyse the data. In addition, inferential statistics like binomial test, paired sample t-test, one sample t-test, Chi-square test and ordered logistic regression were also used to arrive at meaningful results. The results are presented in the form of tables and diagrams followed by interpretation.

4. Results and Discussion

4.1. Contribution of NGOs in Cooperative Development for Rural Development:

Agriculture and rural development is the oldest, yet still the most important area of NGOs involvement (Desalegn, et al. 2008). NGOs provide support by arranging experience sharing program, which helps the cooperatives to widen their perspectives. They also engage in asset building activities, supplying farm input services, giving education through short-term training especially for members in different themes, including: crop production, livestock

production, market development and health service. Among the wide variety of NGOs contributions, the following were identified as common for rural development in the study area.

4.1.1. Asset Building: According to Sheffrin (2003), anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value is considered as an asset. It is expected that the sample NGOs are supposed to involve in asset building in the cooperatives and the members as well.

Table 4.1.1: Contribution of NGOs in Asset Building (n=235)

Variables	<i>n</i>	%	Test Prop.	p-value
<i>Building Store</i>			0.5	0.000*
Yes	178	75.7		
No	57	24.3		
<i>Improved Irrigation Source for Cultivation</i>			0.5	0.794
Yes	120	951.1		
No	115	48.95		
<i>Purchased Agricultural Machineries</i>			0.5	0.000*
Yes	78	33.2		
No	157	66.8		
<i>Purchased Livestock Asset</i>			0.5	0.000*
Yes	45	19.2		
No	190	80.8		

Source: Survey data; Note: * Significant at 5% level

As seen from the Table 1, majority (75.7%) of respondents agreed that due to the NGOs support cooperatives could build storing facilities which helpful to the members to store the products so that they can wait up to getting fair price in the market, 48.9% of them reported that NGOs supported them by increasing irrigation source for cultivation so that they could overcome the problem of irrigation for their crops. In addition 33.2% of respondents acknowledge that NGOs supported them to purchase agricultural machineries which facilitate them in cultivation and only 19.2% of respondents replied that they have got support to purchase livestock assets. However, it is observed that except storing facilities, the sample NGOs were not able to cover most of the sample farmers in other types of services. The data were further tested for checking the representativeness of the data by using one-

sample binomial test. Accordingly, building store has shown positive significance at $p < 0.001$ which confirm the solid support got from NGOs by majority of the respondents. But, improved irrigation source for cultivation was not found to be significant ($p > 0.05$) even though it is a means to meet the growing agricultural demands in Ethiopia (Awulachew et al., 2005). The results of key informant interview and focus group discussions revealed that NGOs support agricultural cooperatives by building stores.

4.1.2. Farm Input Services: Raising the productivity of the crops, vegetables, trees, and livestock is depends on the farm inputs and services (Bairwa, Kushwaha & Bairwa, 2011). If the farmers get adequate input for the farm they can used the idle land for cultivation which contribute their employment and income for their enhancement of livelihood.

Table 4.1.2: Contribution of NGOs by Providing Farm Input Service (n=235)

Variables	<i>n</i>	%	Test Prop.	p-value
<i>Crop Loan Supply</i>			0.5	0.000***
Yes	78	33.2		
No	157	66.8		
<i>Seed Distribution</i>			0.5	0.000***
Yes	187	79.6		
No	48	20.4		
<i>Fertilizer Distribution</i>			0.5	0.000***
Yes	86	36.6		

No	149	63.4		
<i>Pesticide Distribution</i>			0.5	0.000***
Yes	149	63.4		
No	86	36.6		
<i>Production Technology</i>			0.5	0.000***
Yes	225	95.7		
No	10	4.3		

Source: Survey data; **Note:** *** Significant at 0.1% level

Regarding NGOs contribution on farm input services, it is found from the survey results (Table 2), about 33.2% of sample members were received crop loan, majority (79.6%) received seeds such as wheat and maize from NGOs and 36.6% respondents' availed manure/fertilizer from NGOs which are working in the study area. Tangible numbers of respondents (63.4% and 95.7%) have received pesticides and agricultural production technology from the NGOs. Thus it is inferred that due to the intervention of the NGOs most of the sample members could get benefit of input services which helped them to enhance their farm production. The one-sample binomial test indicates that seed, pesticide and production technology distribution through cooperatives helps the members for their agricultural developments and significance at $P < 0.001$. Key informants also confirmed that NGOs provide different agricultural inputs like water pump, manual cultivator, seed moisture meter, small lab equipment, scale, and fertilizers twice a year depends on their product which is

very important to improve the production quality.

4.1.3. Education and Training: Many NGOs in the study area have involved in public awareness creation activities as part of their intervention through education. The training given by NGOs supports institutional capacity building and has helped to create a more stable and functional environment for cooperative unions (Bezabih, 2012). Supporting the farmers through education and training enhance their knowledge on farm management and contribute to enhance their production and productivity ultimately increases their welfare.

Table 4.1.3: Contribution of NGOs in Providing Education and Training (n=235)

Variables	<i>n</i>	%
<i>Training on Crop Production</i>		
Input Application	230	97.9
Post-harvest Handling	228	97.0
Cultivation Method	233	99.1
Water Lifting technology	64	27.2
Forage seed multiplication &management	106	45.1
<i>Training on Livestock Production</i>		
Sustainable forage development	60	25.5
Dairying Farming	109	46.4
Poultry Farming	149	63.4
Breeding/rearing	148	63.0
Feed meal management	139	59.1
Fattening of Cattle	151	64.3

Source: Survey data

There are different types of training provided by sample NGOs to the cooperative members. As Table 3 shows, majority of the sample members got training on input application (97.9%), cultivation method (99.1%) and post-harvest handling (97.0%). On the other hand, below 50% of sample members had got training on forage seed multiplication and seed management (45.1%), and water lifting technology (27.2%). Regarding livestock production, majority (59.1%) of the

respondents had got adequate training on fattening, poultry, breeding/rearing, feed management and dairying. This indicates that the selected NGOs have been involving in scaling up the capacity of the farmers so as to increase their production and productivity of farm and off-farm activities ultimately improves their welfare status. Even though there is adequate water for fish production in some part of the district, fish production was not

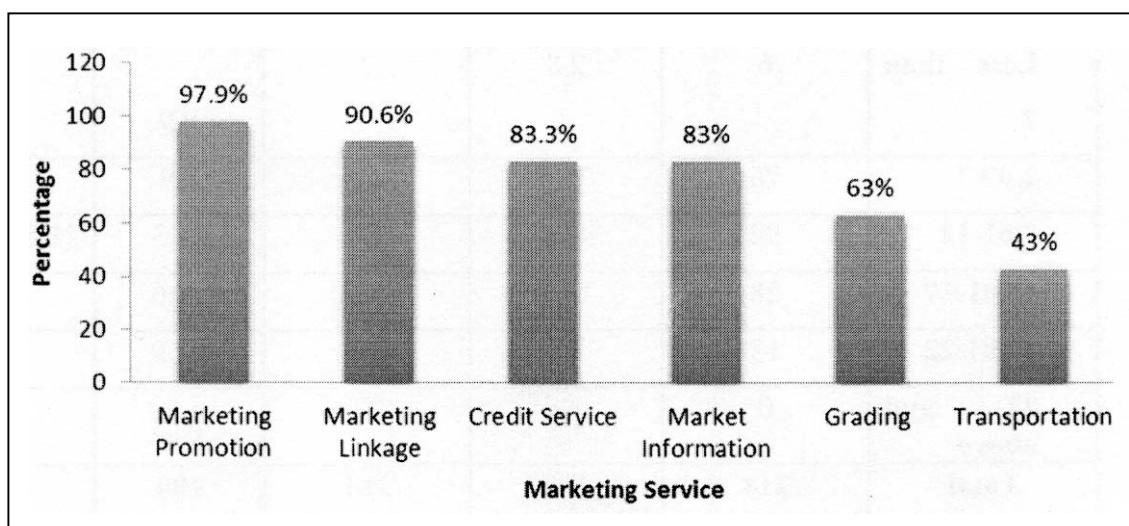
practiced and the cooperatives did not take training regarding fish production.

4.1.4. Market Development Service:

Marketing activities are often managed and evaluated in the same way as other development activities. Within the fair-trade arena, the role and the marketing channels used by NGOs also varies. Some organizations take a direct marketing role by acting as wholesalers, with the producers acting as subcontractors and others involved in giving Market information, Grading/standardization, Transportation, Marketing linkage, Marketing promotion and Credit service (Kindness & Gordon, 2001).

Agricultural cooperatives are expected to involve in output marketing activities to the members so as to get fair price to their products and to increase the bargaining power. However, most the cooperatives do not have sufficient capital to facilitate marketing activities and failed in their objectives. In this situation, if NGOs and other agencies come forward to support the cooperatives, they can perform well in their perspectives. With this background it is necessary to see how the sample NGOs playing a vital role in facilitating the marketing activities of selected cooperatives.

Figure 1: Contribution of NGOs in Marketing Services (n=235)



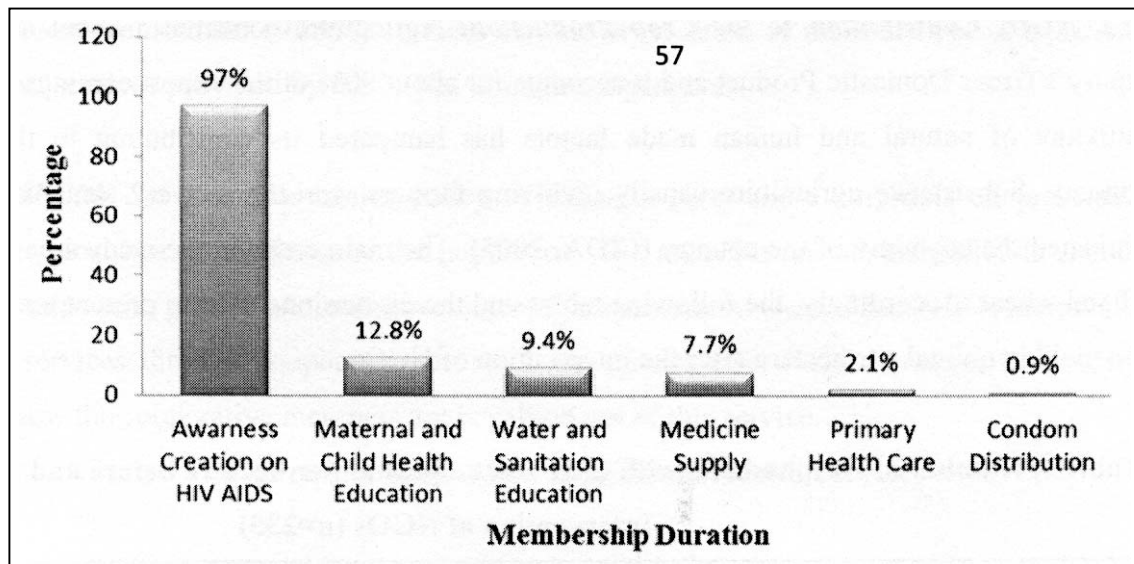
Source: Survey data

Based on the survey findings, majority of sample cooperative members has got credit services (83.3%), marketing linkage services (90.6%), market information (83%), standardization (63%) and market promotional (97.9%) services etc. However most of them are not satisfied with the transport services provided by the NGOs through cooperatives.

4.1.5. Health Service: The health policy of Ethiopia gives more emphasis on prevention and resolves most health problems of the population. The main feature of this policy is encouraging partnerships with private and non-governmental health care services. Thus NGOs are involving in health services through cooperatives to reach the masses effectively. However it is essential

to know how the cooperative members are benefited out of this service.

Figure 2: Contribution of NGOs in Health Services



As it can be seen in Figure 2 results, as high as 97.0% of the respondents agreed that they got awareness creation on HIV/AIDS, and the other health services provided by the NGOs. But services such as primary health care, supply of essential medicines, education on water and sanitation, maternal and health education, the NGOs were not able to satisfy most of the sample respondents.

4.2. Impact of NGOs intervention on Members' Livelihood

The social and economic growth of Ethiopia depends on the performance of rural sector, which dominate by smallholder producer (CIDA, 2005). NGOs performance can be measured by the magnitude of its contribution and beneficiary's livelihood improvement (www.ngoperformance.org). In this section the impact of NGOs contribution to its beneficiary's livelihood improvement in terms of livestock

production and crop production were assessed and discussed.

4.2.1 NGOs' Contribution to Livestock Production: Livestock are critical to the wellbeing of rural households in terms of income, savings, food security and employment. The sector is also important to the national economy, contributing 16% of GDP, one-third of agricultural GDP, and 8% of export earnings. However the sector has hampered by different natural and institutional problems (Elleni, 2007).

Table 4: Respondents with their Livestock (in TLU) before and after the Intervention of NGOs (n=235)

Livestock (TLU)	Before NGOs Intervention		After NGOs Intervention		<i>t-test</i>
	<i>n</i>	%	<i>n</i>	%	
Less than 2	6	2.8	2	0.9	
2.00-7	76	35.5	17	7.9	
7.01-12	92	43.0	52	24.3	31.51***
12.01-17	28	13.1	72	33.6	
17.01-22	12	5.6	49	22.9	
22 and above	0	2.8	22	10.3	
Total	214	100	214	100	

Source: Survey data; **Note:** *** Significant at 0.1% level

NGOs were involving in the area to improve the sector, and the Table 4 results show that out of 235 sample cooperative members surveyed, 214 (91.1%) have their own livestock. The livestock includes goat, cow and chicken and it is observed from the survey results, there is a significant improvement of livestock rearing has been observed after the intervention. The results of paired t-test (t -value=31.51, $p<0.001$) revealed that there is statistically significant difference between the average TLUs before and after the intervention of NGOs among the cooperatives members' livestock assets. Hence, it is possible to conclude that the cooperative members were increased their TLUs due to the NGOs intervention which paves the way for improving their livelihood status.

In addition, FGD participants added that cooperative members were interested to have livestock population due the training on the management of livestock offered by NGOs. Members began to have hybrid cattle and minimizing the number of cattle to create conducive environment for better management and maximizing their productivity by using paddock system for effective utilization of grazing land, producing and feeding improved forages, taking health care through vaccination and medical treatment whenever their animals falling in sickness. Further, cooperative members also started to practice poultry farming by using hybrid varieties and fattening of oxen, sheep and goat in large amount. In addition, farmers were initiated to use artificial insemination (AI) in vast to improve their cattle genetic capacity.

4.2.2. NGOs Contribution to the Crop Production: Agriculture contributes about 43% of the country's Gross Domestic Product and it accounts for about 90% of the export earnings. However, a mixture of natural and human made factors has hampered its contribution to the country economy. Subsistence agriculture usually involving farmers

working on very small landholding dominated the economy of the country (CIDA, 2005). The main crops in the study area are maize, teff and wheat. Accordingly, the following tables and the discussions tried to present the change of crop yield in quintal per hectare after the intervention of NGOs.

Table 5: Number of Respondents with their teff in quintal per hectare before and after the Intervention of NGOs (n=235)

Teff (Q/Hect)	Before NGOs Intervention		After NGOs Intervention		t-test
	n	%	n	%	
Less than 2	19	20.7	9	9.4	
2.00-7	5	5.4	8	8.3	
7.01-12	11	12.0	3	3.1	15.97** *
12.01-17	22	23.9	6	6.3	
17.01-22	21	22.8	10	10.4	
22 and above	14	15.2	56	58.3	
Total	92	100	96	100	

Source: Survey data; **Note:** *** Significant at 0.1% level

Out of the total sample, 92 (39.1%) of them produced teff and the survey results (Table 5) shows that there is a difference of yield in teff has been observed while comparing before and after NGOs intervention. The paired t-test (t-value = 15.07, $p < 0.001$) revealed that there is statistically significant difference between the average teff production by the sample members before and after NGOs support through their cooperatives. Thus, it is inferred that due to the

intervention of sample NGOs, the cooperative members could increase their production *ceteris paribus*.

Table 6: Respondents with their Maize yield in quintal per hectare before and after the Intervention of NGOs (n=235)

Maize (Q/Hect)	Before NGOs Intervention		After NGOs Intervention		<i>t-test</i>
	<i>n</i>	%	<i>n</i>	%	
Less than 2	76	49.4	64	41.6	
2.00-7	4	2.6	12	7.8	
7.01-12	6	3.9	1	0.6	
12.01-17	22	14.3	4	2.6	10.96***
17.01-22	27	17.5	6	3.9	
22 and above	19	12.3	67	43.5	
Total	154	100	154	100	

Source: Survey data; Note: *** Significant at 0.1% level

Maize is one of the most important cereals grown in Ethiopia and it is used as an important food security measures. As it is observed from the survey results, 154 (65.5%) of sample respondents produce Maize in the study area and is found that there is an increase of production during the said period. The paired t-test (t-value = 10.96, $p < 0.05$) results

revealed that there is statistically significant difference between the average maize production before and after NGOs intervention. Thus, it can be concluded that the sample NGOs play a vital role in increasing the production of maize by providing various essential services to increase the productivity.

Table 7: Respondents with their wheat yield in quintal per hectare before and after the intervention of NGOs (n=235)

Wheat (Q/Hect)	Before NGOs Intervention		After NGOs Intervention		<i>t-test</i>
	<i>n</i>	%	<i>n</i>	%	
Less than 2	39	20.3	13	6.8	
2.00-7	36	18.8	32	16.7	
7.01-12	35	18.2	30	15.6	15.07***
12.01-17	34	17.7	55	28.6	
17.01-22	28	14.6	25	13.0	
22 and above	20	10.4	37	19.3	
Total	192	100	192	100	

Source: Survey data: Note: *** Significant at 0.1% level

Just like maize, wheat is also one of the important crops cultivated by 192 (81.7%) of sample members. The results show that there is a difference of production before and after the support of NGOs. The paired t-test (t-value = 15.07, $p < 0.001$) also confirm that there is statistically significant difference in average wheat production by the members. As it was discussed in the previous sections, since the farmers getting different input and other agriculture related services they are able to increase the productivity of different cereals. Thus NGOs' supports play an important role in increasing the productivity of wheat in the study area.

According to FGD participants NGOs helped the members to adopt the techniques of modern farming, weeding, pest control mechanisms and uses of appropriate packages of technologies.

As a result, they could harvest and store large amount of yields; reduce post-harvest losses and store their product under optimum condition and sell when there is a rise of prices. Therefore, the sample NGOs under study is involving different agricultural production services to increase the production and productivity of the member farmers.

4.3. Factors Influencing the Contribution of NGOs towards Cooperatives Development

One of the specific objectives of this paper is to trace out the influential factors determining the well-functioning/contribution of NGOs in cooperative development. In order to examine the relative importance or net effects of each independent variable included, by controlling all the confounding factors, multivariate analysis

in the form of ordered logistic regression was carried out. Ordered logistic regression can be used when there is ordinal dependent variable. Before using the model, multicollinearity problem among the independent variables was tested using contingency coefficient and it was found that there was no such problem among the variables. In this study, contribution of NGOs towards cooperative development was considered as dependent variable and eight

selected variables through bivariate analysis such as fund availability, staff performance, and strategic plan, networking strategy, promotional strategy, beneficiary participation, government collaboration and climate change were considered as independent variables. The arrived results are presented in the table 8 and discussions on the significant variables are followed.

Table 8: Results of Ordered Logistic Regression Model

Variables	B	S.E	Wald	Odds Ratio	P-Value
Fund Availability	.653**	.225	8.434	1.92	.004
Staff performance	1.404***	.371	14.294	11.08	.000
Strategic Plan	.378	.376	1.009	1.46	.315
Networking strategy	1.205**	.363	10.985	3.34	.002
Promotional strategy	.253	.233	1.188	1.29	.276
Beneficiary Participation	2.468***	.363	46.190	11.79	.000
Gov't collaboration	1.141**	.356	10.277	3.13	.002
Climate Change	-.689**	.216	10.134	0.50	.002

Note: B= Ordered logit coefficient (Estimate), SE=Standard Error, ** & *** Significant at 1% level and 0.1% level respectively

According to ordered logistic regression output, out of eight variables which were included in the model, six predictors have found to be significant effect on the contribution of NGOs. They are (i) fund availability (B=.653, $p<0.01$), (ii) staff performance (B=1.404, $p<0.001$), (iii) networking strategy (B=1.205, $P<0.01$), (iv) members' participation (B=2.468, $P<0.001$) and (v) climate change (B=-.089, $P<0.01$).

4.6. Sustainability Phase-out Strategy of NGOs

Sustainability phase-out strategies of NGOs mean that individuals or groups gain knowledge and support so as to increasing technical capacity and management expertise to be able to continue activities on their own (Rogers and Macías, 2004). The concept of phasing out does not necessarily imply that project

objectives have been achieved. Instead, in most cases, it should mean that local institutional structures have the capacity and competence to assume responsibilities for the continuation of the development activities. It is of paramount importance to see the issue of phase out in relation to institution building and the coping capacity of local institutions. Phase-out strategy should proceed gradually as the partner's capacity increases (Barna, 1996). Therefore,

phase-out strategies should be carefully considered in advance and in the process of implementation so that responsibilities are turned down activity by activity as they are completed. Also phase out strategy is an essential component to make the cooperative members in a sustainable manner then only the objectives of NGOs will be achieved effectively towards rural development.

Table 9: Sustainable Phase-out Strategy of NGOs

Variables	Test Value=3		
	Mean	SD	t-test
The project has been developed with the input of cooperatives	4.62	0.58	42.52***
The cooperatives were actively involved in every activity of the project	4.46	0.69	32.66***
The government officials were actively involved in every activity of the project	3.44	1.21	5.63***
The NGOs give continuous training to the agricultural cooperative members	4.47	0.69	32.54***
The NGOs give awareness about its activities	4.57	0.65	37.27***
NGOs notify all stakeholders about the phase-out strategies	4.46	0.70	31.92***

Source: Survey data; **Note:** *** Significant at 0.1% level

Respondents were requested whether the project has been developed with the input of cooperatives or not. In respect to this, a one sample t-test was conducted with and the result revealed that the project has been developed with the input of cooperatives i.e. t-test with

test value 3 (Mean=4.62, SD=0.58, t-value=42.52, $p<0.001$). In the same way the t-test was computed regarding the involvement of cooperatives in every activity of the project. The positive t-value with test value 3 is (Mean=4.46, SD=0.69, t-value=32.66,

$p < 0.001$) which supports the idea of agreement in that the majority respondents perceived.

Thus, from the above analysis, it can be inferred that communities were actively involved in every activity of the project. Also the results of one sample t-test revealed that the government officials were actively involved in every activity of the project (Mean=3.44, SD=1.21, t-value=5.63, $p < 0.001$), The NGOs provided continuous training to the agricultural cooperative members (Mean=4.47, SD=0.69, t-value=32.54, $p < 0.001$), the NGOs provision of awareness about its activity (Mean=4.46, SD=0.70, t-value=31.92, $p < 0.001$) and the notification of NGOs about its phase-out strategies (Mean=4.57, SD=0.65, t-value=37.27, $p < 0.001$) and so on.

The results of key informant interview and focus group discussion also revealed that to increase the technical, economical capacity and continue activities on their own, NGOs provide materials with 50% share from the cooperatives. But sometimes funding constraints may prevent extensions of exit timeframes.

Conclusion and Recommendations

NGOs intervention assumes to bring development in different sector through empowering, innovating and improving the wellbeing of the community. The research outcome indicates that the contribution of sample NGOs, in rural development through the development of Agricultural cooperatives is well. They have huge potential to become one of the cornerstones in Ethiopia's agricultural and economic development especially in rural areas where the united force of farmers can change their own lives and the overall livelihood of their community. Many of the cooperatives

were benefited from the development programs undertaken by the sample NGOs. Availability of enough fund, good staff performance, existence of networking strategy, active beneficiary participation and good collaboration with government enables NGOs to achieve their goal, whereas, due to the occurrence of unexpected climate change hinders NGOs contribution for development of agricultural cooperatives in the study area. Furthermore, NGOs project development with the idea of cooperative members, involvement of the government officials, in provision of training, and notification of stakeholders about the phase-out strategies enabled the agricultural cooperatives to sustain their productivity. Hence, the role of NGOs in rural development through Agricultural Cooperatives in the study area is very crucial.

Based on the findings, following recommendations are forwarded to ensure the continuity of NGOs activities for the development of cooperative to achieve rural development.

- It is known that good production start with quality seed. There is a lot of different between the improved seed and local seed product. But the NGO working on only in wheat production, though the NGOs need start working on other varieties.
- Some part of the Woreda has adequate water for fish production. NGO need provide training and skill to cooperatives to start fish production.
- There are some activities in value chain, value addition and market linkage only for Chili. The NGOs need extend the same activities to other products like maize and *teff*.

- Fund availability has positive and significant association with the contribution of NGOs in the study area. Hence, proper attention need given to get enough fund. This could be achieved by looking for funds that are available locally.
- Government collaboration is the main aspect that enables NGOs to contribute the cooperatives in the area. It provides opportunities for mutual learning, identifying appropriate development initiatives, generating learning resources, improving coordination and cooperation with local government, harmonizing approaches to development, and pursuing effective local advocacy. Therefore, government better work with NGOs by giving the necessary information and following up their activities.
- Climate changes specially shortage of rainfall affects the contribution of NGOs negatively. Therefore, the researcher recommends that NGOs consider irrigation on various scales, through river diversion, constructing micro dams, water harvesting structures for beneficiaries' agricultural development.
- Women participation is found to be less in the sample cooperatives. So NGO needs to give special attention to encourage and create awareness among women to enable participate in agricultural cooperatives.
- NGO policy which is 30/70 (30 % for Administration cost and 70% for Program cost), should revised in selected activity. For example training cost, field expertise and fuel need to incorporate in program cost.

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A STUDY ON STRESS MANAGEMENT OF MILL EMPLOYEES IN SRIVILLIPUTTUR IN VIRDHUNAGAR DISTRICT

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Abstract :

Stress refers to the strain arising from the conflict between our external environment and us, leading to emotional and physical pressure. There is both negative and positive stress, depending on each individual's unique perception of the tension between the two forces. Job stress is also associated with biological reaction that may lead ultimately to compromised health. Work place stress is the harmful physical and emotional response that occurs when there is a poor match between job demands and the capabilities, resources or needs of the worker. These conditions may lead to poor work performance.

This study is an analysis on stress management that has been carried out on a sample of 80 spinning mill workers in and around the town of Srivilliputtur in Virudhanagar district of Tamil Nadu, India. Inflation, technological change, social responsibilities and rapid social changes are other extra-organizational factors causing stress. So, the researcher has made an attempt to know stress management of mill employees in Srivilliputtur. Different problems causing stress such as nature of employment, types of work, hours of work, their holidays, and balancing or relieving the stress offered by spinning mill units, have been examined and suggestions have been provided based on the findings of the study.

Keywords: Job Stress, Stress Level, Stress Management, Srivilliputtur, Work Stress.

Introduction

Stress refers to the strain from the conflict between our external environment and us, leading to emotional and physical pressure. In recent world impossible to live without stress, whether the persons are students or a working adult. There is both negative and positive stress, depending on each individual's unique perception of the tension between the two forces. Job stress is also associated with

biological reaction that may lead ultimately to compromised health. These conditions may lead to poor work performance

Work place stress is the harmful physical and emotional response that occurs when there is a poor match between job demands and the capabilities, resources or needs of the worker. Stress is a prevalent and costly problem in today's workplace. The need of labour welfare arises from the very nature of industrial system

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which is characterized by two basic facts, viz: the conditions under which work is carried on are not congenial for health and second, when labour joins industry they have to work in an entirely strange atmosphere, creating problems adjustments.

The working environment in a factory affects the worker's health because of the excessive heat or cold, noise, fumes, dust, insanitation and lack of pure air. These lead to occupational health hazards and respiratory diseases. These need to be held under check by providing ameliorative services, protective devices and compensatory benefit in case of accidents or injury or disablement. This has been referred to as "the long arm of the job which stretches on its adverse effects on to the worker along after his/her normal 8 hour". Hence, the need for provision of welfare services within the premises of the factory or a plantation.

History of Srivilliputtur

Srivilliputtur is an important municipal city in Virudunagar district of Tamil Nadu. It is situated 75 kilometer south west of Madurai. Its main attraction is Sri Andal's Temple is located in Srivilliputtur. Andal was a great devotee of Lord Krishna. The tower at the entrance gate (Main Gopuram) is the second highest in Tamil Nadu. And the tower is the symbol of Tamil Nadu Government. The economy of the city is based on the manufacture of textiles, and there are mills for spinning and weaving cotton, as well as a large cotton market.

The major industries of Srivilliputtur are-

- Vinthiya spinning mill
- Arasangesan textile mill
- Srivilliputtur co-operatives spinning mills

- Muthulakshmi spinning mills
- Standard spinning & weaving mills ltd
- Sri Vishnu Shankar Mill Ltd- Manufacturer of cotton yarn
- Sandhya Spinning Mills Ltd- Spinning mill, part of Ramco Group
- Geetha Krishna Spinning Mill Pvt. Ltd.- A quality cotton yarn manufacturer .
- Raju Spinning Mills (P) Ltd- Manufacturer of cotton yarn
- Nachiar Spinning Mills. - The largest and number one exporters of cotton yarns and cloths from Rajapalayam to all the Europe and African countries
- Shri Padmavathi Cotton Mills- Manufacturer of cotton Yarn.

Stress Management

Stress management is the need of the hour. However hard we try to go beyond a stress situation, life seems to find new ways of stressing us out and plaguing us with anxiety attack. Moreover, be it our anxiety, mind-exhaustion or our erring attitudes, we tend to overlook causes of stress and the conditions triggered by those. In such unsettling moments we often forget that stressors, if not escapable, are fairly manageable and treatable.

Statement Of The Problem

Srivilliputtur is an ideal home for the spinning mill due to better climate. The researcher chose this topic as a study because human resources are the most vital resource of every organization. Any kind of stress or pressure directly affects their performance as well as

performance of the organization. As the competition is increasing day by day, employee stress is also increasing. Every organization has strong competition with each other hence wants greater productivity with proper utilization of resource, high sale and high profit. The purpose behind the study is to find out the key factors responsible for creating the level of stress. Hence in this study, an attempt has been made to analyze the stress management of spinning mill employees in Srivilliputtur.

Scope Of The Study

The present study influences the analysis of the stress management of spinning mill employees on Srivilliputtur on the all kinds of workers or employees. In today's modern and technology survival world, stress has increased. Inflation, technological change, social responsibilities and rapid social changes are other extra-organizational factors causing stress. So, the researcher has made an attempt to know stress management of mill employees in Srivilliputtur. The researcher is to study the problems of stress such as nature of employment, types of work, hours of work, their holidays, and balancing or relieving the stress offered by spinning mill units.

Objectives of The Study

The following are the objectives of the study:

- To study the causes of stress among employees.
- To analyze the level of stress on employees.
- To study the effectiveness of stress management program organized by the mill.
- To examine the remedial measures taken to control the stress on mill employees.
- To offer suitable suggestions to manage the stress.

Methodology

The study is an empirical research base on both primary data and secondary data. First hand data have been collected from the mill employees with the help of interview schedule. Secondary data is also collected from various studies, books, journals, magazines and websites to supplement the present study.

Sources of data

The present study is based on primary data and secondary data. The data are collected from every possible source.

Primary Data

The primary data were collected from the sample respondents through a questionnaire. A specimen of the questionnaire is placed in the appendix of the project report.

Secondary data

The secondary data needed for this study are collected from journals, books, magazines, articles, government records, and websites and so on.

Sampling Design

The researcher has used convenient sampling method. Total number of respondents in this study sample size is 80.

Limitations Of The Study

The following are the limitations of the study.

1. Due to paucity of time the researcher has selected only limited number of respondents for the study.
2. The study is limited to the employees of selected mill employees in Srivilliputtur.

3. The present study covers Srivilliputtur Taluk only.

Meaning of Stress

Stress refers to the strain from the conflict between our external environment and us, leading to emotional and physical pressure. There is both positive and negative stress, depending on each individual's unique perception of the tension between the two forces. Stress bears deliberating effects on both the employer and employee.

Workplace Stress

Workplace Stress is the harmful physical and emotional response that occurs when there is a poor match between job demands and the capabilities, resources or needs of the worker. These conditions may lead to poor work performance or even injury. Job stress is also associated with various biological reactions that may lead ultimately to compromised health, such as cardiovascular disease. Stress is a prevent and costly problem in today's workplace.

Symptoms of Stress

Absenteeism, escaping from work responsibilities, arriving late, leaving early, etc., deterioration in work performance, more of error prone work, memory loss, cribbing, over-reacting, arguing, getting irritated, anxiety, deteriorating health, more of accidents, improper eating habits, excessive smoking and drinking, sleeplessness, etc.

Causes of Stress

➤ Organizational Factor

Discrimination in pay or salary structure, strict rules and regulations, Ineffective communication,

peer pressure, goals conflict/goals ambiguity, more of centralization and formal organization structure, less promotional opportunities, lack of employees participation in decision -making.

➤ Individual Factor

Excessive control over the employees by the manager's individual factor. There are various expectations which the family members peer, superior and subordinates have from the employee. Failure to understand such expectations lead to role conflict which in turn causes employee stress.

➤ Job Concerning Factor

Monotonous nature of job, unsafe and unhealthy working condition, lack of confidentiality, crowding, extra-organizational factors. In today's modern and technology survey world, stress has increased. Inflation, technology changes, social responsibilities and rapid social changes are other extra-organizational factors causing stress.

What happens when you are stressed?

Stress is what you feel when you have to handle more than you are used to. When you are stressed, your body responds as though you are in danger. It makes hormones that speed up your heart, make you breathe faster, and give you a burst of energy. This is called the fight-or-flight stress response. Some stress is normal and even useful. Stress can help if you need to work hard or react quickly. For example, it can help you win a race or finish an important job on time.

But if stress happens too often or lasts too long, it can have bad effects. It can be linked to headaches, an upset stomach, back pain, and trouble sleeping. It can weaken your immune

system, making it harder to fight off disease. If you already have a health problem, stress may make it worse. It can make you moody, tense, or depressed. Your relationships may suffer, and you may not do well at work or school.

How do you measure your stress level?

Sometimes it is clear where stress is coming from. You can count on stress during a major life change such as the death of a loved one, getting married, or having a baby. But other times it may not be so clear why you feel stressed.

It's important to figure out what causes stress for you. Everyone feels and responds to stress differently. Tracking your stress may help. Get a notebook, and write down when something makes you feel stressed. Then write how you reacted and what you did to deal with the stress. Tracking your stress can help you find out what is causing your stress and how much stress you feel. Then you can take steps to reduce the stress or handle it better.

Stress Management strategy

1. Avoid unnecessary stress

Not all stress can be avoided, and it's not healthy to avoid a situation that needs to be addressed. You may be surprised, however, by the number of stressors in your life that you can eliminate.

- **Learn how to say "no"** – Know your limits and stick to them. Whether in your personal or professional life, taking on more than you can handle is a surefire recipe for stress.
- **Avoid people who stress you out** – If someone consistently causes stress in your life and you can't turn the relationship

around, limit the amount of time you spend with that person or end the relationship entirely.

- **Take control of your environment** – If the evening news makes you anxious, turn the TV off. If traffic's got you tense, take a longer but less-traveled route. If going to the market is an unpleasant chore, do your grocery shopping online.
- **Avoid hot-button topics** – If you get upset over religion or politics, cross them off your conversation list. If you repeatedly argue about the same subject with the same people, stop bringing it up or excuse yourself when it's the topic of discussion.

2. Alter the situation

If you can't avoid a stressful situation, try to alter it. Figure out what you can do to change things so the problem doesn't present itself in the future. Often, this involves changing the way you communicate and operate in your daily life.

- **Express your feelings instead of bottling them up.** If something or someone is bothering you, communicate your concerns in an open and respectful way. If you don't voice your feelings, resentment will build and the situation will likely remain the same.
- **Be willing to compromise.** When you ask someone to change their behavior, be willing to do the same. If you both are willing to bend at least a little, you'll have a good chance of finding a happy middle ground.
- **Be more assertive.** Don't take a backseat in your own life. Deal with problems head on, doing your best to anticipate and prevent them. If you've got an exam to study for

and your chatty roommate just got home, say up front that you only have five minutes to talk.

- **Manage your time better.** Poor time management can cause a lot of stress. When you're stretched too thin and running behind, it's hard to stay calm and focused. But if you plan ahead and make sure you don't overextend yourself, you can alter the amount of stress you're under.

3. Adapt to the stressor

If you can't change the stressor, change yourself. You can adapt to stressful situations and regain your sense of control by changing your expectations and attitude.

- **Reframe problems.** Try to view stressful situations from a more positive perspective. Rather than fuming about a traffic jam, look at it as an opportunity to pause and regroup, listen to your favorite radio station, or enjoy some alone time.
- **Look at the big picture.** Take perspective of the stressful situation. Ask yourself how important it will be in the long run. Will it matter in a month? A year? Is it really worth getting upset over? If the answer is no, focus your time and energy elsewhere.
- **Adjust your standards.** Perfectionism is a major source of avoidable stress. Stop setting yourself up for failure by demanding perfection. Set reasonable standards for yourself and others, and learn to be okay with "good enough."
- **Focus on the positive.** When stress is getting you down, take a moment to reflect on all the things you appreciate in your life, including your own positive qualities and

gifts. This simple strategy can help you keep things in perspective.

- **Adjusting Your Attitude.** How you think can have a profound effect on your emotional and physical well-being. Each time you think a negative thought about yourself, your body reacts as if it were in the throes of a tension-filled situation. If you see good things about yourself, you are more likely to feel good; the reverse is also true. Eliminate words such as "always," "never," "should," and "must." These are telltale marks of self-defeating thoughts.

4. Make time for fun and relaxation

Beyond a take-charge approach and a positive attitude, you can reduce stress in your life by nurturing yourself. If you regularly make time for fun and relaxation, you'll be in a better place to handle life's stressors.

Healthy ways to relax and recharge

- Go for a walk.
- Spend time in nature.
- Call a good friend.
- Sweat out tension with a good workout.
- Write in your journal.
- Take a long bath.
- Light scented candles.
- Savor a warm cup of coffee or tea.
- Play with a pet.
- Work in your garden.
- Get a massage.
- Curl up with a good book.
- Listen to music.
- Watch a comedy

Analysis of Stress Management of Mill Employees

In this work the researcher has made an attempt to analyze the stress management of mill employees in Srivilliputtur. For this purpose, the researcher has gathered socio-economic profile of the respondents like nature of residence, gender, age, marital status educational

qualification, monthly income of the respondents, number of earning members of the respondents and detail regarding stress about mill employees. To fulfill the objectives of the study analysis has been made by using Percentage and Weighted Arithmetic Mean method and Garret score. The details of the analysis are presented in the following tables.

Table 1.1
Socio – Economic Status wise classification

S.No	Socio – Economic Variables	No. of Respondents	Percentage
Nature of Residence Wise Classification			
1	Urban	17	21.2
2	Semi-Urban	26	32.5
3	Rural	37	46.2
Gender wise classification			
1	Male	36	45.0
2	Female	44	55.0
Age wise classification			
1	Below 25 years	24	30.0
2	25 to 35 years	31	38.8
3	35 to 45 years	16	20.0
4	Above 45 years	9	11.2
Marital Status wise classification			
1	Married	45	56.3
2	Unmarried	35	43.7
Children wise classification			
1	Have children	33	73.3
2	Do not have children	12	26.7
Number of children wise classification			
1	1	7	18.4
2	2	24	63.2
3	3	5	13.2
4	Above 3	2	5.2
Type of Family Wise Classification			
1	Joint family	19	23.8

2	Nuclear family	61	76.2
Number of members in family			
1	3 members	36	45.00
2	4 members	20	25.00
3	Above 4 members	24	30.00
Educational Qualification wise classification			
1	Below SSLC	18	22.5
2	SSLC	19	23.8
3	HSC	26	32.5
4	Diploma	12	15.0
5	Degree	5	6.2
Income wise classification			
1	Below Rs.3000	30	37.5
2	Rs.3001 to Rs.6000	31	38.8
3	Rs.6001 to Rs.9000	15	18.8
4	Above Rs.9000	4	5.0
Number of Earning Member in Family Wise Classification			
1	1	13	16.2
2	2	43	53.8
3	3	21	26.2
4	Above 3	3	3.8
Mill wise Classification			
1	Vinthiya Spinning Mill	16	20.0
2	Arasangesan Textile Mill	15	18.8
3	Srivilliputtur Co-operative Spinning Mill	9	11.2
4	Standard Spinning Mill	6	7.5
5	Sri Vishnu Shankar Mill	9	11.2
6	Sandhya Spinning Mill	8	10.0
7	Geetha Krishna Spinning Mill	6	7.5
8	Raju Spinning Mill	6	7.5
9	Nachiar Spinning Mill	5	6.2
Designation wise Classification			
1	Accountant	9	11.3
2	Supervisor	22	27.5
3	Sub-ordinates	40	50.0
4	Cashier	9	11.2
Number of years Experience wise Classification			
1	Below 2 years	24	30.0

2	2 to 5 years	28	35.0
3	5 to 10 years	17	21.3
4	Above 10 years	11	13.7
Total		80	100.0

Source: Primary data

The findings of the Socio-Economic variables status are summarized as below.

- It is understood that most of the 37 respondents (46.2%) nature of residence are rural area.
- It is evident from that above table shows that majority of the 44 respondents (55%) are female.
- It has brought out that Table 3.3 that most of the 31 respondents (38.8%) are in the age of 25 to 35 years.
- It is apparent that the majority of the 45 respondents (56.25%) are married.
- It is clear that majority of the 33 respondents (73.3%) are having children.
- It is evident from the above table that majority of the 24 respondents (63.2%) are having two children.
- It is understood the above table that majority of the respondents (76.2%) are nuclear family.

- It is lucid that the most of (45%) of the respondents are having 3 members in a family.
- It is clear that most of the 26 respondents (32.5%) are at HSC level educational qualification.
- It is inferred that most of the respondents (38.8%) are coming under the monthly income group from Rs3001 to Rs.6000.
- It is understood that majority of the respondents (53.8%) their family earning member is 2.
- It is concluded that the majority of the 40 respondents (50%) are in sub-ordinates.
- It is concluded that the most of the 28 respondents (35%) are having experience in mill 2 to 5 years.

WORKING FEEL IN THE MILL

The researcher has to collect the data relating to working feel in the mill. The result is presented the below Table 1.2.

Table 1.2
Working Feel in the Mill

S. No	Working Feel	No. of Respondents	Percentage
1	Satisfied	34	42.5
2	Dissatisfied	24	34.0
3	Depressed	16	20.0
4	Unable to concentrate	6	7.5
Total		80	100.0

Source: Primary data

The above Table 1.2 shows that out of 80 respondents, 34 respondents (42.5%) are feel satisfied his or her work, 24 respondents (34%) are feel dissatisfied his or her work, 16 respondents (20%) are feel depressed his or her work and the remaining 6 respondents (7.5%) are feel unable to concentrate his or her work.

It is found that the most of the 34 respondents (42.5%) are feel satisfied his or her work.

Working in Night Shift

The researcher has to collect the data relating to working in night shift. The result is presented the below Table 1.3.

Table 1.3

Working in Night Shift

S. No	Working in Night Shift	No. of Respondents	Percentage
1	Working	48	60.0
2	Not working	32	40.0
	Total	80	100 .0

Source: Primary data

It is vivid from the above Table 1.3 shows that out of 80 respondents, 48 respondents (60%) are working in night shift and the remaining 32 respondents (40%) are not working in night shift.

Opinion about Job Stressful

The researcher has to collect the opinion relating to find your job stressful. The result is presented the below Table 1.4.

It is understood that the majority of the 48 respondents (60%) are working in night shift.

Table 1.4

Opinion about Job Stressful

S. No	Job Stressful	No. of Respondents	Percentage
1	Stress	50	62.5
2	Do not stress	30	37.5
	Total	80	100.0

Source: Primary data

The above Table 1.4 shows that out of 80 respondents, 50 respondents (62.5%) are opine that their job stressful and the remaining 30 respondents (37.5%) are opine that their job not stressful.

It is understood that the majority of the 50 respondents (62.5%) are find their job stressful.

Handle Stress Situations

The researcher has to collect the data relating to how do handle stress situations. The result is presented the below Table 1.5.

Table 1.5
Handle Stress Situations

S. No	Handle Stress Situation	No. of Respondents	Percentage
1	Optimistically	6	12
2	With the help of others	9	18
3	Depends upon others	16	32
4	Refreshment	19	38
Total		50	100

Source: Primary data

It is found the above Table 1.5 shows that out of 80 respondents 50 respondents are feel that job stressful. So that these 50 respondents are analyzed that how to handle stress situation, 6 respondents (12%) are optimistically to handle stress situations, 9 respondents (18%) are with the help of others to handle stress situation, 16 respondents (32%) are depends upon others to handle stress situation and the remaining 19

respondents (23.8%) are refresh to handle stress situation.

It is apparent that the most of the 19 respondents (38%) are related to refreshment.

Management Pressure for Stress

The researcher to know the data relating to management pressure is main reason for stress. The result presented the below Table 1.6.

Table 1.6
Management Pressure

S. No	Management Pressure	No. of Respondents	Percentage
1	Management pressure	44	55.0
2	No management pressure	36	45.0
Total		80	100.0

Source: Primary data

It is found the above Table 1.6 shows that out of 80 respondents, 44 respondents (55%) are the main reason management pressure for stress and the remaining 36 respondents (45%) are no management pressure for stress.

It is vivid that the majority of the 44 respondents (55%) are the main reason management pressure for stress.

Reason for stress

The Researcher has to clearly collect the data relating to most of your stress related. The result is presented below the Table 1.7.

Table 1.7
Most Stress Related

S. No	Most Stress Related	No. of Respondents	Percentage
1	Need to hit targets	10	27.78
2	Long working hours	11	30.56
3	Night shift working	15	41.66
Total		36	100.00

Source: Primary data

It is inferred the above Table 1.7 shows that out of 80 respondents 36 respondents are opine that stress not related to management pressure. So these 36 respondents are further analyzed to reason for stress, 10 respondents (27.78%) are stress related to need to hit targets, 11 respondents (30.56%) are stress related to long working hours and the remaining 15 respondents (41.66%) are stress related night shift working.

It is understood that the most of the 15 respondents (41.66%) are stress related to night shift working.

Managing the Stress Situation

The researcher has to collect the data relating to the respondents how to manage the stress. The result is presented the below Table 1.8.

Table 1.8
Manage the Stress

S. No	Manage the Stress	No.of Respondents	Percentage
1	Refreshment	21	26.2
2	Continue the work	10	12.5
3	Relaxation	24	30.0
4	Spending time to colleagues	25	31.2
Total		80	100.0

Source: Primary data

The above Table 1.8 shows that out of 80 respondents, 21 respondents (26.2%) are manage the stress through refreshment, 10 respondents (12.5%) are manage the stress through continue the work, 24 respondents

(30%) are manage the stress through relaxation and the remaining 25 respondents (31.2%) are manage the stress through spending time to colleagues.

It is evident from that above Table shows most of the 25 respondents (31.2%) are managing the stress through spending time to colleagues.

Share Any Stress in Work

The researcher has to know the data relating to share any problem in your work. The result is presented the below Table 1.9.

Table 1.9
Share the Stress Situation

S. No	Share Problem	No of Respondents	Percentage
1	Superior	32	40.0
2	Colleagues	18	22.5
3	Head of the hr department	25	31.2
4	Family members	5	6.2
Total		80	100.0

Source: Primary data

The above Table 1.9 shows that out of 80, respondents, 32 respondents (40%) are share the problems to superior, 18 respondents (22.5%) are share the problems to colleagues, 25 respondents (31.2%) are share the problems to head of the Hr department and remaining (6.2%) are share the problem to family members.

It is found that the most of the 32 respondents (40%) are sharing the problem to superior.

Leave Taken for Work Related Stress

The researcher has to collect the data relating to respondents take leave for work related stress. The result is presented the below Table 1.10.

Table 1.10
Leave Taken for Work Related Stress

S. No	Leave Taken	No. of Respondents	Percentage
1	Taken	44	55.0
2	Not taken	36	45.0
Total		80	100.0

Source: Primary data

It is obvious to note that Table 1.10 shows that out of 80 respondents, 44 respondents (55%) are taken leave for work related stress and remaining 36 respondents (45%) are not taken leave for work related stress.

It is understood that the majority of the 44 respondents (55%) are taken leave for work related stress.

Number of Days Taken for Leave

The researcher has to collect the data relating to number of days taken for leave by the respondents. The below Table 1.11 shows the result.

Table 1.11
Number of Days Taken for Leave

S. No	No. of Days	No of Respondents	Percentage
1	3 days	24	54.5
2	4 to 8 days	16	36.4
3	9 to 12 days	3	6.8
4	Above 12 days	1	2.3
Total		44	100.0

Source: Primary data

The above Table 1.11 shows that out of 80 respondents 44 respondents are classified under number of days leave taken for work related stress, 24 respondents (54.5%) are taken 3 days leave for work related stress, 16 respondents (36.4%) are taken 4 to 8 days leave for work related stress, 3 respondents (6.8%) are taken 9 to 12 days leave for work related stress and the remaining 1 respondents (2.3%) are taken above 12 days leave for work related stress.

It is understood that the majority of the 24 respondents (54.5%) are taken 3 days leave for work related stress.

Stress Relieving From Entertainment Program

The researcher has to collect the data relating to respondents stress relieving from entertainment program. The below Table 1.12 shows the result.

Table 1.12
Stress Relieving From Entertainment Program

S. No	Leave Taken	No. of Respondents	Percentage
1	Taken	44	55.0
2	Not taken	36	45.0
Total		80	100.0

Source: Primary data

The above Table 1.12 show that out of 80 respondents, 44 respondents (55%) are says that through entertainment program relieve from their stress and the remaining 36 respondents (45%) are not relieving from entertainment program.

It is inferred that the majority of the 44 respondents (55%) are says that through entertainment program relieve from their stress.

Rank the Stress Relieving Entertainment Program

The researcher has to collect the data relating to respondents stress relieving from entertainment program. The results are shown in Table 1.13.

Table 1.13
Ranking the Stress Relieving Entertainment Program

S. No	Entertainment Program	1	2	3	4	5	Total
1	Yoga	14	11	13	2	4	44
2	Physical exercise	0	10	10	11	13	44
3	Meeting friends and relatives	5	5	4	14	16	44
4	Watching television	13	8	12	7	4	44
5	Go to the cinema	10	0	17	7	10	44

Source: Primary data

Table 1.13.1
Calculation of Garret Score

S. No	Entertainment Program	(100) Rij-0.5/Nij	Table value
1	Yoga	$1-0.5/5=10$	75
2	Physical exercise	$2-0.5/5=30$	60
3	Meeting friends and relatives	$3-0.5/5=50$	50
4	Watching television	$4-0.5/5=70$	39
5	Go to the cinema	$5-0.5/5=90$	24

Source: Primary data

From the Table 1.13.1 shows the garret score value. By multiplying the score value of Table 1.13 to Table 1.13.1. Then the researcher adds the each column in the entertainment program. The total Garret score values are presented in the Table 1.13.2.

Table 1.13.2
Garret Score of Entertainment Program

S.No	Factor	1	2	3	4	5	Total
1	Yoga	1050	825	975	150	300	3900
2	Physical exercise	0	600	600	660	780	2640
3	Meeting friends and relatives	250	250	200	700	650	2050
4	Watching television	507	312	468	273	156	1716
5	Go to the cinema	240	0	408	168	240	1056

Source: Primary data

From the Table 1.13.2 total score value is divided by the number of respondents. The result is presented in the Table 1.13.2.

Table 1.13.3
Average Score of Entertainment Program

S. No	Factor	Total Score	Average Score	Rank
1	Yoga	3900	49	I
2	Physical exercise	2640	33	II
3	Meeting friends and relatives	2050	26	III
4	Watching television	1716	21	IV
5	Go to the cinema	1056	13	V

Source: Computed Value

From the Garret Ranking Method, The respondents give first Rank to Yoga, Second Rank to Physical exercise Third Rank to Meeting friends and relatives, Fourth Rank to Watching Television, Fifth Rank given to the Cinema.

Satisfied with Job

The researcher has to collect the data relating to respondents satisfied with our job. The below Table 1.14 shows the result.

Table 1.14
Satisfied with Job

S. No	Opinion	No. of Respondents	Percentage
1	Satisfy	54	67.5
2	Not satisfy	26	32.5
Total		80	100.0

Source: Primary data

The above Table 1.14 shows that out of 80 respondents, 54 respondents (67.5%) are satisfied with our job and the remaining 26 respondents (32.5%) are not satisfied with our job.

It is inferred that the majority of the 54 respondents (67.5%) are satisfied with our job.

Receive lowest salary

The researcher has to collect the data relating to respondents receive poor salary the Table 1.15 shows the result.

Table 1.15
Receive Poor Salary

S. No	Poor Salary	No. of Respondents	Percentage
1	Receive	34	42.5
2	Not receive	46	57.5
Total		80	100.0

Source: Primary data

The above Table 1.15 exhibits that out of 80 respondents, 34 respondents (42.5%) are feel to receive poor salary and remaining 46 respondents (57.5%) are not feel to receive poor salary.

It is apparent that the majority of the 46 respondents (57.5%) are not feel to receive poor salary.

Opinion about Job inSecurity

The researcher has to collect the data relating to respondents feel your job in security the results are shown in below Table 1.16.

Table 1.16
Opinion about Job Insecurity

S. No	Job Security	No. of Respondents	Percentage
1	Security	52	65.0
2	No security	28	35.0
Total		80	100.0

Source: Primary data

The above Table 1.16 shows that out of 80 respondents, 52 respondents (65%) are feel their job in security and the remaining 28 respondents (35%) are not feel their job in security.

It is inferred that the majority of the 52 respondents (65%) are feel their job in security.

Remedial Measure Taken to Control the Stress

The researcher has to collect the data relating to respondents taken remedial measures to control the stress. The result is presented the Table 1.17.

Table 1.17
Remedial Measures

S. No	Remedial Measure	No. of Respondents	Percentage
1	To increase no. of workers	24	30.0
2	Increase the brake time	28	35.0
3	Holiday trips	23	28.8
4	Meditation	5	6.2
Total		80	100.0

Source: Primary data

It is vivid from the above Table 1.17 shows that out of 80 respondents, 24 respondents (30%) are told that to increase number of workers for control the stress, 28 respondents (35%) says that increase the brake time for control the stress, 23 respondents (28.8%) opinion is holiday trips for control the stress and remaining 5 respondents (6.2%) opinion is meditation for control the stress.

It is inferred that the most of the 28 respondents (35%) says that increase the brake time for control the stress.

Factor behind or affect in work and family commitments

To know the opinion of the respondents which factor behind or affect in work and family commitments study has been made. For the purpose of the study, details are gathered from the respondents regarding various factors like hours of work, over time, need more holidays, work from home after office hours, travelling away from home, high work load, management pressure, less brake time. The result is presented Table 1.18.

Table 1.18
Factor behind or affect in work and family commitments

S. No	Factors	Does Not Affect	Affect Some Time	Affect Many Times	Affect Always	Total	WAM
1	Hours of work	32	21	12	15	80	2.9
		40%	26.2%	15%	18.8%	100%	
2	Over time	39	24	7	10	80	3.2
		48.8%	30%	8.8%	12.5%	100%	
3	Need more holidays	31	24	8	17	80	2.9
		38.8%	30%	10%	21.2%	100%	
4	Work from home after office work	25	28	15	12	80	2.8
		31.2%	35%	18.8%	15%	100%	
5	Travelling away from home	26	24	21	9	80	2.8
		32.5%	30%	26.25%	11.25%	100%	

6	High work load	25	20	20	15	80	2.7
		31.2%	25%	25%	18.8%	100%	
7	Management Pressure	24	26	18	12	80	2.8
		30%	32.5%	22.5%	15%	100%	
8	Less brake time	21	26	20	13	80	2.7
		26.2%	32.5%	25%	16.3%	100%	

Source: Computed Value

$$32 \times 4 + 21 \times 3 + 12 \times 2 + 15 \times 1 / 80 = 2.9$$

$$39 \times 4 + 24 \times 3 + 7 \times 2 + 10 \times 1 / 80 = 3.2$$

$$31 \times 4 + 24 \times 3 + 8 \times 2 + 17 \times 1 / 80 = 2.9$$

$$25 \times 4 + 28 \times 3 + 15 \times 2 + 12 \times 1 / 80 = 2.8$$

$$26 \times 4 + 24 \times 3 + 21 \times 2 + 9 \times 1 / 80 = 2.8$$

$$25 \times 4 + 20 \times 3 + 20 \times 2 + 15 \times 1 / 80 = 2.7$$

$$24 \times 4 + 26 \times 3 + 18 \times 2 + 12 \times 1 / 80 = 2.8$$

$$21 \times 4 + 26 \times 3 + 20 \times 2 + 13 \times 1 / 80 = 2.7$$

The above Table 1.18 shows that the 80 respondents, 32 respondents (40%) are does not affect in hours of work, 39 respondents (48.8%) are does not affect in over time, 31 respondents (38.8%) are does not affect in need more holidays, 28 respondents (35%) are affect sometimes in work from home after office work, 26 respondents (32.5%) are does not affect in travelling away from home, 25 respondents (31.2%) are does not affect in travelling from home, 26 respondents (32.5%) are in affect some times in management pressure, 26 respondents (32.5%) are affect some times in less brake time.

FINDINGS OF THE STUDY

➤ It is found that the most of the 34 respondents (42.5%) are feel satisfied in their work.

➤ It is understood that the majority of the 48 respondents (60%) are working in night shift.

➤ It is understood that the majority of the 50 respondents (62.5%) find their jobs are stressful.

➤ It is apparent that the most of the 19 respondents (38%) handle their stress by taking some refreshment.

➤ It is vivid that the majority of the 44 respondents (55%) feel that the main reason for stress is management pressure.

➤ It is understood that the most of the 15 respondents (41.66%) stress related to night shift working.

➤ It is clear that the most of the 25 respondents (31.2%) are manage their stress through spending time with colleagues.

➤ It is found that the most of the 32 respondents (40%) are report their problem to superior.

➤ It is understood that the majority of the 44 respondents (55%) are taken leave for work related stress.

➤ It is understood that the majority of the 24 respondents (54.5%) are taken 3 days leave for work related stress.

- It is inferred that the majority of the 44 respondents (55%) feels that the stress management programmes should relieve their stress.
- The Researcher has using garret ranking technique to analyze the stress management programme for relieving from their stress. The first rank is given to Yoga.
- It is inferred that the majority of the 54 respondents (67.5%) are satisfied with our job.
- It is apparent that the majority of the 46 respondents (57.5%) are feeling not receiving poor salary.
- It is inferred that the majority of the 52 respondents (65%) are feel their job is secured.
- It is inferred that the most of the 28 respondents (35%) feels that the increase in break time is the remedial measure to control their stress.
- It is understood that most of the 32 respondents (40%) feels that the working hours does not affect their work/ family commitment.
- It is concluded that the most of the 39 respondents (48.8%) feels that the overtime does not affect their work/ family commitment.
- It is understood that the most of the 28 respondents (35%) feels that the office work at home sometimes affect their work/ family commitment..
- It is apparent that the most of the 26 respondents (32.5%) feels that travelling

away from does not affect their work/ family commitment.

- It is understood that the most of the 25 respondents (31.2%) feels that the heavy workload does not affect their work/ family commitment.
- It is understood that the most of the 26 respondents (32.5%) feels that the management touches sometimes affect their work/ family commitment.
- It is understood that the most 26 respondents (32.5%) feels that the less break time affect their work/ family commitment.

Suggestions

The following are the suggestions made by the researcher based on the following findings of the study.

- ❖ Majority of the respondent feel that the main reason for stress is management pressure, so the management gives friendly support to the respondent and encourage the loyal worker.
- ❖ The researcher has suggested the management to offer sufficient break time to the respondent it gives relaxation and refreshment to the respondent and again come back their work with somewhat more energy.
- ❖ The management should give stress management programme such as yoga, arranging family tours, special meetings etc., so as to relieve from their stress.
- ❖ The researcher suggested the management to most probably not to give office work at

home; this will reduce spending time with family and create frustration in their job and their management. So probably bring office work at office only.

Conclusion

The stress management of mill employees in Srivilliputtur is analyzed by researcher using Percentage, Weighted Arithmetic Mean method and Garret Score. In conclusion, health care professional stress because of intense daily activity. Human being cannot become sick if they work too long at a high sustained pooled without stress management. They are at their most productive and healthy state if they can work at a manageable level. Stress can be minimized and not completely eliminated. Stress can be reached by having a positive outlook towards life. Within the past decade or so, the global workplace has seen increased numbers of working women, dual career and single parent families, and increased numbers of employees with elder care responsibilities; a decrease in job security; and a challenging of work-family boundaries due to technological change. Hence the stress management of mill employees in this study area than the existing level based on the suggestions given by the researcher.

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ROLE OF NGOS IN WOMEN EMPOWERMENT: WITH SPECIAL REFERENCE TO WAYANAD DISTRICT, KERALA

Siny Philip *

Dr. Noor Firdoos Jahan **

Abstract :

India has always been termed as a 'Developing Country' for a very long time. Studies have proved that for the development process to be successful and reach the next stage, development should be started from the lower level. India is the second largest Country in the World but not the second richest country. Most of our population is from the lower and the middle class community residing in rural areas. Out of the above said rural population the majority are women. Hence, for the nation to develop it is necessary to empower the women population of the country. Empowerment of women has emerged as an important issue in recent times. Empowerment of women facilitates for sustainable rural development by the uplifting the economic, social and political status of women in India. Empowering the women in these aspects is necessary to convert the idle society into self-sustainable society. Women empowerment can be achieved through provision of adequate education facilities, political support, and effective legislation system and employment generation for women. Here, NGO'S and the self-help groups (SHG) play a very pivotal role in women empowerment by providing basic education, vocational training, training for self-employment, legal aid, protection for women and self-awareness programme. Thus they are mainly concerned with the upliftment of the women in the society. This paper looks into the dynamism of the process through which women empowerment is achieved and the status of women is uplifted with the aid of NGO's and self-help groups. This paper deals with empowerment of rural women through NGOs and the advantages entrepreneurship among the rural women. This paper seeks to explore some measures that should be adopted in order to (re) position rural women as equal players in entrepreneurship and economic development.

Keywords: Women Empowerment, sustainable rural development, NGOs, Self Help Groups (SHGs),

Introduction

The term NGO is of recent origin and is commonly used in addressing issues related to poverty alleviation, financial support to micro

entrepreneurs, gender development etc. There is, however, no statutory definition of NGO. The taskforce on supportive policy and Regulatory Framework for Microfinance has defined

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microfinance as “Provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards”.

The mantra “Microfinance” is banking through groups. The essential features of the approach are to provide financial services through the groups of individuals, formed either in joint liability or co-obligation mode. The other dimensions of the microfinance approach are:

- Savings/Thrift precedes credit
- Credit is linked with savings/thrift
- Absence of subsidies
- Group plays an important role in credit appraisal, monitoring and recovery.

Basically groups can be of two types:

Self Help Groups (SHGs): The group in this case does financial intermediation on behalf of the formal institution. This is the predominant model followed in India.

Grameen Groups: In this model, financial assistance is provided to the individual in a group by the formal institution on the strength of group's assurance. In other words, individual loans are provided on the strength of joint liability/co obligation. This microfinance model was initiated by Bangladesh Grameen Bank and is being used by some of the NGO Institutions (MFIs) in our country Self Help Groups (SHGs) are becoming one of the important means for the empowerment of poor women in almost all the developing countries including India. Kerala is no exception as regards the role played by women's collectives, known by different names for emancipation and empowerment of poor

women. The NGOs who are in the field of socio-economic development of the marginalized sections in the society since last four to five decades, had initially organised Credit Unions and Mahila Samajams for better participation of people in development initiatives and also for thrift and credit facilities. Since the emergence of SHG system,

As per the initiatives of National Bank for Agriculture and Rural Development (NABARD), and directives from Reserve Bank of India (RBI), from the beginning of 1990s, most of these Mahila Samajams and Credit Unions have been converted into SHGs, linked them to financial institutions for better credit facilities. In Kerala, since the middle of 1990s, the State Government also took initiatives in organizing the urban poor women into Neighbourhood Groups (NHGs). These NHGs are recognized as SHGs by NABARD, as far as SHG-Bank linkage and credit facilities are concerned.

Women Entrepreneur is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. Many women start a business due to some traumatic event, such as divorce, discrimination due to pregnancy or the corporate glass ceiling, the health of a family member, or economic reasons such as a layoff. But a new talent pool of women entrepreneurs is forming today, as more women opt to leave corporate world to chart their own destinies. They are flourishing as designers, interior

decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation.

Kudumbashree was Launched by the Government of Kerala in 1998 for wiping out absolute poverty from the State through concerted community action under the leadership of Local Self Governments, Kudumbashree is today one of the largest women-empowering projects in the country. The programme has 41 lakh members and covers more than 50% of the households in Kerala. Built around three critical components, micro credit, entrepreneurship and empowerment, the Kudumbashree initiative has today succeeded in addressing the basic needs of the less privileged women, thus providing them a more dignified life and a better future.

Significance of the Study

Kerala is the only state in India where women outnumber men. Kerala has made significant progress in the field of social development and this reflected in the highest literacy among women. Hence the significance of the group approach through NGO system could be easily convinced among them. This helped them to venture into enterprises with skill and confidence. The present study is an attempt to find out the reasons for slow progress of women entrepreneurs in India. The two modes of functioning of SHG's are: one facilitated by government agencies by name Kudumbasree and the other- facilitated by Non-Government Organizations.

Objectives of the study

- Reasons for slow progress of women entrepreneurs in India
- Suggestions for the growth of women entrepreneurs

- Schemes for promotion & development of women entrepreneurship in India

Methodology of the study

The study is concentrated on women who are members of either Kudumbashree or SHGs in Kozhikode district of Kerala. Out of 165 groups formed in Farooq and Kallai Panchayat, in Kozhizhode district, 79 groups are engaging in some sort of income generating activity. Out of them 50 groups are selected at random. On an average each group consists of 18 members. A sample of 100 women who undertake small business activities are selected from them and data were collected using a questionnaire.

Both primary and secondary data were used for the study. Primary data are collected by using questionnaire, circulated among the selected sample. Secondary data were collected from books, journals and internet. Collected data were analyzed by using simple statistical tools like percentage, ranking and entrepreneurship development index.

Socio-Economic Profile of the Respondents

The analysis of data showed that those who were in the age group of 30-45 were mainly those who couldn't go for an white collared jobs and who looks out to support the family, above 45 constituted mainly widows and separated women, and they were most vulnerable who needed assistance in self-employment schemes, NGO and microcredit. In the case of religion, SHGs of both NGOs as well as of Kudumbasree upheld the secular nature of Kerala State.

Majority of the respondents has educational qualification above high school level. The rather high educational standard of the members have helped them to take up leadership positions and

lead the SHGs in a responsible manner. The loan availed by women from the SHGs that became a source of income for the entire family and due to

this, men respects their women and encourage them to go out for the activities of SHG. This has improved the status of women in the family.

Analytical Presentation

Table 1. Age Wise Classification		
Age	No of respondents	Percentage
30-40	64	64
40-50	28	28
50-60	08	08
Total	100	100

Above 60% of the women entrepreneurs belong to the age category of 30-40. Above 25% of the women entrepreneurs belong to the age category of 40-50. Less than 10% are in

the age group of 50-60. It shows that the middle aged women group has an urge for self-growth and earnings.

Table 2. Education Wise Classification

Educational Qualification	No of respondents	Percentage
Below SSLC	7	7
SSLC	53	53
Plus Two/PDC	31	31
Degree	9	9
Total	100	100

As compared to graduates and plus two respondents, the women who have completed

SSLC are more interested and active[^] participating in SHG's.

Table 3. Mode of Conducting the Activity

Mode of conducting the activity	No of respondents	Percentage
Individually	24	24
Group	76	76
Total	100	100

Above 70% of the respondents seeks to be in group rather than individually managing the unit, as the entrepreneurs lacked confidence in taking risk, capital pooling and decision making individually.

Table 4. Generating Type of Income Activity

Type of Activity	No of respondents	Percentage
Food processing unit	34	34
Catering	09	09
Poultry farming	07	07
Dairy farming	04	04
Tailoring unit	24	24
Handicrafts	04	04
Coir making	03	03
Fish farming	08	08
Horticulture	03	03
Mushroom farming	01	01
Others	03	03
Total	100	100

More than 30% of the respondents are indulged in food processing units like pickle making, masala powders, jam, salted vegetables, snacks, papads, etc. Above 20% are involved in tailoring units. Then follows the rest of the activities.

Table 5. Reasons for Taking up the Activities

Reasons	Respondents	Preferential Ranking
Less Risk	38	1
Less Capital	22	3
Less Skill	32	2
Others	08	4

Risk is the major factor which attracts women to this field. Above 20 respondents are in this venture as they require less capital. Though women are educated, they have a fear of starting up a new venture with a huge investment. More than 30 respondents are attracted towards SHG's as the ventures don't require sound technical knowledge.

Table 6. Marketing of the Products or Services

Distribution system	No. of respondents	Preferential ranking
Door to Door	45	1
Wholesalers	12	4
Retailers	29	2
Others	14	3

Majority of the products and services of these SHG's are moving into the market through door to door delivery. Approximate^ 29% of the respondents sell their goods through retail outlets in and around the areas of the unit.

Table 7: Statement Showing the Authority that Gives Training

Institutions	No. of respondents	Percentage
NABARD	10	12
NGO	12	15
Panchayat	58	73
Total	80	100

Table 8: Types of Training

Types of training	No: of respondents	Percentage
EDP Training	54	67.5
Leadership Training	06	7.5
Others(general Training)	20	25
Total	80	100

Panchayats are the highest promoters of SHG's they involve in training the women in the areas of EDP training and general training. Whereas NABARD mainly looks into building of leadership

Table 9. Statement Showing the Scores of Skill Development Factors

Statements	Agree	Disagree	No opinion	No Index
Self-confidence increased	89	4	7	1.75
Communication skill increased	85	5	10	1.80
Ability to deal with others increased	88	5	7	1.83
Capacity to take decision	79	12	9	1.67
Ability to manage the risk	62	13	25	1.49
Marketing skill increased	61	15	24	1.46
Courage to visit the banks	94	02	4	1.92
Capacity to make financial dealings	95	02	3	1.93
Courage to express opinion	77	17	6	1.60
Mobility freedom	71	11	18	1.60
Total				17.05

Entrepreneurship Development Index = $17.05/10 = 1.702$

Entrepreneurship Development Index is calculated by assigning values 2, 0, & 1 for the opinion of respondents. Calculated value of the Index (i.e. 1.702) indicating that majority of the respondents agrees with the statements and shows their improvement in skill and competence after joining the group.

Suggestions and Conclusion

The emergence of SHG's has led to a new era in the field of women entrepreneurship. Formation of groups and the resultant establishment of micro enterprises give the indication that

SHGs could bring in a positive impact in the society, Though SHG's could bring a positive impact, the growth is very slow as majority of the group belong to matriculation and are not aware of the business techniques, policies and government initiatives. The major factor which discouraged them to take an initiative is capital investment, less risk bearing ability. As they follow traditional marketing strategies and lack with innovative ideas, the expected return is less. To overcome these weaknesses they always wish to survive in a group.

The local panchayats plays a major role in developing women entrepreneurs by supporting them with training and development activities. Due to the training given by the Local Panchayats there have been a tremendous change in confidence level, communication skill and other related areas (like banking). The graph is still showing a decline in areas like decision making, expressing their views and mobility, even though the government and non-government organizations are encouraging them with many supporting activities like Extension Training Centres.

Rather than focusing on including new schemes in promoting women entrepreneurs, the government

should focus on strength and expertise of rural women folk, which would help them in identifying their role in the society. Above all an effective monitoring and follow up system should be there at the appropriate level to ensure effective utilization of available resources and to strengthen group work, These efforts of women should be continued to upgrade themselves and to participate in the development process of the economy which will lead to a change in the outlook of the women themselves.

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PROBLEMS FACED BY WORKERS OF ECONOMY RESTAURANTS IN BANGALORE

Ravi Chalawadi *

Abstract :

Workers of economy restaurant in Bangalore city face various problems regarding the salary, rigidity in work schedule, uncomfortable working environment, conflicts with higher ups, workers and customers. These problems are causing stress among the workers; hence workers attrition rate is increasing in these types of restaurants. 45 workers from 15 restaurants were interviewed to collect data. Major findings are that the workers are having heavy work schedule and not getting sufficient breaks during their working hours. Workers getting very less days of leaves to meet their family and not getting adequate rest during health related problems. The effect of not meeting with the family for long period is causing stress among them. The workers are not getting their salary on-time and that is increasing the attrition rate in the restaurants. The work environment is not suitable for the workers and they do not feel comfortable working in the restaurants. The workers even come across various conflicts with the higher ups, co-workers and customers which also lead to the attrition. The article throws light on some of these problems in budget class restaurants in Bangalore.

Keywords: Hotel Industry, Attrition, Work Stress, Employees, Work Environment.

Introduction

Restaurant work tends to be fast-paced, stressful, repetitive, and physically taxing. Working extra hours is common, but overtime often goes unpaid. Increasingly, restaurants are choosing to employ workers on a part-time or temporary basis to avoid paying for benefits, and turnover is high. While maintaining a high rate of turnover is actually costly for employers, it is standard in the industry, and prevents workers from feeling secure in their jobs. The lack of job security also discourages workers from speaking up about working conditions and is a source of stress in itself. Restaurant workers

are at risk of numerous workplace injuries including slips, cuts, and burns. In addition, they are exposed to extreme temperatures, especially indoor heat. Despite these hazards, employees do not always receive safety training, and if they are injured, they may not have access to the treatment that they need. Workers who lack paid sick days often cannot afford to take time off and must go into work while ill, posing a threat to their well-being as well as to public health.

A restaurant is a business which prepares and serves food and drinks to customers, either paid before the meal, after the meal, or with an open

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account. Meals are generally served and eaten on premises, but many restaurants also offer take-out and food delivery services. Restaurants vary greatly in appearance and offerings, including a wide variety of cuisines and service models ranging from inexpensive fast food restaurants to high-priced luxury establishments. Restaurants range from inexpensive and informal lunching or dining places catering to people working nearby, with simple food served in simple settings at low prices, to expensive establishments serving refined food in a formal setting. The economy restaurants are mainly those restaurants where price of food is low and there is no any value added services. The main aim is to prepare the food at most cost effective way and sell it at more affordable price to common man or public. The most of the customers for this type of budget class restaurants are middle class people and below middle class people.

Restaurants provide for the maximum density employment opportunities to the widest variety of human resource in terms of education and skills. They are facing many Human Recourse related challenges these are broadly related to employee shortage, employee retention and turnover issues. Employee turnover is always a major problem for restaurants. The workers in the restaurants are facing lots of problem which is leading not only to high employee turnover but also causing troubles in day to day operations, adding to cost and damaging the business.

Restaurants Workers

Cooks: Cooks prepare, season, and cook a wide range of foods. The various types of restaurant cooks are:

Institution and cafeteria cooks: work in the kitchens of schools, cafeterias, businesses, hospitals, and other institutions. For each meal, they prepare a large quantity of a limited number of entrees, vegetables, and desserts, according to preset menus. Because meals are usually prepared in advance, cooks seldom take special orders.

Restaurant cooks: prepare a wide selection of dishes and cook most orders individually. Some restaurant cooks may order supplies, set menu prices, and plan the daily menu.

Short-order cooks: prepare foods in restaurants and coffee shops that emphasize fast service and quick food preparation. They usually prepare sandwiches, fry eggs, and cook French fries, often working on several orders at the same time.

Fast-food cooks: prepare a limited selection of menu items in fast-food restaurants. They cook and package food, such as hamburgers and fried chicken, to be kept warm until served. For more information on workers who prepare and serve items in fast-food restaurants, see the profiles on food preparation workers and food and beverage serving and related workers.

Private household cooks and personal chefs: plan and prepare meals in private homes, according to the client's tastes and dietary needs. They order groceries and supplies, clean the kitchen, and wash dishes and utensils. They also may cater parties, holiday meals, luncheons, and other social events. Private household cooks typically work for one full-time client. Some private household cooks and personal chefs are self-employed or employed by a private cooking company, regularly making meals for clients.

Food Service Managers: Food service managers are responsible for the daily operation of restaurants and other establishments that prepare and serve food and beverages. They direct staff to ensure that customers are satisfied with their dining experience. Besides coordinating activities of the kitchen and dining room staff, managers ensure that customers are served properly and in a timely manner. They monitor orders in the kitchen and, if needed, they work with the chef to remedy any delays in service. Some food service managers, including those who manage their own business, deal with suppliers and arrange for delivery of food and beverages and other supplies. Some also plan or approve menus and set prices for food and beverage items.

Food service managers are responsible for all functions of the business, related to employees. Managers also schedule work hours, making sure that enough workers are present to cover each shift. During busy periods, they may expedite the service by helping to serve customers, cashiering, or cleaning tables. Food service managers also plan and arrange for cleaning and maintenance services of the equipment and facility. For example, they arrange for linen service, heavy cleaning when the dining room and kitchen are not in use, trash removal, and pest control when needed.

In addition, managers perform many administrative tasks, such as keeping employee records; preparing the payroll; and completing paperwork to comply with licensing, tax and wage, unemployment compensation, and Social Security laws. Although they sometimes assign these tasks to an assistant manager or bookkeeper, most managers are responsible for the accuracy of business records.

Full-service restaurants (those with table service) may have a management team that includes a general manager, one or more assistant managers, and an executive chef. Managers add up the cash and charge slips and secure them in a safe place. Many managers also lock up the establishment; check that ovens, grills, and lights are off; and switch on the alarm system.

Servers: Waiters and waitresses take orders and serve food and beverages to customers in dining establishments. Waiters and waitresses, also called *servers*, are responsible for ensuring that customers have a satisfying dining experience. The specific duties of servers vary considerably with the establishment in which they work. In casual-dining restaurants that offer simple fare, such as salads, soups, and sandwiches, servers are expected to provide fast, efficient, and courteous service. In fine-dining restaurants, where more complicated meals are prepared and are often served over several courses, waiters and waitresses provide more formal service. They emphasize personal, attentive treatment at a more leisurely pace. Waiters and waitresses often meet with managers and chefs before each shift to discuss the menu or specials, review ingredients for potential food allergies, or talk about any food safety concerns. They also discuss coordination between the kitchen and the dining room and review any customer service issues from the previous day or shift.

Many entrants are in their late teens or early twenties and have less than a high school education. Waiter and waitress jobs are a major source of part-time employment for high school and college students, multiple jobholders, and those seeking supplemental incomes. Some

waiters and waitresses can acquire more skills by attending relevant classes offered by public or private vocational schools, restaurant associations, or large restaurant chains. However, employers are more likely to hire and promote employees based on their people skills and personal qualities than on their education.

Restaurants and Hotels in Bangalore city

The diversity of the food available is reflective of the social and economic diversity of Bangalore. Roadside vendors, tea stalls, South Indian, North Indian, Muslim food, Chinese and Western fast food are all very popular in the city. Udupi restaurants are very popular and serve predominantly vegetarian food. The Chinese food and the Thai food served in most of the restaurants are customized to cater to the tastes of the Indian population. Bangalore can also be called a foodie's paradise because of its vast varieties of foods and edibles with a touch of Bangalore's uniqueness and tradition.

Some of the renowned traditional Bangalore vegetarian restaurants are MTR, Vidyarthi Bhavan, Udupi Krishna Bhavan, Ramakrishna Lunch Home, Hotel Sharavathi, New Krishna Bhavan, Janatha Hotel, Central Tiffin Room, Restaurants at Janardhana Hotel and Chalukya Hotel and Ullas to name a few.

The Muslim food of Bangalore is unique as it delivers an interesting blend of Mughlai food, Hyderabadi Muslim or Nawabi food as it is called with a distinct Bangalorean flavor. The MM Road in Fraser Town is renowned for its unique collection of around 5 to 6 Muslim restaurants, 3 to 4 Mughlai takeaways, a Chinese restaurant and 2 Arabian themed restaurants. Empire Restaurant of Shivajinagar is very famous and has its own chain of

restaurants throughout Bangalore. The Chandni Chowk area of Shivajinagar also has concentration of tightly packed restaurants and tea shops, where business booms behind closed shutters until the wee hours of daylight. Arabian food is also slowly on the rise with Shawarma and Falafel gathering some popularity. Bangalore also has some fine dining and specialized restaurants that cover various foods of the world. For good Mangalorean and Konkani style seafood, there's Kudla, Mangalore Pearl and Sa-na-dige. The city also is known to have really good Italian and new-age continental food in places like Sunny's on Lavelle Road and Olive Beach. The various restaurants in the five-star Hotels in the city also offer some very authentic and delicious meals. Some of these include Blue Ginger, Raj Pavilion, and the many 24-hour cafes these hotels run.

Objectives

- To identify the various problems faced by workers of economy restaurants.
- To identify the factors influencing the stress among economy restaurant workers.
- To understand the reasons for increase in workers attrition rate.

Methodology

The exploratory research design was adopted due to the nature of the study. Exploratory research provides insights into and comprehension of an issue or situation. The exploratory designs are appropriate for the present study as it explores problems of workers in Economy restaurants and also tries to understand the consequences of the same.

An informal interview was conducted with workers in various economy restaurants in the first stage to understand the hotel environment, nature of work etc. and in the second stage a formal personal interview was conducted with the workers with pre-set questions.

Sampling

Convenience sampling method was adopted to select the respondent based on their availability when the researcher visited the restaurant and their willingness to answers. The 45 workers from 15 economy restaurants were interviewed to collect the data.

Data Collection

Primary Data: Survey method was used to collect the primary data through personal interview by the researcher with a set of predicated questions.

Secondary Data: Secondary data were collected through online sources and journals.

Analysis and Discussion

The respondents are workers in the selected economy restaurants in Bangalore. 90% of the respondents are male and 60% of the

respondents are in the age group of below 40 years. Most of them are dropout at high school level of their education and few of them are dropout from pre-university level. Five of them have completed their under graduation.

Out of the total respondents selected for the interview, approximately 40% are suppliers or servers, 20% are cleaners, 30% are cooks and remaining 10% are cashiers in the restaurants.

Qualitative analysis was presented in this section which was based on the data collected through personal interview with the restaurant workers. The outcome of the interview i.e., problems faced by workers in the economy restaurants are discussed below.

Heavy Work Schedule

One of the problems the workers facing in the economy restaurants are heavy work schedule. It can affect their health also. Due to heavy work schedule workers cannot keep their patient and they may face some conflict with their co-workers or with the customers and attrition rate in the economy restaurants also high. Reasons for heavy work schedule are:

- **Long Working Hours**

Number of hours the respondents are working in a day

Working Hours	Number of Respondents
7-8	4
9-10	20
11-12	21
Total	45

Working for long hours can make the workers stress physically and mentally. The working for 11 – 12 hours is very long duration. The majority of the workers said it is 9 or more than 9 hours of working. It will make them very tired, stressful and they will not be able to perform better.

- **Short break**

The workers working in the economy restaurants are getting very short breaks

Number of hours break time the respondents are getting during the working hours

Break Time during Working Hours (hrs.)	Number of Respondents
0-1	20
2-3	16
4-5	9
Total	45

The above table shows that the workers are not getting sufficient time between their heavy work schedules. They will be tired working for 6 – 8 hours continuously. Hence they may be frustrated and cannot work properly and also they might not be able to provide good service to the customers.

- **Customers Crowd**

Another reason for short breaks is that customer crowd in the restaurant on some occasions like weekend, festivals. In such occasions the workers will not get sufficient break.

Delay in payment of Salary

Salary is the key factor for any worker working in any economy restaurant. Due to workers not

because of the ever visiting customers into the restaurant. The workers will not get good break because many of these types of restaurants will not be closed for couple of hours during the day. Hence workers get short period of interval to take rest in between.

getting their salary on time will increase the rate of turnover in the economy restaurant. Most of the workers who work in the economy restaurants face this problem. It was found that more than 70% of the respondents are not getting their salary on time. It is also of the reason for increase in turnover ratio in hotel industry. The main causes for delay in payment of salary are:

- **Improper Inventory management**

Inventory management system in the most of the economy restaurants is very poor. Their payment schedule for the inventory also not structured. It leads to heavy investment on inventories and they left with very less amount to pay salary on time.

- **Uneven Cash inflow**

The economy restaurants have uneven cash inflows because of the variation in the customers visit. In some of the situations the customer will be less which will affect the cash inflows of the economy restaurant.

Lack of Holidays

The workers working should get holidays for good number of days because the Economy restaurant runs all days a week and the workers work for long hours. The leaves must be given as to come out from the hectic schedule and have some free time for relaxation and family. The adequate leave should be given for them who are suffering from some health issues. Reasons for the lack of holidays are:

- **Shortage of Workers**

If any worker wants to take a leave in place of that worker there should be a backup who can manage the same work. If there are no other backup workers then the holidays may not be given to the workers.

- **More Absenteeism**

If any worker is in the list of high absenteeism then that worker will not get holidays. He may also not get sufficient leaves when he is suffering from some health issues continuously for a period of time.

Work Environment

Work environment plays a vital role in any organization restaurants are not excused. 68% of the respondents said that there is no good or comfortable working environment in the restaurants where they are working. Most of the cooks have expressed their dissatisfaction

about maintenance of kitchens. If the kitchen is not good to work, workers will face many problems regarding their health. There are many other reasons which are contributing to the bad or uncomfortable work environment which makes the workers to quit their job.

- **Improper Ventilation**

The most common in the economy restaurants are the no proper ventilation. The economy restaurant's kitchen will be very hot due to cooking of food, to reduce the heat proper ventilation should be made from which the hot air and smoke is sent out. Improper ventilation will cause the various health problems like asthma and several lung diseases. Due to not feeling comfortable in work environment the many of the workers move to the other economy restaurants which increases worker attrition rate.

- **Improper residential facility**

The workers of the economy restaurants who are away from their home and come to work for them the economy restaurants provide the rooms to stay. These rooms will be small and congested. Due to small rooms the workers will not feel comfortable and the conflicts may take place between the co-workers.

- **Cleanliness**

The most of the economy restaurants will look clean and fresh in the counters that shows the status of the economy restaurants but inside where the utensils are washed will be dirty and stinky. The workers will not be able to work in that environment which creates unhealthy work environment. This will also lead to increase in the attrition rate of the workers.

Conflicts

The workers will face conflicts with the management for their salary, leaves and other factors which causing stress them. Due to stressful work, employees do not perform well and the conflict may occur between the higher ups and the workers. The workers working in the economy restaurants may face conflicts with their co-workers due to lack of co-ordination

between them. If a worker does not do the work seriously and shows laziness in the work then it may make the other workers to do more work which leads to conflict.

For various reasons workers have conflicts even with customers. All these are contributing to stress and as a result they will be unhappy with the management and leaves the job.

Respondents having conflicts with Higher-ups, Co-workers and Customers

Conflicts with	Respondents (%)
Higher-ups	75
Co-workers	64
Customers	82

Note: Each row must be read independently.

- **Lack of co-ordination**

The economy restaurant is the place where the workers should do the work in a systematic way. The workers should work as a team and divide equal work among everyone. If anyone shows the laziness or not work then that will affect other workers in the economy restaurant. This may result in the conflicts among the workers and may increase the attrition rate.

- **Autocratic nature of higher ups**

The autocratic nature of the higher ups will generate some of the strictness towards the workers. This strictness towards the workers may lead to affect them mentally and to their performance. Due to autocratic nature of the higher ups the conflict may arise.

- **Lack of skill in handling customers**

The conflict may arise with the customers who

are not satisfied with the service provided by the workers. When there is more footfall of customers than workers might not be able to take care of each and every customer properly. The customers may get angry and start having words with the customers and conflict may arise. This conflict with customers may result in conflicts with the higher ups and it may lead to attrition of the worker. The lack of skills in handling the customers also leads to conflicts. These kinds of conflict are mostly seen among new workers who do not know how to handle the customers.

Away from Family for a long period

The family plays an important role in an individual's life and being away from the family will make the workers to think every time about their family. The stress can possibly occur due to not meeting their family members for a longer

period of time. The workers whose family lives around Bangalore or other parts of Karnataka normally meet their family once in one to two months. Whose family lives in other states meet their family once in six months or once in a year. They may come to earn money for their family but away from family makes anyone depressed. It makes them mentally upset and can also affect their work.

Leaves

More than 55% of the workers with whom interview was conducted are not satisfied with the leave policy of the restaurants where they are working. Sufficient leaves are very important for them to visit their native place and more over economy restaurants run all days a week and the workers work for long hours.

Salary

Another factor which is contributing the workers turnover in hotels, in particular economy restaurants is the salary what they are paying. 50% of the respondent workers feel that they are getting less salary for their work and they even compare with other restaurants. It is demotivating them to work in restaurant and workers tend to leave the job and move to another economy restaurant.

Lack of appreciation

Out of the total respondents 75% of have the opinion that they are not appreciated for their good work in the restaurants. They expect appreciation from their higher ups which will motivate them to work more effectively. They complain that supervisors or managers or owners take the liberty to scold for various reasons but they do not show their goodness when they did some good work or something more than what expected from them.

Findings

- Majority of the workers are not satisfied with the salary, holidays, leave policy, facilities given, work schedule and work environment in the economy restaurants in Bangalore.
- Many of them have favourable opinion about their owners but they are not happy with their immediate bosses and work conditions.
- Stress among the workers in the restaurants due to above discussed reasons is the major problem in the economy restaurants which is leading to many other problems for the owners of the restaurants.
- The stress is affecting the workers performance in the restaurant and leading to conflicts with the higher-ups, co-workers and customers.
- Many of the workers are leaving the restaurants within a short period of time due to work stress, conflicts, salary and leave problems.
- The high turnover of workers is a major problem for economy restaurants in Bangalore. The workers attrition is the outcome of reasons discussed in the previous section.
- In addition to high attrition in the restaurants there is shortage of labour in the industry which is also one of the reasons for stress among the workers.
- Many economy restaurant workers are not finding a stable place to work for a longer period.
- There is lot of labour supply not only from

different parts of Karnataka but also from other states in the country and Nepal.

- Demand for workers and labour laws are helping them in getting better salary but not offering solutions for their core problems. The laws are not so effectively implemented in all respect. At the same time these workers are unorganized.

Conclusion

The problems facing by the workers of the economy restaurants in Bangalore were discussed the paper based on personal interview. These problems are causing stress and increases attrition rate. The main reasons for all these problems are heavy work schedule, inadequate leaves and bad work environment. These things are making the workers to feel stressful and affecting their performance. The economy restaurant workers attrition rate is also at high level because of delay in payment of salary, compulsory over time duty and conflicts. The conflict with the customers, higher ups and co-workers is demotivating them to a greater extent. Appreciation is the key factor for motivation for anyone but unfortunately the managers and bosses in restaurants are not encouraging them to work effectively. The economy restaurants are facing the problem of shortage of workers and high attrition rate. To control the attrition rate they should provide reasonable facilities, leaves, little flexibility in the work schedule and very important is empathy towards them and little concern towards their problems. It will create long lasting impact of the workers and makes them to work with commitment and dedication.

Suggestions

- The workers should get sufficient break

during their working hours. They must be given at least 2 – 4 hours break during their working hours which can reduce the stress level in the workers and they can work more effectively.

- Workers who are away from their home should get special leaves at least once in a year. The effect of not meeting the family members for a long period is creating many other problems. They should be given leaves to meet and spend some time with their family once in a year. It will make them to work with more involvement.
- In majority of the restaurants, due to delay in payment of salary workers are demotivated. The management should pay the worker's salary on-time so that it will reduce the attrition rate in the economy restaurant.
- To improve working environment in the economy restaurants exhausts should be installed so that the smoke and hot air in the kitchens will be ventilated outside. The hygiene should be maintained. Proper residence facility must be provided.
- The workers attrition rate increasing because of the conflicts. The work should be systematically scheduled and unnecessary burden on the workers must be avoided. The higher ups should communicate with the workers and should maintain a healthy relationship with them.
- The supervisors or managers should see that the customers are handled properly by the workers and in case of any disturbances they must immediately respond to the situation. Unnecessary targeting on the workers or for everything pointing towards workers must be avoided.

- Motivation plays a very important role in any workers life. The workers must be appreciated for doing good job.
- The new workers must be given on the job training to equip them with the required skill.
- The workers require empathy and support during their emergencies and health issues. If management shows little care about them, they will become loyal towards the restaurant.

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A STUDY ON NON-PERFORMING ASSETS OF INDIAN BANKING SECTOR

Dr. Y Nagaraju *

Karuna M **

Abstract :

Development of sound and healthy financial institutions, especially Banks, is an important condition for maintaining a stable financial system of the country. Non-performing Assets is a serious threat faced by every Nation's Banking Industry. Commercial banks face the risk of default from the borrowers which is known as credit risk for the bank. Neither the borrowed principal amount nor the interest will be paid back by the borrower to the banks. Over a period these are borrowed and unpaid loans become NPAs. Accumulation of NPAs not only has had severe influence on efficiency of banking industry but also has limited the growth of GDP. Rising NPA level has become a great problem for bank as bank credit is the catalyst to the economic growth of the country. Mounting NPA has an adverse effect on Profitability of banks, requires huge provisions and banks incurs huge carrying cost on non-income yielding assets. This paper explains the Sector wise Non-Performing assets of few selected Public sector banks, Private sector banks and foreign sector banks.

Keywords: Priority sector, Total Advances, Public and Private Banks, Private loans.

1. Introduction

The winds of Globalisation have indeed swept the banking system at structural and Organisational level. There has been a multi-fold increase in the demand for banking services arising due to the increasing complexities of modern life. These changes have made way for entry of a number of private and foreign players. These, in turn have thrown up numerous opportunities as well as challenges for banking companies.

Banking plays a key role in deciding the best business practices in developing new markets

and clients and creates new products for E-commerce and the Net based technologies. Faster technological developments have transformed human life into a virtual mode, a reality that allows people to make purchase and Payment, without risking themselves to errors and frauds.

Universal Banking system operates through Single Window making a high way for banking services at transnational levels. With the development of Internet, Banking system has revolutionised with new business models to offer 24x7 online services to cater to new

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business customers like online bankers, online brokers and wealth managers. Mobile Banking and Internet Banking has washed away the traditional branch based banking to offering its customers core banking solutions and Low cost delivery channels, thus creating a bridge between the banks and Information portals. Universal Banking, Virtual Banking and Green Banking are newly developed Banking practices because of constant growth in Banking sector.

Due to Regulated deposit lending rates and restrictions of competition banking has always been remained a protected industry in many economies, especially in emerging economies. Factors like Increase in shareholder value, the problems of South-east Asian economies, The recessionary trends in Japanese economy, the financial sector problems encountered in Latin American economies and more recently in some Central European economies, disintermediation pressures arising from a liberalized market place and macroeconomic pressures and banking crises in 1990s and 2007 have all resulted in developing a new varieties of doing banking business. Therefore, developing economies introduced structural reforms, stricter prudential and supervisory norms, greater transparency and increased accountability to ensure greater stability and enhance competitiveness.

1.2 Concept of NPA

According to RBI guidelines with effect from 31st March 2004, a Non performing asset has been classified according to the market segments, which shall be a loan or an advance, where:

1. Interest and/or an installment of principal remain overdue for a period of more than 90 days in respect of a Term loan.

2. The account remains “out of order” for a period of more than 90 days, in respect of overdraft/cash credit.
3. The bill remains “out of order” for a period of more than 90 days in the case of bills purchased and discounted.
4. Interest and/or installment of principal remains overdue for two harvest seasons but for a period not exceeding two and half years in the case of advance overdue for a period of more than 90 days in respect of other accounts.

1.3 Gross NPA and Net NPA

Gross NPAs are the total outstanding of all the borrowers which are classified as non-performing assets (viz., sub-standard, doubtful and loss asset). Net NPAs are the Gross NPA minus gross accounts.

Standard Assets: Such an asset is not a Non-Performing Asset. In other words, it carries not more than normal risk attached to the business.

Sub-Standard Asset: It is classified as Non-performing Asset for a period not exceeding 18 months.

Doubtful Asset: Asset that has remained Non-Performing Asset exceeding 18 months is a doubtful asset.

Priority sector lending: It refers to agriculture and allied activities, micro and small enterprises, housing loan for economically weaker section and educational loan.

1.4 Reasons for mounting NPA

- **Speculation:** Bank provide loans to high risk projects to earn more income

- **Default:** Willful default by the borrowers
- **Fraudulent activities:** Fraudulent activities like advancing loans to ineligible persons, advances without security or references
- **Diversion of funds:** Most of the funds are diverted for unnecessary expansion and diversion of business.
- **Internal reasons:** Inefficient management, labour problems, marketing failure inappropriate technology resulting in poor performance by banks.
- **External reasons:** External reasons like a recession in the economy, infrastructural problems, price rise, delay in release of sanctioned limits by banks, delay in settlement of payment by government and natural calamities.
- Provision for One-time settlement with borrowers.
- Banks sometimes should go for Debt asset swaps.
- Sale of assets to Asset Reconstruction companies in selected cases.

2.0 Review of literature

N Lalitha (2013) in her research work “Non-Performing assets: Status & Impact, A Comparative study of Public & Private Sector Banks” mainly focuses on management practices followed by Banks in reducing NPA. 12 indicators were selected in assessing the performance of selected banks. Willful Default, Diversion of funds, deficiency in credit appraisal standards and lack of supervision and follow up were the main causes for increase in NPA. There was a decline in Gross NPA and Net NPA among the all four banks.

Ipseeta Satpathy and B. C. M. Patnaik (2012) in their research on “Portfolio of NPA: By classification of Banks” studied the various portfolio of NPAs with special reference to Standard Assets, Sub-standard Assets, Doubtful Assets and Loss Assets for the period from 2001-02 to 2007-08. Public Sector Banks, Scheduled Commercial Banks and Foreign Banks were selected for the research purpose. It was observed that there is inconsistent growth in percentage of substandard assets to total NPAs in Public Sector Banks, doubtful assets it is more as compared to substandard assets,

Adolphus J.Toby (2011) in his paper “Modelling Financial Fragility and Bank Profitability” analysed the relationship between Non Performing loan ratio or Provisions to

1.5 Management of NPA

- Early diagnosis of the problems and analysis of the reasons for irregularity, with appropriate strategies for time bound action to prevent slippage as NPA.
- To set Industry wise exposure limits to diversify profile and minimize risk.
- To monitor Loan portfolios on an ongoing basis.
- To set up Account tracking centres to prevent accounts slipping into NPA category.
- SMS alert/ Personal contact/ sending notices/Tele calling to be followed by banks on defaults for overdue installments/ irregularity in accounts.

Return on Total Assets prior to Global Financial crisis. The data for analysis was collected from 49 countries spread over 7 continents. The period of study was 2002-2007. It was found that banks with below average NPLRs achieved above average ROTA, a positive relationship between 1) NPLR and ROTA 2) NPLP and ROTA. Practising under-provisioning and over-provisioning could create a hindrance in ascertaining the bank's profitability. Banking sector reforms should mainly focus on strict compliance with prudential guidelines thus strengthening banking system.

Aditi Ahooja (2011) in her thesis titled "A Study of Indian Banking Sector-Performance analysis since Liberalization" used financial ratios to compute performance of individual banks and Durbin Watson test was applied to overcome the concern for autocorrelation. For comparative analysis independent t-test is performed. The performance of 20 banks were taken as sample based on categorization of paid up capital after Liberalization. Public sector Banks had faced the problem of Non-performing assets due to the management problems, cost of operation has increased due to the introduction of employee stock ownership plans, further major public sector are not technology receptive which has been affecting the business of banks.

Wei Zhang (2010) in the research titled "The role of Banks in Transition economies: A Case study of China with an Emphasis on Non-Performing Loans" evaluates the factors which caused increase in NPL in Chinese Banks and suggested few measures to resolve this issue. Field work was done followed by interview. He interviewed 6 managers from each bank selected. He found that political interference in bank lending is not a major issue in explaining

why managers select inefficient projects. He also emphasised on the importance of effective internal risk assessment system and credit rating system for reducing the likelihood of non-repayment of debts.

Rajini Saluja and Roshan Lal (2010) in their research conducted proved that Piling of NPAs were the huge matter of concern for banking industry. NPAs will affect the economic growth of the country. There is a huge difference in NPAs of Public sector banks and foreign banks where NPAs are more in Public sector banks. More NPAs were found in non-priority sector than in priority sector. Legal and Non-Legal measures were taken to reduce NPA level at different sector.

Sharma (2009) in his study found that public sector banks have shown improved performance across various indicators. Quality of assets improved considerably over the period of time and the NPAs were more in Private sector banks as compared to Public sector banks.

Ritu Goyal and Rajindar Kaur (2008) under the study conducted on New Private sector Banks, analysed the performance by using various ratios of Balance sheet and Profit and loss account. Among those parameters NPA was also one of the Parameter which observed that there is a significance difference amongst the mean ratios of the banks in 12 out of 16 selected parameters.

2.1 Statement of the Problem

The Non-Performing Assets problem is one of the foremost and the most formidable problems that have shaken the entire banking industry in India like an earthquake. Like a canker worm, it has been eating the banking system from

within, since long. It has grown like a cancer and has infected every limb of the banking system. At macro level, NPA's have choked off the supply line of credit to the potential borrowers, thereby having a deleterious effect on capital formation and arresting the economic activity in the country. At the micro level, the unsustainable level of NPA's has eroded the profitability of banks through reduced interest income and provisioning requirements, besides restricting the recycling of funds leading to serious asset liability mismatches. Hence, the profitability is left with better understanding and effective monitoring of Non-Performing Asset in selected banks. It disturbs the interest income of the banks and therefore provision from profits is required for such assets (Siva Kumar and Sundar K). Bearing this account and the negative impact of NPA on banks advances and profitability this study taken to find feasible solutions for the above issue.

2.2 Objectives of the Study

1. To study the status of Non-performing Assets of selected Commercial Banks.
2. To comprehend the percentage of NPA of sector-wise against the total Advances of the banks.
3. To make appropriate suggestions to banks in order to avoid future NPAs.

3. Research Methodology

The study mainly depends on Secondary data collected from 15 banks comprising of five Banks from each sector i.e Public banks, Private banks and Foreign Banks are taken to compare the Non-performing assets of the banks from 2009-2016.

Type of banks	Name of the selected banks				
Public sector banks	Canara Bank	Bank of Baroda	Bank of India	Punjab National Bank	State Bank Of India
Private sector banks	Axis Bank	HDFC Bank	ICICI Bank	Kotak Mahindra Bank	Yes Bank
Foreign sector banks	Citi Bank	Deutsche Bank	DBS Bank	Standard Chartered	HSBC Bank

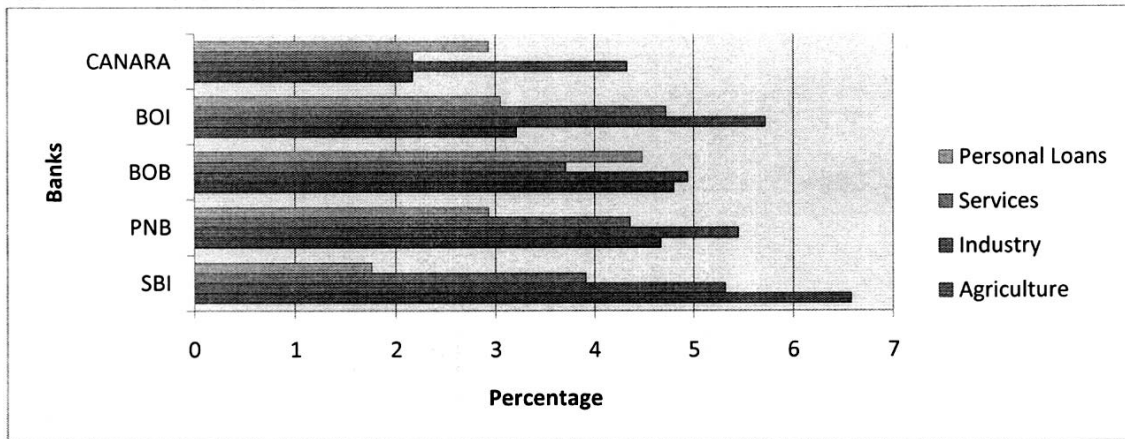
4. Analysis and Interpretation

4.1 Table showing sector-wise Percentage of NPA to total Advances of selected Public sector Banks from 2009-2016

Banks	SBI			PNB			BOB			BOI			CANARA		
Sectors	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV
Agriculture	6.58	3.44	52.27	4.67	1.19	25.48	4.80	2.69	56.04	3.21	1.68	52.33	2.17	0.51	23.50
Industry	5.32	4.24	79.69	5.45	5.17	94.86	4.94	6.14	124.29	5.72	5.59	97.72	4.33	5.40	124.71
Services	3.91	2	51.15	4.36	3.22	73.85	3.71	2.62	70.61	4.72	2.69	56.99	2.17	2.46	113.36
Personal Loans	1.76	1.01	57.38	2.93	1.03	35.15	4.48	1.54	34.37	3.05	1.58	51.80	2.93	2.48	84.64

Source: Computed from Annual reports of Selected Banks

4.1 Graph of compiled sector-wise Percentage of NPA to total Advances of selected Public sector Banks from 2009-2016



Above graph 4.1 shows sector-wise Percentage of NPA to total advances of selected Public sector banks. It proves that State Bank of India has highest average Percentage of NPA to total advances in agricultural sector accounting to 6.58%. Bank of India has highest average Percentage of NPA to total advances in the Industry accounting to 5.72% and Services accounting to 4.72%, and Bank of Baroda has highest average Percentage of NPA to total advances in Personal loans accounting to 4.48%. Canara Bank has least

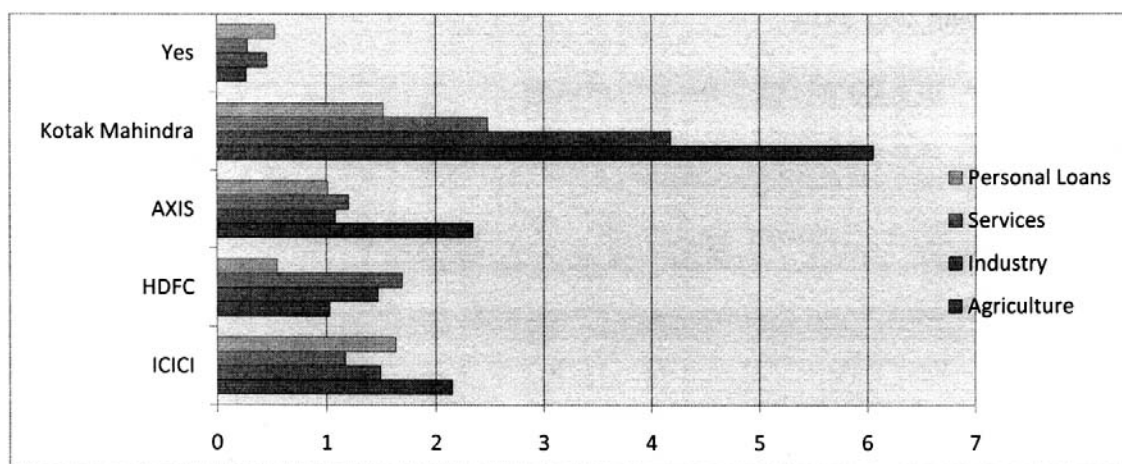
average percentage of NPA to total advances in all the sectors except Personal Loans, and State Bank of India has least average percentage of NPA to total advances in Personal loans registering of 1.76%. Canara Bank shows consistent performance in NPA in agricultural sector constituting to 23.50%, State Bank of India in Industry sector accounting to 79.69% and Service sector to 51.15% and Bank of Baroda shows consistent performance in NPA in Personal Loan amounting to 34.37%.

4.2 Table of compiled sector-wise Percentage of NPA to total Advances of selected Private sector Banks from 2009-2016 (value in Percentage)

Banks	ICICI			HDFC			AXIS			KOTAK MAHINDRA			YES		
	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV
Agriculture	2.15	1.03	47.90	1.03	0.37	35.92	2.34	0.11	4.7	6.05	3.79	62.64	0.27	0.68	251.85
Industry	1.49	1.09	73.15	1.47	0.27	18.36	1.08	0.39	36.11	4.18	4.35	104.06	0.46	0.31	67.39
Services	1.17	0.59	50.42	1.69	1.11	65.68	1.2	0.87	72.5	2.48	2.42	97.58	0.28	0.15	53.57
Personal Loans	1.63	1.10	67.48	0.55	0.24	43.63	1.01	0.54	53.46	1.52	1.26	82.89	0.53	0.66	124.52

Source: Computed from Annual reports of Selected Banks

4.2 Graph of sector-wise Percentage of NPA to total Advances of selected Private sector Banks



Above graph 4.2 shows sector-wise Percentage of NPA to total advances of selected Private sector banks. It proves that Kotak Mahindra Bank has highest average Percentage of NPA to total advances in agricultural sector accounting to 6.05%, Industry accounting to 4.18% and Services accounting to 2.48%. ICICI bank has highest average Percentage of NPA to total advances

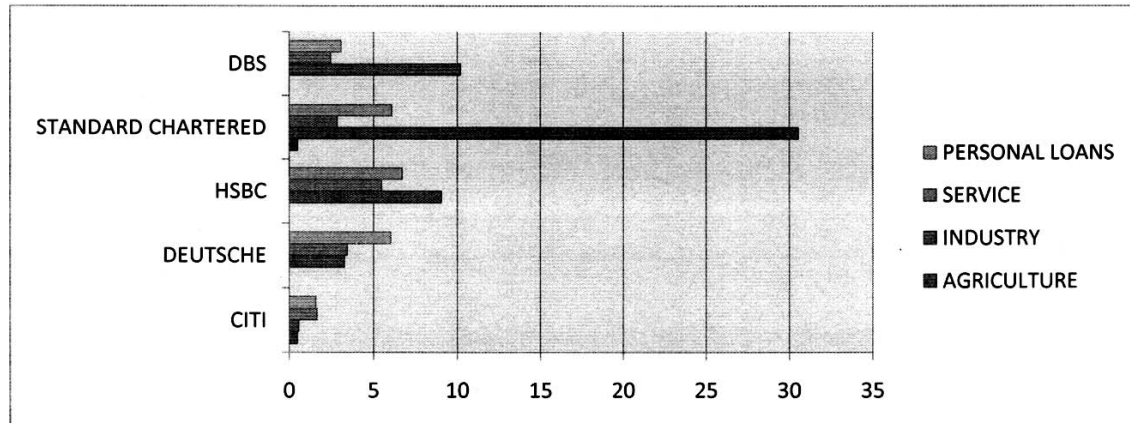
in Personal loans accounting to 1.63%. Yes bank has least average percentage of NPA to total advances in all the sectors. HDFC bank shows consistent NPA in agricultural sector accounting to 35.92%, Industry sector 18.36% and Personal loan 43.63% and ICICI Bank shows consistent NPA in Service sector by 50.42%.

4.3 Table of compiled sector-wise Percentage of NPA to total Advances of selected Foreign sector Banks from 2009-2016 (value in percentage)

Banks	CITI			DEUTSCHE			HSBC			STANDARD CHARTERED			DBS BANK		
Sectors	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV	Mean	SD	CV
Agriculture	0.48	0.75	156.25	0	0	0	0	0	0	0.48	0.46	95.83	0	0	0
Industry	0.57	0.92	161.40	3.26	2.71	83.12	9.05	2.78	30.71	30.54	25.92	84.87	10.19	13.34	130.91
Services	1.64	1.53	93.29	3.44	4.81	139.82	5.47	2.94	53.74	2.83	0.89	31.44	2.45	3.07	125.30
Personal Loans	1.57	0.84	53.50	6.02	6.39	106.14	6.69	6.67	99.70	6.07	6.20	102.14	0	0	0

Source: Computed from Annual reports of Selected Banks

4.3 Graph of compiled sector-wise Percentage of NPA to total Advances of selected Foreign sector Banks from 2009-2016



Above graph 4.3 shows sector-wise Percentage of NPA to total advances of selected foreign sector banks. It proves that Standard Chartered Bank has highest average Percentage of NPA to total advances in agricultural sector accounting to 0.46%, Industry sector accounting to 4.18% and Services accounting to 30.54%, HSBC accounts to 5.47% of Service sector and 6.69% of Personal Loan sector. Citi bank shows least average percentage of NPA to total advances in all sectors. Standard Chartered bank shows consistent NPA in agricultural sector accounting to 95.83% and Service sector 31.44%, HSBC bank shows consistency in Industry sector by 30.71% and Citi Bank shows consistent NPA in Personal loans by 53.50%.

5.1 Findings

- Through the analysis it is seen that State bank of India for the past 8 years has lent loans and advances to agriculture sector which has converted into NPA. A mean of 6.58 is seen and a 52.27% of CV. While, Canara Bank has managed to keep its NPA

to a minimum of SD 0.51 with a 23.50% of CV.

- Analysis also shows that for the advances given to industrial sector by Punjab National Bank there is increased NPA, SD of 4.24 and the same also holds good for Bank of Baroda at 4.94 SD while Bank of India SD is 5.72 and that of Canara Bank it is 4.33SD.
- It is seen that the personal loans funded by the selected public sector banks has least amount of NPA. Many of the banks recover advances provided by the banks, it's a small portion of the borrowers who delay in the return process.
- Among the private sector banks, the NPA is low among ICIC, HDFC, AXIS and YES bank, while Kotak Mahindra bank has substantial NPA. The credit risk is very high in case of the bank.
- YES bank is significant and a budding bank which has maintained lowest credit risk and a low amount of Non-performing assets during the period..

- ICICI and Kotak Mahindra have lent advances to agriculture sector but are not favored and unable to collect back the dues from the borrowers.
- It is comprehended that personal loans provided to the borrowers are recovered exclusively by HDFC and YES bank and the NPA is bare minimum.
- Among the foreign banks during the given period we are able to comprehend that Deutsche bank and HSBC bank haven't lent any funds to agriculture sector and so there is Zero NPA.
- The personal loans are very high and the Mean of 6.02 for Deutsche bank with SD of 6.39 with CV of 106.14% is depicted during the period.
- It is found that the Industrial sector personal loans provided are not recovered where in the Mean of 30.54 has SD of 25.92 6.39 with CV of 84.87% is seen for Standard Chartered Bank during the period.
- Feasibility of projects and survival of the firm in the long run should be made mandatory before the loans are sanctioned.

5.3 Conclusions

The Management of NPAs is very important task for all the banks. It is necessary to manage NPA because of its adverse effect on operations, Performance and market position. Analysis shows sector wise study of NPA to total advances in Priority and Non-Priority sector. Indian banking industry is dominated by Public sector banks and as such NPAs are also more in all the sectors as compared to Private and Foreign banks. It is found that agricultural sector has more NPA because of Priority sector lending and thus management of NPA in this sector is very important. Proper Credit appraisal and frequent monitoring of Loan assets will help bank to reduce its NPA.

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- ### 5.2 Suggestions
- The central bank of India should devise plans for the banks where in the banks can overcome the effect of bad loans.
 - A scheme should be initiated where banks can understand and recognize the bad assets and to dispose such assets effectively.
 - Also proper recapitalization has to be initiated for all banks that are facing the problem of maximum NPA.
 - The bankers should visit the sites of industries; service delivery, should be checked on a regular basis to avoid the future default the firm may likely to make.
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A STUDY ON IMPACT OF MACROECONOMIC VARIABLES ON INDIAN STOCK MARKET WITH SPECIFIC REFERENCE TO CNX-NIFTY

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Abstract :

Stock market is influenced by micro and macroeconomic variables. The macroeconomic variables are one of the critical determinants for any variation in economy for a nation. Slightly unexpected modification among these determinants has effect on the economy in several ways. Present study aims to find out the impact of macroeconomic variables on Indian Stock market, with respect to NIFTY Index. The macroeconomic variables considered for the purpose of the study include GDP Growth Rate, Index of Industrial Production, Interest Rates, Inflation Rate, Exchange Rates, Gold Price, and Crude Oil Price are taken for analysis, for the period from 2006 to 2016. Correlation and Regression Analysis were used to demonstrate impact of macroeconomic variables on CNX-NIFTY. It was found that Industrial Production, Exchange Rate, Interest Rate and Gold price have high effect on the CNX-NIFTY during the study period. GDP Growth rate, Inflation Rate and Crude Oil Price have moderate impact on the CNX-NIFTY. There is a significant impact of selected macroeconomic variables on CNX-NIFTY. Hence the present study confirms that macroeconomic variables continue to affect Indian stock market.

Keywords: Stock Market, NSE, NIFTY, Macroeconomic variables.

Introduction

Indian economy is presently creating as a worldwide force. India's economy transformed into the world's quickest developing real economy from 2014. Securities exchange is one of the major economic reflectors. The stock price is extremely delicate to the adjustments in basics of the economy and to the adjustment in assumptions about future forecasts. Desires are affected by macro and micro economic variables. It is accepted that residential economy assumes deciding part in the execution of securities exchange. The instability in macroeconomic variables influences the value

stock returns lastly influences the equity stock prices. Since economy and market are firmly related, data in regards to macroeconomic conduct might be exceptionally helpful. The economic performance in a nation could be measured by macroeconomics variables. Inflation, loan cost, conversion rate, and so forth are some macroeconomics variable that uncover financial state in India and the economic circumstance will influence the business condition which at last will influence the organization activity, that is the reason it is accepted that macroeconomic variables are elements that can't be controlled by the

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organizations which may influence the unpredictability of the stock price.

Macroeconomic Variables

Macroeconomics is the analysis of the country's economy in general. It examines the patterned developments and patterns exists in economy, for example, Gross Domestic Production, industrial production, Interest rate, Inflation, Money Supply, Gold price, Oil price, Exchange Rate, Budget Deficits, International Trade so on. Macroeconomic variables are the most notable variables and Government can't make their policies, rules and code of conduct without considering them. Thus, Macroeconomic variables are the key pointers to demonstrate the overall patterns in the economy. This has pulled in the consideration of numerous specialists to explore the variables influencing security exchanges. The impact of some macroeconomic variables could change starting with one market then onto the next and starting with one period then onto the next. This encouraged a more top to bottom examination of the way of the association among macroeconomic variables and securities exchanges in various economies, particularly after significant changes. Any progressions that influence the financial conditions in common, for example, evacuating limitations in foreign investment, will bring about changes in the share trading system and its connection to the economic elements. Reinvestigating the way of the association between the share trading system and the macroeconomic elements will be suitable and vital for shareholders on the grounds that the flow of this relationship has changed. The accompanying are the key macroeconomic variables prevailing trends in the economy.

Efficient Market Hypothesis

An investment concept positions that it is difficult to "exhaust the stock market" since share market effectiveness causes present company equity stock prices to continually consolidate and replicate entire related information. As specified by EMH, shares regularly conversed at their reasonable value on share exchanges, constructing it incomprehensible for financial specialists to either acquire underrated shares or put shares at overstated prices. In that case, it ought to be difficult to outflank the stock marketplace through master share determination or stock marketplace timing, and that the main way a shareholder can get forward-thinking returns is by buying riskier stocks.

The efficient market hypothesis (EMH), famously known as the Random Walk Theory, propose that present equity share prices totally imitate open information about the value of the public listed company, and actually there is no way to get the extra surplus benefits, (additional than the market return in general), by exploiting open data of the companies. This theory deals with one of the most exiting issues in the stock market and manages a standout amongst the most major and energizing issues in finance – in the sense of how share prices fluctuates and why changes occurs in the equity share prices. This theory has very important suggestions for speculators, traders, investors etc. According to E.F. Fama, on aggregate, competition among the companies will affect the company related information on the actual share prices. These effects reflect spontaneously on the intrinsic values.

Many analysts challenged to recognize equity share that are misapprehended and are

expected to appreciate in its stocks prices later on. Several investment specialists, counting investment chiefs, hope that they can pick equity shares that will outperform the stock market return. These analysts employ various indicators and valuation methods to determine the share prices to know risk. Clearly, any difference in that analysis for financial specialist may make out significant benefits. EMH declares that not a single set methods are powerful (i.e. the point of employing various indicators and valuation methods to determine the share prices), and in this manner nobody can naturally exploit the marketplace.

The Versions of Efficient Market Hypothesis

The EMH theory foresees that marketplace prices ought to incorporate all handy information every time. There are countless types of data and information that effect share values. Then, economic specialists recognize among three versions of the Efficient Markets Hypothesis.

Weak Form Efficiency:

This form states that the existing stock price wholly joins info/data confined in the earlier history of prices as it were. That is, nobody can distinguish mispriced shares and “beat” the stock market by evaluating former prices. The weak sort of the hypothesis got its name at a reason-security prices are apparently the most exposed to the public and additionally the most easily accessible bits of data/info.

Semi-Strong Form Efficiency:

This form mentions that the existing price entirely fuses all publicly accessible data. Open data integrates not just previous prices, but likewise

financial performance conveyed in an organization’s finance related accounts (yearly reports, financial statements, etc.), revenue and dividend declarations, the monetary positions of organization’s opponents, predisposition towards macroeconomic determinants and so forth. Indeed, the general data and information must not need to be of a purely on financials.

The statement behind semi-solid market is that one should not generate profit utilizing somewhat that “others knows” (the data is freely available to all). In any case, this presumption is far more solid than that of weak form efficiency. Semi-strong efficient market requires the existence of stock market experts who are not just shares related financial experts equipped to realize effects of limitless budgetary data or statistics, furthermore macroeconomics, masters able to grasp forms in marketplace.

Strong Form Efficiency:

The strong type of Efficiency expresses that the existing price completely incorporates all existing information, both public and private (at times called insider data). The principal contrast between the semi form and solid Efficiency is that, no one has to have the capacity to methodically create surplus benefits irrespective of the likelihood that swapping on information not publically available in mean time. Strong Form Efficiency is that the market suspects, in a neutral way, forthcoming advancements and in this way the share price may have fused the development and judged in a more objective and instructive route than the insiders.

Review of Literature

Gurloveleen K and Bhatia BS (2015), studied the impact of macroeconomic variables on the compelling of Indian Stock Market. The month

to month information of ten macroeconomic variables, to be specific Broad Money, Call Money Rate, Oil Price, Exchange Rate (USD), Foreign Exchange Reserve (FER), Gross Fiscal Deficit (GFD), Foreign Institutional Investors (FII), Industrial Production (IIP), Trade Balance and Inflation Rate and BSE500 index utilized. The Multiple-Regression, Granger-Causality Tests and Augmented-Dickey-Fuller (ADF) Test were utilized. It revealed that FII's got to be stationary at level, Call Money Rate, Oil Price, Exchange Rate (USD), Foreign Exchange Reserve (FER), Gross Fiscal Deficit, Inflation Rate and Trade Balance at first distinction and Broad Money and Index of Industrial Production (IIP) at second difference. This stationary figures had been connected to discover the critical macroeconomic variables through multiple regression procedure. The 2 macroeconomic variables Foreign Institutional Investors and Exchange Rate were discovered significant. Granger-causality test was utilized to confirm the causality relationship between these two critical variables and average closing prices of manufacturing firms of BSE 500. It was recognized that these elements have no relationship with closing prices of BSE500 list. This study also revealed that the Indian Stock Market was a frail form efficient because no relationship was found amongst the variables throughout the study period.

Dr. N.S.Pandey and S.Sriram (2015), in their study looked at the effect of chose Macroeconomic variables on BSE Sensex. The aspiration of the study is to assess the impact of chose Macroeconomic variables on BSE-Sensex. The chose Macroeconomic variables are Exchange Rate, Wholesale value index and Industrial production. The Regression investigation infers that most importantly chose

Macroeconomic variables impact BSE Sensex list. Johansen co-mix clarifies that there is no long run co-coordination between chose Macroeconomic variables and BSE-Sensex list. Grangercausality test finds that Exchange rate and Index of modern production (IIP) don't have crucial association with BSE-Sensex index and, Inflation rate and BSE Sensex index have causal relationship.

Nabila Nisha (2015) has combined both international and national elements and spread this presumed connection between stock yields and macroeconomic variables to the emerging market of India. Using time-series analysis, this paper employs Vector-Auto regression (VAR) to define the influence of macroeconomic factors on the stock returns of Bombay Stock Exchange (BSE). Results of this paper specify that a significant impression on interest rate, gold price, exchange rate and money supply is detected for the stock returns of BSE. Furthermore, a solid effect of the worldwide macroeconomic factor of the world price index is also observed, which infers a gradual integration of BSE towards the universal financial marketplaces. Lastly, the study highlights the administrative and policy implications, upcoming study ways and restrictions from the viewpoint of India.

Kibria, Mohamood, Kamran, (2014), in their study discovered that the Macroeconomic variables such as inflation rate, exchange rate, money supply (MS), Gross Domestic Product (GDP) per capita and GDP savings found a positive influence on stock market.

Subburayan and Srinivasan (2014), in their study analysed the impact of macroeconomic variables on the CNX-NIFTY Bank list. The objective of the exploration is to look at the

long stretch relations between economic variables and CNX-NIFTY bank returns. The vital economic components to be specific exchange rate (USD), financing costs and inflation rates were considered. Loan rates and exchange rates are essential variables in the banking industry and monetary policy. Month to month time series information were gathered from Reserve Bank of India (RBI) handbook and CNX-Nifty bank, over the study time frame from first Jan 2004 to 31st Dec 2013. The real findings from the analysis are: (i) selected sample macroeconomic variables has got significant on bank stock returns. (ii) Bank stock returns have settled long run association with chose macroeconomic variables. (iii) Exchange rate and Interest rate reflected emphatically on bank stock returns. (iv) there is no causal linkage amongst index and Interest rate, Bankex list and Inflation. (v) Bank stock exist unidirectional causal consequences for the exchange rate. The research secured that chose macroeconomic variables were impact over the long run and have causal association with Bankex index.

Imran, Chani, Shahzad, Farooq and Kamran (2014), had the object of determining the effect of borrowing rate, conversation rate, and GDP and inflation rate on share prices in Pakistan. The monthly data of 11 years' series from 2001 to 2011 was used for this research. Grangercausality and cointegration tests were applied on the data to evaluate the likely influence of macroeconomic variables on share prices. The results of the study bare that there was no association amongst dependent variable and explanatory variables in short run. On the other hand, outcomes demonstrated that there was solid connection over long period of time.

Naik and Padhi (2012), in their study investigates the partners between the BSE-

Sensex index and five macroeconomic variables, to be specific inflation (WPI), exchange rates (USD), cash supply (MS), Treasury bills rates, and industrial production (IIP) over the period 1994:04–2011:06. Johansen's co-combination and Vector-Error adjustment model have been utilized. The study tells that macroeconomic variables and the index are co-coordinated and, hereafter, a long-run equilibrium affiliation exists between them. It is recognized that the index decidedly describes to the IIP and cash supply however unfavourably identified with WPI. The short-run loan cost and the trade rate (USD) are uncovered to be unessential in deciding stock prices. In the Granger-causality, macroeconomic variable impacts the index in the long period however not in the brief timeframe. There is bi-directional interconnection exists amongst IIP and index though, unidirectional causality from cash supply (MS), inflation (WPI) and loan costs to index were found.

Samveg Patel (2012), assessed the effect of macroeconomic determinants on the performance of the Indian-Stock-Market utilizing month to month information for the period Jan-1991 to Dec-2011. The eight macroeconomic variables of the study were, Silver Price, Interest Rate, Gold Price, Inflation, Industrial Production (IIP), Exchange Rate, Money Supply and Oil Price, and two securities exchange index specifically Sensex and S&P-Nifty. The study demonstrated long run relationship between macroeconomic elements and securities exchange indices. This study likewise uncovered the causality keep running from exchange rate to securities exchange indices to IIP and Crude Oil Price.

Ray (2011) showed that Multivariate-Granger causality test uncovered that there was no causal relationship between securities exchange price and Industrial Production, securities exchange price and financing rate. The study additionally indicated unidirectional causality exist between offer business sector cost and gross fixed capital formation, GDP, exchange rate, FDI and inflation rate. The multiple regression effects of the study demonstrate that oil cost and gold cost have a huge negative impact on stock cost, while balance of trade, loan rate, foreign exchange reserve, gross household product (GDP), IIP and cash supply emphatically impact Indian stock price. Then again, interest rate, foreign direct investment, conversion rate and wholesale price index(WPI) don't seem to have any huge impact on stock price.

Robert D (2008), the affiliation among share prices and macro-economic variables was well recognized for the United States and other key economies. While no noteworthy association was originated amongst respective conversation rate and oil price on the share market index prices of either BRIC countries, due to the stimulus of other local and universal macroeconomic factors on share market returns. Also, there was no substantial association revealed among current and earlier share market returns, suggesting the markets of BRIC countries exhibited the weak-form of market efficiency.

Need for the Study

Various researches have been directed to decide the relationship between the macroeconomic variable and stock prices before. The findings of these studies demonstrate that there is a relationship between

macroeconomic variable and share prices. Based on the review of the literature, it is identified that most of the studies done on the BSE SENSEX. So it found that hardly we find the studies on NSE. In this context NSE-NIFTY index is selected for the study. NSE is one of the top stock exchanges in India by revenue and number of trades (volume), for equities exchanging. The study is to examine the effect of these macroeconomic variables i.e. Gross domestic product Growth, Industrial Production, Oil cost, Exchange rate, Interest rate, Gold value, and Inflation Rate so on stock prices in CNX-NIFTY.

Statement of the Problem

Stock market plays an important role for the development of the country. It is essential for the growth of Indian economy. Its movements show an impact on the performance of the economy. The stock market is a place where investors, whether Indians or foreigners can invest. Their choice to invest or withdraw the funds is determined by the numerous factors. The macroeconomic variables are the one of them. Macroeconomic variables affect the performance of the stock market. Investors consider macroeconomic variables when they value stocks. GDP Growth rate, Industrial Production, Interest rate, Inflation Rate, Exchange rate, Gold price, Crude Oil price etc. are very important among these macroeconomic variables which affect the performance of the stock market. The investor at the time of investment decision should consider all these macroeconomic variables to take suitable investment decision. In this regard, a study is taken up to find the "Impact of macroeconomic variables on Indian stock market with specific reference to CNX-NIFTY".

Scope of the Study: This study considers only 7 macroeconomics variables and its impact only on CNXNIFTY index. Findings are applicable in the situation which prevailed during period 2006 to 2016.

Objectives

1. To determine the co-relationship between the selected Macroeconomic variables and CNX-NIFTY.
2. To find out the impact of selected Macroeconomic variables on CNX-NIFTY.

Hypotheses

H_0 : There is no significant impact of selected Macroeconomic variables on CNXNIFTY.

H_1 : There is significant impact of selected Macroeconomic variables on CNX-NIFTY.

Data Analysis and Discussion

GDP Growth Rate with CNX-NIFTY

Research methodology

The study is Quantitative as well as Analytical in nature. It focuses on determining the relationship between macroeconomic variables and stock prices by using statistical tools like regression and correlation. It uses critical thinking to find out impact of selected macroeconomic variables on CNX-NIFTY.

Source of Data

The secondary data is used for the study. The data related to the closing prices of CNX-NIFTY is collected from the website of NSE. The database of RBI was used to collect the yearly data of available macroeconomic variables and other data was collected from ministry of finance, ministry of statistics, economy survey of India, etc.

Table 1: Model Summary of GDP Growth with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.288373
R Square	0.083159
Adjusted R Square	-0.01871
Standard Error	1735.874
Observations	11

Table 2:ANOVA					
	Df	SS	MS	F	Significance F
Regression	1	2459769	2459769	0.816315	0.389802038
Residual	9	27119336	3013260		
Total	10	29579105			

The above tables show the Regression test result between GDP Growth Rate with CNX-NIFTY for the period 2006 to 2016. In this model CNX-NIFTY index is taken as a dependent variable and GDP Growth rate is taken as independent variable.

In Model-Summary table (1) calculated Multiple R value shows that there is correlation between GDP Growth and CNX-NIFTY to the extent of 0.2883 means there is a weak relationship between CNX-NIFTY and GDP Growth rate. R-Square value indicates that only 8.31% variation in the CNXNIFTY (dependent variable) is explained by GDP Growth rate (independent variable).

The table (2) shows results of ANOVA test between GDP Growth rate and CNXNIFTY. The F calculated value is 0.816315 and Significance F value is 0.389802038 at 95% of confidence level. F calculated value is more than significance F value means belongs to critical region. It means H_0 is rejected and there is a significant impact of GDP Growth rate on CNX-NIFTY.

GDP Growth rate and CNX-NIFTY both are moving in positive manner. India's GDP growth rate increased at an average of 9% for the

period from 2003 to 2007, as a result of foreign investments, stable strategies by the Government and numerous other monetary elements indicated constructive outcomes on Indian economy. Hence CNX-NIFTY Index indicated a growth till 2007. After that it was growing moderately because of the worldwide financial emergency in 2008. CNX-NIFTY index values were also declined in the year 2008-09. Later GDP growth rate and CNX-NIFTY recovered in 2009-10 because of the efforts and strategies of the Indian Government like MGNREGA which helped poor individuals by expanding the limit of their spending's. In years 2011 to 2013 GDP Growth was fluctuating in view of poor strategies by Government, awful worldwide situation, scams, higher inflation etc. As a result CNX-NIFTY Index demonstrated unpredictability. In most recent 3-year there is persistent growth in Indian GDP, in view of new government and their new initiatives like Make in India, drawing investment from FII, increment FDI, lowering CAD, GST and other different starts helped the economy. In this situation CNX-NIFTY Index demonstrated positive growth in recent years.

Index of Industrial Production (IIP) with CNX-NIFTY

Table 3: Model-Summary of IIP with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.825839
R Square	0.682011
Adjusted R Square	0.646679
Standard Error	1022.298
Observations	11

Table 4: ANOVA					
	df	SS	MS	F	Significance F
Regression	1	20173269	20173269	19.30285	0.001736696
Residual	9	9405836	1045093		
Total	10	29579105			

The above tables show the Regression test result between Index of Industrial Production(IIP) with CNX-NIFTY for the period 2006 to 2016. In this model CNX-NIFTY index is taken as a dependent variable and Index of Industrial Production(IIP) is taken as an independent variable.

In Model-Summary table (3) calculated Multiple R value shows that there is a correlation between IIP and CNX-NIFTY to the extent of 0.825839 means there is a strong relationship between CNX-NIFTY and IIP. R-Square is 0.682011 means 68.20% of variation in CNX-NIFTY is explained by the IIP.

The table (4) shows results of ANOVA test between Index of Industrial Production(IIP) and CNX-NIFTY. The F calculated value is 19.30285 and Significance F value is 0.001736696 at 95% of confidence level. F calculated value is more than Significance F value means belongs to critical region. Hence H_0 is rejected and there is a significant impact of Index of Industrial Production on CNX-NIFTY.

During the period it is reasoned that there is huge effect of Index of Industrial Production(IIP) on CNX-NIFTY. It is genuinely clear that the IIP and CNX-NIFTY closely associated. It demonstrates that IIP is

not as unstable as the CNX-NIFTY but rather even significant change in IIP can prompt a considerable measure of vary in CNX-NIFTY. Both industrial production and CNX-NIFTY demonstrated a positive value year on year till the year 2007, due to a steady Indian economy which demonstrated a normal GDP growth of 9% till 2007. The Government encouraged manufacturing industry by policy measures and lower rates which at last expanded a capital goods production in the country. Later there was sudden decline in both industrial production and CNX-NIFTY Index due to the worldwide economic emergency in 2008. Both IIP and CNX-NIFTY recovered in the year 2009-10. During 2011 to 2014 Indian industrial production was stagnant due to low demand and which ended up in expanding the inflation rate. As a result there was instability in CNX-NIFTY Index. Later new Government took appropriate measure and schemes like Make in India which focus on boosting the manufacturing sector in India and resulted in growth of IIP and also CNXNIFTY Index seen growth in most recent 2 years.

Interest Rate with CNX-NIFTY

Table 5: Model Summary of Interest Rate with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.61934
R Square	0.38358
Adjusted R Square	0.31509
Standard Error	1423.34
Observations	11

Table 6: ANOVA					
	df	SS	MS	F	Significance F
Regression	1	11345995	11345995	5.60047	0.04215
Residual	9	18233110	2025901.1		
Total	10	29579105			

The above tables show the Regression test result between Interest Rate with CNX-NIFTY for the period 2006 to 2016. In this model CNX-NIFTY index is taken as a dependent variable and Interest Rate is taken as an independent variable.

In Model-Summary table (5) calculated Multiple R value shows that there is a positive correlation between Interest Rate and CNX-NIFTY to the extent of 0.61934 which indicates moderate relationship between the two. R-Square value indicates that 38.35% variation in CNXNIFTY (dependent variable) is explained by variation in Interest Rate.

The table (6) shows results of ANOVA test between Interest Rate and CNXNIFTY. The F calculated value is 5.60047 and Significance F value is 0.04215 at 95% of confidence level,

here F calculated value is more than Significance F value. When F calculated value is more than significance F value, F calculated value belongs to critical region hence H_0 is rejected. It shows that there is a significant impact of Interest Rate on CNX-NIFTY.

Interest rate from 2006 to 2011 remained at 6% except in the year 2008 where interest rate was fluctuated on account of the other macroeconomic variables and worldwide financial crisis. From 2011 to 2014 there was increase in the interest rate. Therefore speculators exited from the stock market and put resources into the bank deposits which gave them better returns for their investment. As result CNX-NIFTY Index resulted in moderate growth. Later RBI took a balanced way to deal with change in key rates which in the end gave control over the inflation and economic

variables improved. This caused cut down in the financing costs and pulled back the speculators to the share market. Financing cost

declined from 9% to 7.75% in recent 3 years and CNX-NIFTY demonstrated growth in that period.

Inflation Rate with CNX-NIFTY

Table 7: Model Summary of Inflation Rate with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.330571
R Square	0.109278
Adjusted R Square	0.010308
Standard Error	1710.97
Observations	11

Table 8: ANOVA					
	Df	SS	MS	F	SignificanceF
Regression	1	3232331	3232331	1.104157	0.320751
Residual	9	26346774	2927419		
Total	10	29579105			

The above tables show the Regression test result between Inflation Rate with CNX-NIFTY for the period 2006 to 2016. In this model CNXNIFTY index is taken as a dependent variable and Inflation Rate is taken as an independent variable.

In Model-Summary table (7) calculated Multiple R value shows that there is a correlation between Inflation Rate and CNX-NIFTY i.e., 0.330571. The variation in independent variable explained by variation independent variable is 10.92% (R-Square).

The table (8) shows results of ANOVA test between Inflation Rate and CNXNIFTY. The F calculated value is 1.104157 and F Significant value is 0.320751 at 95% of confidence level, here F calculated value is more than Significance F value. F calculated value belongs to critical region hence H_0 is rejected. So alternative Hypothesis(H_1) is accepted i.e., Inflation Rate has significant impact on CNX-NIFTY.

From 2006 to 2007 Indian economy grown at an average rate of 9%, as inflation was under 6%. There was favorable movement in the CNX-NIFTY Index. From 2008 to 2010 there

was increase in inflation rate. In the year 2010 inflation remained at 12% which is considered as a high inflation rate for the economy. The monetary crisis in 2008, drought in 2009 and uneven rail fall in the year 2010 caused increase in prices of food and fuel in two years and it had kept inflation in two digits. As result CNX-NIFTY Index was unpredictable. A Sharpe decrease in inflation was seen in the year 2010-

11 due to changes in real estate and service market, yet the impact was held on for a brief time period. Further scams, poor policies, higher CAD, low export, awful worldwide situation, decrease in the GDP, and expansion in interest rate caused increase in inflation rate in years from 2011 to 13 and CNX-NIFTY index was in declining trend.

Exchange Rate (USD) with CNX-NIFTY

Table 9: Model Summary of Exchange Rate with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.827983
R Square	0.685556
Adjusted R Square	0.650617
Standard Error	1016.584
Observations	11

Table 10: ANOVA					
	Df	SS	MS	F	SignificanceF
Regression	1	20278120.45	20278120	19.62191	0.001648
Residual	9	9300984.391	1033443		
Total	10	29579104.84			

The above tables show the Regression test result between Rupee value against US Dollar with CNX-NIFTY for the period 2006 to 2016. In this model, CNX-NIFTY index is taken as a dependent variable and Exchange Rate is taken as an independent variable.

In Model-Summary table (9) calculated

Multiple R value shows that there is a high correlation between Exchange Rate and CNX-NIFTY to the extent of 0.827983 which shows strong relationship between the two variables. R-Square indicates that 68.55% variation in CNX NIFTY (dependent variable) is caused by variation in Exchange Rate (independent variable).

The table (10) shows results of ANOVA test between Exchange Rate and CNXNIFTY. The F calculated value is 19.62191 and Significance F value is 0.001648 at 95% of confidence level. F calculated value is more than Significance F value. F calculated value belongs to critical region hence H_0 is rejected. It can be concluded that alternative Hypothesis (H_1) is accepted i.e., there is a significant impact of Exchange Rate on CNX-NIFTY.

It can be interpreted that there is noteworthy effect of Exchange rate on CNX-NIFTY. The study demonstrates that conversion rate and CNX-NIFTY have strong relationship. In the period between 2006 and 2007, the Indian rupee value against US Dollar quit devaluing and balanced out at a normal of Rs.45 and likewise achieved top at Rs.39/USD. It was conceivable on the account of steady foreign capital inflows into India to exploit financing cost differential. US Federal Bank did not raise interest rate subsequent to 2005, as result US T-bill exchanged at 0.22% while Indian T-bill exchanged around 7% in that period. This helped CNX-NIFTY index in 2006 and 2007. In any case this impact continued till world hit by worldwide financial crisis in 2008, this

changed condition of numerous currencies. The pattern was turned around till 2009, outside financial investors exchanged their capital. On this record CNX-NIFTY drop away during the period from 2008 to 2009. Later it was noticed that appreciation in both CNX-NIFTY and Indian Rupee, as India recovered from global crisis. In the period between 2010 and 2011, the Rupee was less volatile and CNX-NIFTY grew moderately in that period.

Rupee began deteriorating in the late 2011, because of decrease in outside capital inflows. This Lowered the export, broadens gap between imports and exports, and expanded the CAD. Further fuelled by scams, high inflation, high interest rate and record high cost of unrefined petroleum worsened circumstance in the year 2013. In this circumstance, CNX-NIFTY fell forcefully in year 2011-12 and posted moderate growth in the middle of 2013-14. The Rupee depreciation continued in 2014. Then again, RBI was understood about the truths and took measures by altering interest rates. Government introduced new initiatives. All these contributed in stabilising the Rupee in the last two years and on this record CNX-NIFTY also shown positive results.

Gold Price with CNX-NIFTY

Table 11: Model Summary of Gold Price with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.753279
R Square	0.56743
Adjusted R Square	0.519367
Standard Error	1192.338
Observations	11

Table 12: ANOVA					
	df	SS	MS	F	Significance F
Regression	1	16784071	16784071	11.80588	0.007438
Residual	9	12795034	1421670		
Total	10	29579105			

The above tables show the Regression test result between Gold Price with CNX-NIFTY for the period 2006 to 2016. In this model CNX-NIFTY index is taken as a dependent variable and Gold Price is taken as an independent variable.

In Model-Summary table (11) calculated Multiple R value shows that there is a positive correlation between Gold Price and CNX-NIFTY i.e., 0.753279 which shows strong association between the two variables. R-Square value indicates that 56.74% variation in the CNX-NIFTY is caused by variation in Gold Price.

The table (12) shows results of ANOVA test between Gold Price and CNXNIFTY. The F calculated value is 11.80588 and Significance F value is 0.007438 at 95% of confidence level. Here F calculated value is more than Significance F value hence H_0 is rejected. It means there is significant impact of Gold Price on CNX-NIFTY.

During the study period, it is found that there was significant effect of Gold price on CNX-NIFTY. From 2006 to early 2008 due to favourable conditions in the economy both gold market and securities market were mostly stable. Henceforth both investment avenues

gave great return to the investors. This trend continued until worldwide recession in 2008. When CNXNIFTY index collapsed in 2008, then investor withdrawn money from the securities markets because of high unpredictability in the economy. Investors moved towards the gold instrument as it was yielding reasonably good return. This expanded the demand and price of gold in 2008 and 2009. Later in 2010 gold price devalued as Indian economy recovered from the recession.

From 2010 to 2013 gold price aggregately expanding year on year because of the financial circumstances in India. During 2013 to 2015, Government succeed in building confidence in the economy by their new initiatives like Make in India, pulling in investment from FII, increased FDI, Lowering CAD, GST, control over Inflation and numerous other measures worked in favour of the economy as planned. Because of all these CNX-NIFTY Index showed positive trend.

Crude Oil Price with CNX-NIFTY

Table 13: Model Summary of Crude Oil Price with CNX-NIFTY from 2006 to 2016

Regression Statistics	
Multiple R	0.452179
R Square	0.204466
Adjusted R Square	0.116073
Standard Error	1616.966
Observations	11

Table 14: ANOVA					
	df	SS	MS	F	Significance F
Regression	1	6047907	6047907	2.313149	0.16260831
Residual	9	23531197	2614577		
Total	10	29579105			

The above tables show the Regression test result between Crude Oil Price with CNX-NIFTY for the period 2006 to 2016. In this model, CNXNIFTY index is taken as a dependent variable and Crude Oil Price is taken as an independent variable.

In Model-Summary table (13) calculated Multiple R value shows that there is a moderate relationship between Crude Oil Price and CNX-NIFTY to the extent of 0.452179. R-Square shows that 20.44% variation in CNX-NIFTY is caused by variation in Crude Oil Price.

The table (14) shows results of ANOVA test between Crude Oil Price and CNXNIFTY. The F calculated value is 2.3131 and Significance F value is 0.16260831 at 95% of confidence level, here F calculated value is

more than Significance F value hence H_0 is rejected. There is significant impact of Crude Oil Price on CNX-NIFTY.

The unrefined petroleum cost consistently expanded till early 2008, later value fell for a short period. Further crude oil cost recovered in the year 2009. While CNX-NIFTY demonstrated positive trend until influenced by worldwide recession in 2008-2009, however India came out of the crisis within short span of time. As result there was upward trend in the CNX-NIFTY in 2009-10. Raw petroleum cost demonstrated instability in the middle of 2009-2012, because of the Mideast and North African regions emergency prompted increase in unrefined petroleum costs, increase in gold price and high inflation in India. From 2013 to 2014, it is seen that sharp rise in unrefined

petroleum cost, because of the shut down of refineries in USA and Mideast provinces. Later years there was sharp fall in raw petroleum value in the light of cut in the demand for the raw petroleum in large markets like China and Europe which prompted higher supply of raw petroleum to other parts of the world including India. It impacted securities market positively and demonstrated uptrend in the CNX-NIFTY index in most recent two years.

Summary of Findings

- **GDP Growth Rate:** The study shows that there is a low correlation between GDP Growth and CNX-NIFTY to the extent of 0.2883 during the period from 2006 to 2016. It is found that there is a significant impact of GDP Growth rate on CNX-NIFTY during the period.
- **Index of Industrial Production (IIP):** The study shows that there is a high correlation between Index of Industrial Production (IIP) and CNX-NIFTY to the extent of 0.825839 during the period. It is found that there is a significant impact of Index of Industrial Production (IIP) on CNX-NIFTY.
- **Interest Rate:** The study shows that there is a moderate correlation between Interest Rate and CNX-NIFTY to the extent of 0.61934 during the period from 2006 to 2016. It is found that there is a significant impact of Interest Rate on CNX-NIFTY.
- **Inflation Rate:** The study shows that there is a low correlation between Inflation Rate and CNXNIFTY to the extent of 0.330571 during the period from 2006 to 2016. It is found that there is a significant impact of Inflation Rate on CNX-NIFTY.

- **Exchange Rate:** The study shows that there is a high correlation between Exchange rate (Indian Rupee against dollar) and CNX-NIFTY to the extent of 0.827983 during the period from 2006 to 2016. It is found that there is a significant impact of ExchangeRate(USD) on CNX-NIFTY.
- **Gold Price:** The study shows that there is a high correlation between Gold-Price and CNXNIFTY to the extent of 0.753279 during the period from 2006 to 2016. It is found that there is a significant impact of Gold Price on CNX-NIFTY.
- **Crude Oil Price:** The study shows that there is a correlation between Crude-Oil Price and CNXNIFTY to the extent of 0.452179 during the period from 2006 to 2016. It is found that there is a significant impact of Macroeconomic-Variable CrudeOil Price on CNX-NIFTY.

Suggestions

- The study revealed that interest rate is considered as one of the important variable as it affects the cost of finance. So the RBI should try to control interest rate through Repo rate (RR) and Reverse Repo rates. Otherwise, when interest rate increases, people tend to shift their capital from the share market to the bank or any other interest paid financial instrument, which eventually lead to a decline in the share prices.
- Exchange rate is one of the highly significant factors. The rupee value can appreciate against the dollar by decreasing the Current Account Deficit (CAD) and increasing the reserves. Promoting the exports will lead to the decline CAD and also favours the

industrial production in the country. Government can attract FII by reforming the FDI policy. This can create demand for rupee in the global market.

- Index of Industrial Production (IIP) is one of the highly noteworthy factor. Therefore, policy creators would try to support industry growth through appropriate policy. Initiations like “Make in India” by Government boosting the manufacturing sector. Government should develop more SEZs and infrastructure facility; this may lead to increase in industrial production.
- Gold and Crude Oil price are also major determinants which affects CNXNIFTY. Most of the time the prices of these commodities are determined at the global level, but still by appropriate import duty and local taxes affect the prices. So policy makers would attempt to keep viable price levels.
- Furthermore, Individual investor should consider Index of Industrial Production (IIP), Interest Rate, Exchange rate, Gold Price, Crude Oil Prices, Inflation Rate and GDP Growth rate while investing on the stocks which are listed in CNXNIFTY. Because they have a significant impact on CNX-NIFTY. The variation in these macroeconomic variables causes volatility in the stock market.
- Speculator can take advantage of volatility caused by the unexpected change in the macroeconomic indicators.
- The listed firms in the CNX-NIFTY should endeavour to make their stocks attractive to investors who may invest in the security for longer period of time. In this regard, the

firms should consider the impact of macroeconomic variables to invest in projects that are long term and viable for long term returns to investors.

Conclusion

Securities exchange plays an imperative part in the advancement of the nation. It is vital for the development of Indian economy. Its developments demonstrate an impact on the performance of the economy. The share trading system is a spot where financial specialists, whether Indians or outsiders can invest. Their decision to invest or pull back the assets be dictated by the various variables. The macroeconomic variables are one of them. All the macroeconomic variables utilized as a part of the study to be specific GDP Growth, Industrial Production (IIP), Interest rate, Inflation Rate, Exchange rate (USD), Gold price and Crude Oil price have been found to significantly affect the CNXNIFTY. This makes it clear that there is, a relationship between securities exchange and these macroeconomic variables and that the macroeconomic components assume an extraordinary part in stock market variations and can be utilized to illustrate them. This will help the financial specialists to anticipate the heading of the market and concentrate just on the noteworthy variables and their effect on various circumstances. Hence financial specialist at the time of investment choice ought to consider all these macroeconomic variables to take appropriate investment choice. Subsequently the present study confirms the conviction that macroeconomic components keep on affecting Indian securities exchange.

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WHY MERGERS AND ACQUISITIONS FAIL?

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Samiya Mubeen**

Abstract :

Mergers and Acquisitions (M&A) are one of the fastest strategic that many companies prefer in order to leverage the global competitive market in the present scenario. The fundamental premise of any merger is that the merging entities will be more valuable together than they are separately. It doesn't matter if you define value as shareholder equity, impact on the world or basic happiness. A merger is supposed to be an exercise in value creation. Yet, many of mergers fail. However, many previous researches have highlighted the high rate of failure among M&A is increasing. Perhaps, historically mergers have occurred between companies that are similar in size and also have similar interests, yet acquisitions tend to facilitate larger organizations and companies acquiring smaller businesses. It is now common for mergers and acquisitions to be enacted across borders, often providing solutions for corporate to extend their influence from national into international markets. However, despite the financial expertise available to ascertain the viability of such business transactions, many of these business ventures fail, or at best do not perform according to expectation; reflected in adversely affected share prices. So a small effort has been done by studying the conceptual and theoretical backgrounds identifying the reasons for increasing the failure of M &A, and suggests some measures towards the successful of M&A.

Keywords: Mergers and Acquisitions, Failed M & A, Classification of Mergers, Valuation.

Introduction

In present era, global competition has drive to leverage advantage, which resulted in both small and larger companies combining resources. Consolidations of markets are one of the main reasons for M&A's. Corporate possessing similar products and services are looking to both consolidate and expand; thereby utilizing joint interests to further their goals. Despite extensive

'due diligence' and research, there have been and still are many risks to venture into such business transactions.

Although mergers and acquisitions are motivated by different requirements, the end result is to **increase their size and capacity for growth**. Due to the increasing development of business systems and 'know how' coupled with advances in communication technology,

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speed of growth and efficiency of operational function have become essential to ensuring survival and continued sustainability. The present investors often look forward for the quicker returns on investment due to global complication and economic volatility; thereby driving the search for ways to extract optimal profitability. However, factors such as differences in management styles, cultural difference, leadership style, communication and continually changing market conditions can negatively impact projected profitability and growth trends; thereby negating the perceived benefits of mergers and acquisitions. This will turn to the methodology to analysis the research, following which the causation of successes and failures in these business transactions can be determined business environment.

Mergers and Acquisitions are two different business combinations, although they are thought of as a generic term. Both mergers and acquisitions can be classified further to differentiate the ways the companies can do business combinations. The mergers can be classified as follows on the basis of relatedness of the business activities:

- **Horizontal Merger:** A merger that happens between companies belonging to the same industry or sector. The companies have businesses in the same space and are generally competitors to each other. A horizontal merger is a feature of an industry which consists of a large number of small firms / fragmented industry. The level of competition is high and the post-merger synergies and gains are much higher for companies in such industries. The motivation behind such merger is economies of scale and control of bigger market share.

- **Vertical Merger:** A vertical merger is a merger between companies that produce different goods or offer different services for one common finished product. The companies operate at different levels in the supply chain of the same industry. The motivation behind such mergers is cost efficiency, operational efficiency, **increased margins** and more control over the production or the distribution process. There are two types of vertical mergers:

- **Backward Integration:** A vertical integration where a company acquires the suppliers of its raw materials.
- **Forward Integration:** A vertical integration where a company acquires the distribution channels of its products.

- **Conglomerate Merger:** A merger between companies that operate in completely different and unrelated industries. A pure conglomerate merger is between companies with totally nothing in common. A mixed conglomerate merger is between companies looking for market or product extensions.

- **Market Extension Mergers:** Mergers between companies that have same products to offer but the markets are different. The reason behind such mergers is access to bigger markets and an increase in client base.

- **Product Extension Mergers:** A merger between companies that have different but related products but the markets are same. Such mergers allow the companies to bundle their product offerings and approach more consumers.

REVIEW OF LITERATURE

- Marina Marty nova, Sjoerd Oosting and Luc Rennebooe(2007) studied the long-term profitability of corporate takeovers in Europe, and found that both acquiring and target companies significantly outperformed the median peers in their industry prior to the takeovers, but the profitability of the combined firm decreased significantly following takeover. However, the decrease became insignificant after controlling for the performance of the control sample of peer companies.
- Raymond Noz(2002) studied that 60-80% of all mergers are financial failures when measured by their ability to outperform the stock market or to deliver profit increases.
- Anne Freedma(2002). Those findings are further supported in a study by A.T Kearney that shows 58% of mergers failing to achieve their stated goals,
- Suh-kyung Yoo (2001) studied that a survey of 1,000 companies revealed that more than two-thirds of companies failed.

Objectives of the Study

- To analysis the causes and reasons for the increase in failure of Mergers & Acquisitions.
- To offer suggestions to reduce the failure in M & A.

Data for the Study

Secondary data is used for the study; the nature of analysis is descriptive and conceptual.

Global M&A Deal Volume

US targeted withdrawn M&A volume is up 64% on full year 2015 (\$231.1bn) to \$378.2bn

in 2016 YTD(year to date), already the largest annual volume on record. Despite record high volume boosted by jumbo deals, activity (34 deals) has dropped to the lowest YTD level in 21 years. Average annual volume and activity of US withdrawn deals over the last five years is \$243.4bn via 101 deals Global withdrawn M&A volume stands at \$465.5bn in 2016 YTD, up more than double the same 2015 period (\$189.9bn). The average YTD level for withdrawn deals is \$199.4bn via 333 deals in the last five years. 2007 was peak year for such deals globally with \$1.1tr via 826 deals.

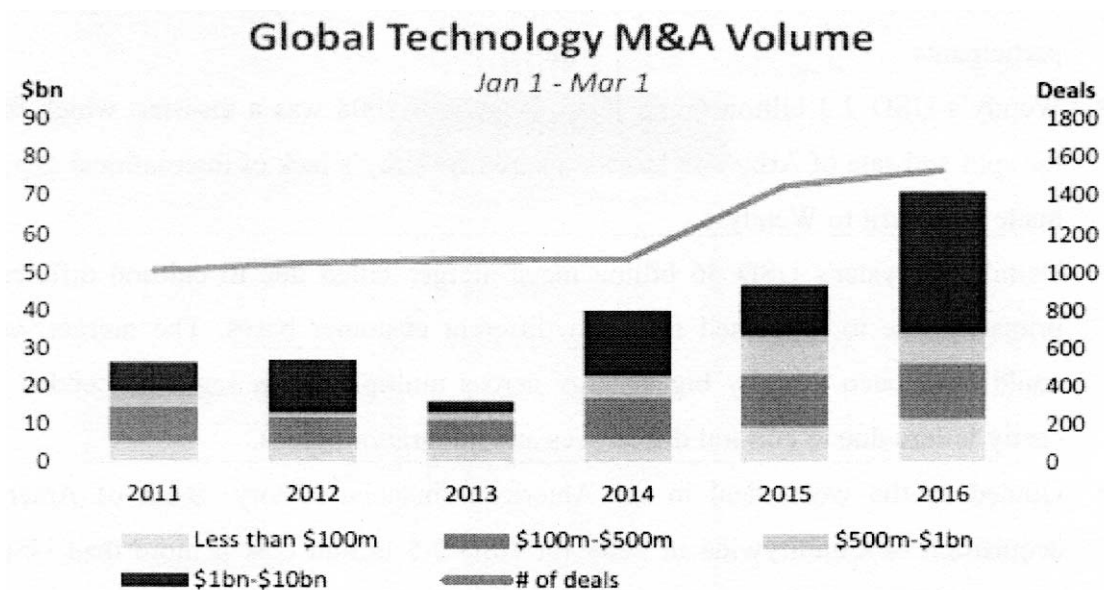
Five Withdrawn jumbo deals in 2016 YTD

Five jumbo deals* have boosted US withdrawn M&A to a record high volume (\$357.8bn), accounting for a 95% share. Seven deals is the annual record for jumbo deal activity which occurred in 2001, 2007 and 2014. Average jumbo activity over the last 10 years is four deals.

Pfizer Largest Withdrawn deal on Record

Allergan and Pfizer's \$160.0bn bid became the biggest withdrawn deal on record on April 6, two days after the US Treasury Department announced stricter rules for tax inversions on April 4, 2016 .On April 30, Halliburton withdrew its \$38.7bn bid for Baker Hughes, becoming the largest withdrawn Oil & Gas M&A deal on record. Before withdrawing the deal, the US Department of Justice sought to block the bid citing it as anti-competitive.

Global M&A volume stands at \$1.04tr, reaching the \$1tr mark on April 29, down 19% to the lowest volume since the same period of 2013 (\$834.5bn). US targeted M&A is down 21% to the lowest YTD volume since 2014 (\$368.3bn).



Global Technology M&A Advisor Ranking 2016 YTD				
Pos.	All Advisor Parent	Value \$m	% Share	No.
1	China International Capital Corp	10,092	14.1	3
2	Morgan Stanley	8,717	12.2	6
3	Goldman Sachs	8,446	11.8	6
4	JPMorgan	6,563	9.2	5
5	Bravia Capital Hong Kong	6,349	8.9	1
6	Barclays	5,819	8.2	4
7	Qatalyst Partners	3,568	5.0	1
8	Haitong Securities	3,378	4.7	3
9	Southwest Securities	3,252	4.6	7
10	Huarong Securities	3,008	4.2	1

(Source: Thomson International Securities and Dealogic)

Why Mergers and Acquisitions in India?

The factors responsible for making the merger and acquisition deals favorable in India are:

- Dynamic government policies
- Corporate investments in industry
- Economic stability
- “Ready to experiment” attitude of Indian industrialists

Sectors like pharmaceuticals, IT, ITES, telecommunications, steel, construction, etc, have proved their worth in the international scenario and the rising participation of Indian firms in signing M&A deals has further triggered the acquisition activities in India.

In spite of the massive downturn in 2009, the future of M&A deals in India looks promising. Indian telecom major Bharti Airtel is all set to merge with its South African counterpart MTN, with a deal worth USD 23 billion. According to the agreement Bharti Airtel would obtain 49% of stake in MTN and the South African telecom major would acquire 36% of stake in Bharti Airtel.

What went wrong in M&A

When you merge cultures well, value is created. When you don't, value is destroyed. While some will suggest other factors – silly things like objectives and strategies and implementation – they are all derivative. The game is won or lost on the field of cultural integration. Get that wrong and nothing else matters.

The fundamental premise of any merger is that the merging entities will be more valuable together than they are separately. It doesn't matter if you define value as shareholder equity, impact on the world or basic happiness. A merger is supposed to be an exercise in value creation. Yet, many of mergers fail. The vast majority of leaders get something very wrong along the way.

1. Create clearly the specific value from the merger. O'Flaherty told me that "AOL and Time Warner wanted something specific from each other – but the outcome of what that actually looked like for customers was never thought through, nor delivered." And he questions whether Verizon and AOL are "poised to make the same mistakes again." Specificity around how new value is created is key.

2. Complete integrate the two businesses.

We've all seen organizations that acquire another organization and then run them as wholly owned, separate entities. You can't possibly realize synergies out of separate organizations. Synergies must be created together by teams looking beyond themselves to new problems they can solve for others.

3. Cultural Compatibility. O'Flaherty pointed out the cultural clash that occurred between AOL and Time Warner may happen again. Verizon is all about engineering while AOL is "more creative, more salesy." No way those two can come together well without some intensive therapy.

4. A few examples of failed M&A deals:

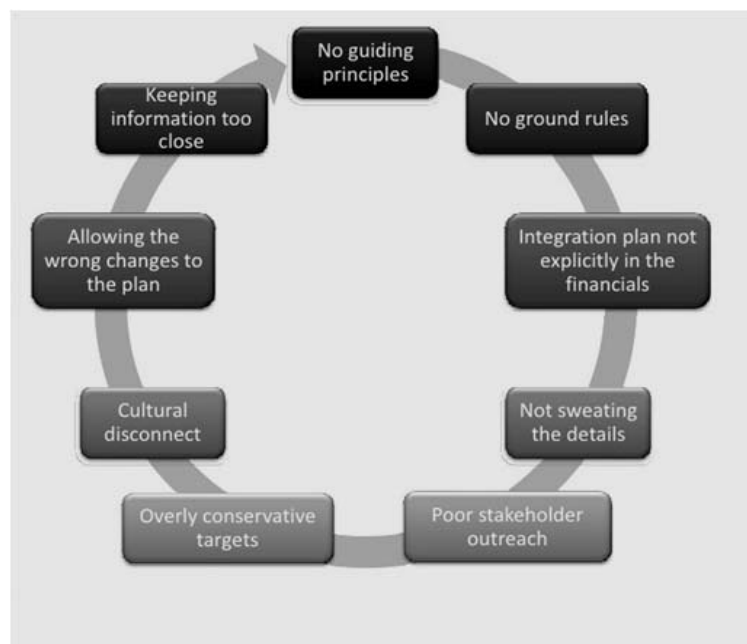
- Ebay's (EBAY) purchase of Skype for USD 2.6 billion, later to be sold at just USD 1.9 billion after four years, was a failure due to challenges in technical integration and over-expectations from customers. Ebay expected synergy coming from Skype being established as the communication medium between buyers & sellers on its marketplace platform, which unfortunately did not become popular among its market participants.
- Wendy's USD 2.3 billion merger with Arby's in 2008 was a disaster, which forced the split and sale of Arby's in 2011. Apparently, Arby's lack of international exposure made it a misfit to Wendy's.
- Daimler Chrysler's USD 36 billion mega merger failed due to cultural differences, primarily due to continued focus on different customer bases. The merger,

which could have been a really big synergy across multiple client segments, ended up a costly failure due to cultural differences and integration issues.

- Quoted as the worst deal in the American financial history, Bank of America's

acquisition of Countrywide in 2008 for USD 2.5 billion cost it more than USD 40 billion USD, due to financial losses, legal costs and associated expenses.

Signs of Mergers Failure



(Source: [http://strategy insight blog spot .com](http://strategyinsight.blogspot.com))

Theoretical Valuation V/S the Practical Proposition of Future Benefits:

The numbers and assets that look good on paper may not be the real winning factors once the deal is through. The failed case of Bank of America's acquisition of Countrywide is a typical example.

- **Lack of clarity and execution of the integration process:** A major challenge for any M&A deal is the post-merger integration. A careful appraisal can help to

identified key employees, crucial projects and products, sensitive processes and matters, impacting bottlenecks, etc. Using these identified critical areas, efficient processes for clear integration should be designed, aided by consulting, automation or even outsourcing options being fully explored.

- **Issues on Cultural integration:** The Daimler Chrysler case is a study of the challenges inherent in cultural and integration

issues. This factor is also quite evident in global M&A deals, and a proper strategy should be devised either to go for hard-decision forceful integration setting aside cultural differences, or allowing the regional/local businesses run their respective units, with clear targets and strategy on profit making.

- **Capacity potential vs. current bandwidth:** The deals with purpose of expansion require an assessment of current firm's capacity to integrate and build upon the larger business. Are your existing firm's resources already fully or over utilized, leaving no bandwidth for the future to make the deal a success? Have you allocated dedicated resources (including yourself) to fill in the necessary gaps, as per the need? Have you accounted for time, effort and money needed for unknown challenges which may be identified in the future?
- **Actual cost of a difficult integration & high cost of recovery:** The Daimler Chrysler case also ran up high costs toward the expected integration attempts, which could not sail through. Keeping bandwidth and resources ready with correct strategies which can surpass the potential costs and challenges of integration could have helped. Investments today in a difficult integration spread over the next few years may be difficult to recover in the long run.
- **Negotiations errors:** Cases of overpaying for an acquisition (with high advisory fee) are also rampant in executing M&A deals, leading to financial losses and hence failures.
- **External factors and changes to the business environment:** The Bank of

America/Countrywide failure was also due to the overall financial sector collapsing, with mortgage companies being the worst hit. External factors may not be fully controllable, and the best approach in such situations is to look forward and cut further losses, which may include completely shutting down the business or taking similar hard decisions.

- **Assessment of alternatives:** Instead of buying to expand with an aim to surpass competitors, is it worth considering being a sale target and exit with better returns to start something new? It helps to consider extreme options which may prove more profitable, instead of holding onto the traditional thoughts.
- **The backup plan:** With more than 50% of M&A deals failing, it's always better to keep a backup plan to disengage in a timely manner (with/without a loss), to avoid further losses. The above mentioned examples although are cited as failed, but they do seem to have executed the de-merger in a timely manner.

Causes of Failure of M & A

- **Overpayment:** This is very common cause of failure of acquisition & mergers.

De Pamphilis D. (2005) found that overpayment often has destroys consequences. Overpayment leads to expectation of higher profitability which is not possible. Excessive goodwill as a result of overpaying needs to be written off which reduces the profitability of the firm.
- **Issues on Integration:** Strau(2007) studied that business cultures, work ethics, etc. needs to be flexible and adaptable.

Inefficiencies or administrative problems are a very common occurrence in a merger which often nullifies the advantages of the mergers.

➤ **Faulty Strategic Planning and unskilled execution:**

- Schuler, R.S. Jackson, S.E. Luo, (2004): Faulty Strategic Planning and unskilled execution often leads to problems over expectation of strategic benefits is another area of concern surrounding mergers. These issues lead to failures of mergers.
- Mike Harris (2001) found that planning is a crucial exercise that will help determine the success or failure of a merging organization. However, many merging organizations do not have adequate or complete integration and implementation plans in place. Only one out of five companies that have acquired another has developed a clear and satisfactory implementation plan.

➤ **Corporate Culture Differences:** Irene Rodger (1999) Business International states that poor communications and inability to manage cultural differences are the two main causes of failed mergers.

➤ **Cultural differences:** Maria Koul, that cannot be resolved affect communications, decision-making, productivity and employee turnover at all levels of the organization. All the best laid plans – exhaustive analyses of strategies, marketing tactics, legal issues, etc. – can fall apart if the people cannot work together. If the two workforces fail to unite behind the strategic goals underlying the consolidation, even the best financial deals

and most rigorous legal contracts fail to guarantee success.

➤ **Loss of Customers:** Wayne R. Pinnel (2001) found that all companies need to remember: it's the people who produce profits, represent the company, establish rapport with the customers, and, ultimately, are the ones that will make the combined company succeed."

➤ **Power Politics:** Randall S. Schuler, Susan E. Jackson (2001) observed that there is a tendency to assume that power disputes are more common in the case of acquisitions than mergers, there is no such thing as "a merger of equals". Further, it was clear that the distribution of power was not equally spread out. "We felt like we were marrying up, and it was clear that they thought they were marrying down."

➤ **Personnel motives:** Kellor R. Dixo (2000) found that managers often enter into mergers to satisfy their own personnel motives like empire building, fame, higher managerial compensation, etc. As a result they often lose focus on the fact that they need to look at the strategic benefits of the mergers. As a result, mergers that don't necessarily benefit the organization are entered into. These executives enter into these mergers for the purpose of seeking glory and satisfying their executive ego; leading to failure of mergers.

➤ **Lack of Communication:** Peter Dixo (1998), a merger expert at Braxton Associates, found that lack of information, no clear direction and confusing messages, all boil down to uncertainty, which is destructive. It is really very important to be

clear and consistent, even if the messages may not always be positive for everyone.

- **Ignorance:** While the parties to a merger or acquisition cannot exchange commercially sensitive information prior to being under common ownership, there is enough crucially important and legally permissible preparation work to keep an integration team busy for several months before day one. Most chief executives don't know this and they waste the time that could be put to good use while they await clearance from the regulatory authorities. Good preparation means the integration can kick off on day one. Speed matters.
- **No common vision:** In the absence of a clear statement of what the merged company will stand for, how the organisation will operate, what it will feel like, and what will be different compared to how things are today, there is no point of the convergence on the horizon and the organisations will never blend.
- **Nasty surprises resulting from poor due diligence:** This sounds basic, but happens so often.
- **Team resourcing:** Resource requirements are very often underestimated. It can take two or three months to release the best players from daily business to join the integration team(s), find a backfill for them, sign up contractors to fill the gaps and set up the team's infrastructure. Most companies start too late and are not ready on once the deal is completed.
- **Poor governance:** Lack of clarity as to who decides what, and no clear issue resolution process. Integrating organisations brings up a myriad of issues that need fast resolution or else the project comes to a stand-still. Again: speed matters, but with a sound decision-making process.
- **Poor communication:** Messages too frequently lack relevance to their audience and often hover at the strategic level when what employees want to know is why the organisation is merging, why a merger is the best course action it could take, in what way the company will be better after the merger, how it will "feel", how the merger will affect their work and what support they will receive if they are adversely impacted.
- **Poor programme management:** Insufficiently detailed implementation plans and failure to identify key interdependencies between the many workstreams brings the project to a halt, or requires costly rework, extends the integration timeline and causes frustration.
- **Lack of courage:** Delaying some of the tough decisions that are required to integrate two organisations can only result in a disappointing outcome. Making those decisions will not please everyone, but it has the advantage of clarity and honesty, and allows those who do not find the journey and destination appealing to step off before the train gathers too much speed.
- **Weak leadership:** Integrating two organisations is like sailing through a storm: you need a strong captain, someone whom everyone can trust to bring the ship to its destination, someone who projects energy, enthusiasm, clarity, and who communicates that energy to everyone. If senior managers do not walk the talk, if their behaviours and

ways of working do not match the vision and values the company aspires to, all credibility is lost and the merger's mission is reduced to meaningless words.

Suggestions for Successful M&A's

Several initiatives can be undertaken in order to prevent the failure of mergers and acquisitions. Following are those:

- Continuous communication is of utmost necessary across all levels – employees, stakeholders, customers, suppliers and government leaders.
- Managers have to be transparent and should always tell the truth. By this way, they can win the trust of the employees and others and maintain a healthy environment.
- During the merger process, higher management professionals must be ready to greet a new or modified culture. They need to be very patient in hearing the concerns of other people and employees.
- Management need to identify the talents in both the organizations who may play major roles in the restructuring of the organization
- Identifying opportunities for providing competitive benchmarking measurements for fast improvement in company.
- Measuring market and technical trends to forecast future growth potential of company's technology.
- Personal ambition/motives of industry & financial reward which the firm will earn due to M&A should be targeted.
- Big takeover attract media and boosts up reputation but companies should link reward

to growth. Peer Pressure and Pressure from advisers & media to do takeovers should be taken care of.

- Over-confidence should be taken care of and concern that firm may be left behind.
- The surplus cash and high share price and Bargain hunting & asset stripping should be taken care.
- Motive should be to extend the business-locations, markets, and globalisation
- Improving negotiation and price by knowing the company's exact market position.
- Providing credibility and insurance to investors and bankers.
- Measuring customer attitudes on company's products to indicate their image in market.

Managerial Implication

Mergers and Acquisitions are risky; they can fail for any one of the above reasons. In reality it is a combination of mistakes that lead to most failures. Success requires planning, strong management and good advice. Putting the gloom to one side for a moment, the upside of successful acquisitions can be substantial. They can make money in their own right, and they can also bring commercial or tactical advantage to the enlarged acquirer. The proof lies in the highest rated companies. Very few of the world's top businesses have achieved success without acquisition. A healthy balance of buying – and selling – companies, entering into joint ventures, licence or distribution agreements and organic growth lay the foundation for success. Both the volume of deals and value at stake make M&A at once an important

phenomenon in business. In this context, understanding and gaining an insight into M&A becomes not only important but imperative as well. For this, an integrated view towards doing deals that extends beyond the pure finance-based elements of deal making is essentially needed. The firm first strategizes about a deal, executes the deal, and then realizes the value is used. While the areas of focus for successful Mergers & Acquisitions are: Strategy, Finance, Marketing, Operations, Human Resources, and Systems, there are scores of Cross-Enterprise Considerations for their success also that need to be taken into account. A comprehensive theoretical framework that helps gain a real insight to M&A should touch upon the roles, duties, and governance aspects of the primary stakeholders involved.

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