Volume I, Issue I, January 2011

PINNACLE DES ACADEMIA

AN INTERDISCIPLINARY BIANNUAL JOURNAL

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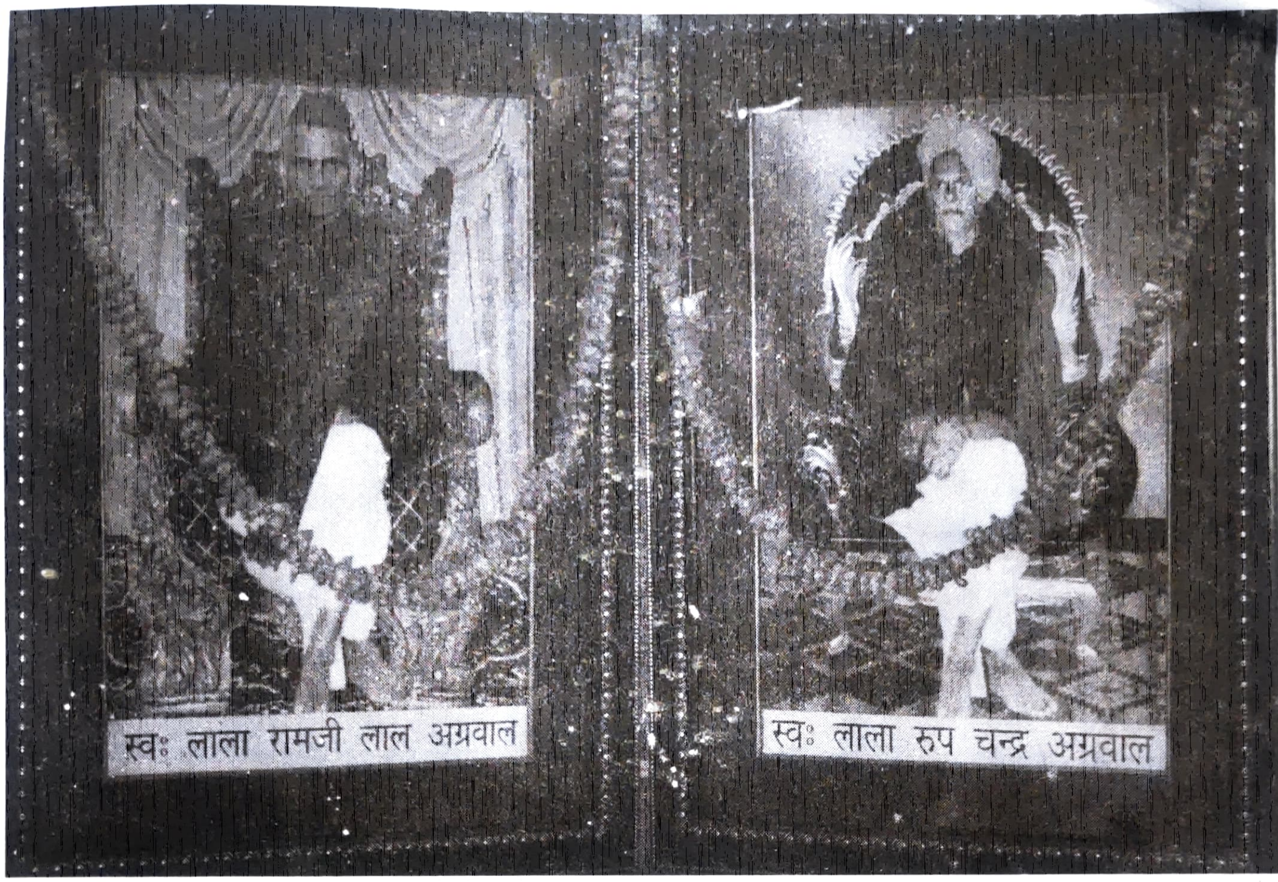

A Tribute to the Visionaries

Sri Roop Chand Agarwal and subsequently his son Sri Ramji Lal Agarwal struggled hard throughout their lives to establish the ideals of Vasudev Kutumbkam. They were Godfearing people who followed the path of love, compassion, honesty and dedication.

They strived not only for the welfare of their family but also had tremendous social concerns. Thus, to fulfill the dreams of their ancestor, the present generation visualized and established Roop Chand Ramji Lal Education Trust. The trust has setup a new educational campus, comprising of Goel Institute of Technology & Management, Goel Institute of Pharmacy & Sciences, Goel Institute of Higher Studies & Goel Institute of Higher Studies Mahavidyalaya. Bringing together the creative zeal of rural and urban students and develop them to become successful professional through imparting world class quality education. Motivate the students to realize their own potential, analytical and ethical capabilities using up-to-date infra structural facilities in a campus to become globally competitive engineers, managers and worthy citizens of this great country India.

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(पूर्ववर्ती उत्तर प्रदेश प्राविधिक विश्वविद्यालय)
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Letter No. GBTU/VCO/III-12/2010/5416

Dated : 23.12.10

MESSAGE

I am delighted to know that Goel Group of Institutions is bringing out a journal **"Pinnacle des Academia"**.

Such type of effort is necessary at the institution level to inspire the people and encourage the talents. I trust that the journal would prove beneficial to the academicians, students and would help in creating new dimensions in the field of awareness on new topics.

I would like to take this opportunity to wish the institution and its publication all the best in achieving its goals.

(Prof. Kripa Shanker)
Vice Chancellor

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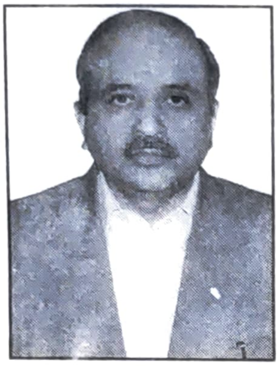

No. GBTU/RO/2011 58036
Dated: 10 January, 2011

MESSAGE

This is a matter of pleasure that Goel Group of Institutions, Lucknow are planning to publish their Journal "Pinnacle des Academia."

I wish a bright future for the students and faculty of Goel Group of Institutions. I believe that the publication of such Journal will take a continuous process in future also. I hope that this Journal will provide a collection of thoughts, expressions and ideas from various academicians on the subject related to Engineering, Management, upcoming events throughout World, Teaching and Learning, Laboratory Innovation and other related issues to the students as well as teachers of the Institute. I extend my congratulations and good wishes to the members of the Institute for such an aspiration and appeal to my young students of the group that "a positive attitude shuld be your motto"

(U.S. Tomer)
Registrar

Founder Editor-in-Chief:
Prof. (Dr.) Syed Haider Ali

Pinnacle des Academia Journal

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From the Desk of Editor-in-Chief

Over the last years, special and significant changes occurred in worldwide business environment. This proposition seems to be even more real consisting factors as intense competition, evolving technology, changing regulations in financial markets; process of globalization, proliferation of international trade, coming up of many innovative HR practices and many others.

In this year new era, more studies are needed for depicturing and analyzing contemporary evolution related to the technology and to the management and promoted the tools for organizations to deal with the new challenges.

I am happy that Goel Institute of Technology & Management has come out with the Inaugural issue of its biannual journal: Pinnacle des Academia containing research articles on wide range of topics and aims to provide contribution about new organisational performance improvements and reconsideration of business practices, technologies and methodologies. Several themes are explored within research papers at this inaugural issue.

The first of these papers by Surjit Victor, Ms- Sapna Sisaudiya and Ms Nishtha Singh examine the benefit of promoting a single ethical code of discipline for the industry which makes clear relationship between a safe and orderly environment. The study finally concludes that the single ethical code will only be fruitful when it include the longer term relationship and collaborative working for ethics in training/education.

Insurance Business is one of the fast emerging financial services in India. In this paper of Ms.Ratna Gupta and Mr. Ajai Kumar Singh explored the penetration level of and density of life insurance in India as well as growth potential of this sector.

Next paper by Er. Jaishree Srivastava explained Biometrics as a means of personal identification. Its exponential growth in recent years and its derivatives in various fields such as artificial intelligence and biomedical as well as various other upcoming technologies.

Dr. Rajeev Srivastava and Dr. Abhishek Srivastava explained in his paper "The Value Based Management" that the value of a company is determined by its discounted future cash flows and how it has emerged as the new management buzz in today's corporate scenario.

The next paper by Ms. Manisha Gupta examines the customers' attitude towards value added services provided by telecom industry. This study reveals that value added services are used by majority of customers and operators can make the customers switch to 3G by providing good VAS.

Quality Systems and Management is the topic of the next paper submitted by Ms. Nirupama Pathak. This paper deals with measures that can be applicable for quality systems established and improvement for the better management of all kind of resources.

The next paper bv Ms. Nanita Bhat elaborates the value of time. Most of the organizations have now recognized that time is the most precious resource for their top management. This paper defines the strategic planning that can exploit the valuable time and help in accurate decision making.

Dr. Syed Makki Husain and Mrs. Rachana Srivastava have assessed the bacteriological quality of Gomti river water in Sitapur and recommended its purification prior to any human usage.

Dr. Jaichand Yadav and Sudhanshu Kumar Pandey explained the importance of information and communication technology to ensure effective access to information to transform and accelerate the development process and to support the Right to Information.

Indian stock markets have become quite prominent and most followed market since the liberalization takes place. This paper by Dr. Ram Milan, Ms. Vasudha Kumar and Ms. Shruti Arora analyze the role of foreign institutional investment of the liquidity position, working and performance of the stock markets in India.

The last article discuss the Mumbai's Dabbawala's working system, how their supply chain management system become the new mantra for building competitive advantage, the world over. How they created the work environment where zero fuel, zero modern technology, zero investment, zero dispute and 100% customer satisfaction occurred.

All in all, this collection of papers, embodied in the Inaugural issue, demonstrates that there is much to be gained from these studies. For this reason I would like to thank all the contributing authors to this issue of Pinnacle des Academia for their exceptional work.

Prof. (Dr.) S. H. Ali
Director
GIHS, Lucknow

PDAJ

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VALUE BASED MANAGEMENT- An Indian perspective

*Dr. Rajeev Srivastava
**Dr. Abhishek Srivastava

ABSTRACT

Recent years have seen a plethora of new management approaches for improving organizational performance: total quality management, flat organizations, empowerment, continuous improvement, reengineering, kaizen, team building, and so on. Many have succeeded but quite a few have failed. Often the cause of failure was performance targets that were unclear or not properly aligned with the ultimate goal of creating value. Value-based management (VBM) provides a precise and unambiguous metric value upon which an entire organization can be built. The thinking behind VBM is simple. The value of a company is determined by its discounted future cash flows. Value is created only when companies invest capital at returns that exceed the cost of that capital. Properly executed, it is an approach to management that aligns a company's overall aspirations, analytical techniques, and management processes to focus management decision making on the key drivers of value. This paper extends these concepts by focusing on how Indian companies can use them to make both major strategic and everyday operating decisions.

INTRODUCTION

Value-based management is a management philosophy that uses analytical tools and processes to focus an organization on the single objective of creating shareholder value. It includes an alignment of corporate strategy, performance reporting and incentive compensation and aids to bring all the staff together to act like shareholders, making decisions that maximize value. These decisions should ultimately lead to improvements in stock market performance over the long run. Focus on value creation has increased around the world in recent years. The driving force behind this change is more competitive environment and increased investor activism, which has led individual and institutional investors to expect a higher level of performance. Value-based management is capturing the interest of the media and investment community as well.

MEASURING VALUE CREATION IN A COMPANY

VBM is very different from 1960s-style planning systems. It is not a staff-driven exercise. It focuses on better decision making at all levels in an organization. It recognizes that top-down command-and-control structures cannot work well, especially in large multi-business corporations. Instead, it calls on managers to use value-based performance metrics for making better decisions. It entails managing the balance sheet as well as the income statement and balancing long and short-term perspectives. There are many different value-based methods of measuring value creation in a company; the most popular of them are discussed below:

A. **Discounted Cash Flow (DCF):** It states that the value of an asset is the present value of the expected cash flows resulting from the use of the asset, discounted by the company's cost of capital.

B. **Cash Flow Return on Investment (CFROI):** CFROI is the cash flow a company generates in a given period, expressed as a percentage of the amount of investment in the company's assets. This ratio is then converted to an internal rate of return measure that estimates return over the normal economic life of the assets.

C. **Return on Invested Capital (ROIC):** ROIC indicates how much return a company is generating on the amount invested in the operations of a company. It is a ratio of a company's net operating profits less adjusted taxes (NOPLAT) to its invested capital. Invested capital includes working capital, fixed assets, and other operating assets.

D. **Economic Value Added (EVA®):** It is a residual income approach, measuring whether the operating profit after tax (adjusted for such things as amortization and R & D expenditures) is enough compared to the total cost of capital employed (the company's adjusted book value of capital multiplied by its cost of capital). The idea behind EVA is that shareholders must earn a return that compensates them for the risk taken.

VBM IN ACTION:

When VBM is working well, an organization's management processes provide decision makers at all levels with the right information and incentives to make value-creating decisions. Take the manager of a business unit. VBM would provide him or her with the information to quantify and compare the value of alternative strategies and the incentive to

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choose the *value-maximizing strategy*. Such an incentive is created by specific financial targets set by senior management, by evaluation and compensation systems that reinforce value creation, and most importantly by the strategy review process between manager and superiors. In addition, the manager's own evaluation would be based on long- and short-term targets that measure progress towards the overall value creation objective.VBM operates at other levels too. Line managers and supervisors, for instance, can have targets and performance measures that are tailored to their particular circumstances but driven by the overall strategy. A production manager might work to target for the cost per unit, quality, and turnaround time. At the top of the organization, on the other hand, VBM informs the board of directors and corporate center about the value of their strategies and helps them to evaluate mergers, acquisitions, and divestitures. *Value-based management can best be understood as a marriage between a value creation mindset and the management processes and systems that are necessary to translate that mindset into action. Taken alone, either element is insufficient. Taken together, they can have a huge and sustained impact.*

Step 1. CREATION OF MINDSET

The first step in VBM is embracing value maximization the ultimate financial objective for a company. Companies also need non-financial goals goals concerning customer satisfaction, product innovation, and employee satisfaction, for example to inspire and guide the entire organization. *A value creation mindset* means that senior managers are fully aware that their ultimate financial objective is maximizing value; that they have clear rules for deciding when other objectives (such as employment or environmental goals) outweigh this imperative; and that they have a solid analytical understanding of which performance variables drive the value of the company. They must know, for instance, whether more value is created by increasing revenue growth or by improving margins, and they must ensure that their strategy focuses resources and attention on the right option. *Management processes and systems* encourage managers and employees to behave in a way that maximize the value of the organization.

Step 2. EXPLORING THE VALUE DRIVERS

An important part of VBM is a deep understanding of the performance variables that will actually create the value of the business the key value drivers.

Such an understanding is essential because an organization cannot act directly on value. It has to act on things, it *can* influence customer satisfaction, cost, capital expenditures, and so on. Moreover, it is through these drivers of value that senior management learns to understand the rest of the organization and to establish a dialogue about what it expects to be accomplished. A value driver is any variable that affects the value of the company. Value drivers must be defined at a level of detail consistent with the decision variables that are directly under the control of line management. Generic value drivers, such as sales growth, operating margins, and capital turns, might apply to most business units, but they lack specificity and cannot be used well at the grass root level. Identifying key value drivers can be difficult because it requires an organization to think about its processes in a different way. Often, too, existing reporting systems are not equipped to supply the necessary information. Mechanical approaches based on available information and purely financial measures rarely succeed. What is needed instead is a creative process involving much trial and error.

Step 3. ESTABLISHING MANAGEMENT PROCESS

Adopting a value-based mindset and finding the value drivers gets you only halfway home.
Managers must also establish processes that bring this mindset to life in the daily activities of the company. Line managers must embrace value-based thinking as an improved way of making decisions. And for VBM to stick, it must eventually involve every decision maker in the company. There are four essential management processes that collectively govern the adoption of VBM. First, a company or business unit *develops a strategy* to maximize value. Second, it translates this strategy into short- and long-term *performance targets* defined in terms of the key value drivers. Third, it develops *action plans and budgets* to define the steps that will be taken over the next year or so to achieve these targets. Finally, it puts *performance measurement and incentive systems* in place to monitor performance against targets and to encourage employees to meet their goals. These four processes are linked across the company at the corporate, business-unit, and functional levels. Clearly, strategies and performance targets must be consistent right through the organization if it has to achieve its value creation goals.

3(A). *DEVELOPING A STRATEGY*

The chosen strategy should spell out how the business unit will achieve a competitive advantage that will permit it to create value. This explanation should be grounded in a thorough analysis of the market, the competitors, and the unit's assets and skills. The VBM elements of the strategy then comes into play. They include:

1. Assessing the results of the valuation and the key assumptions driving the value of the strategy.

These assumptions can then be analyzed and challenged in discussions with senior management.

2. Weighing the value of the alternative strategies that were discarded, along with the reasons for rejecting them.
3. Stating resource requirements. VBM often focuses business-unit managers on the balance sheet for the first time. Human resource requirements should also be specified.
4. Summarizing the strategic plan projections, focusing on the key value drivers. These should be supplemented by an analysis of the return on invested capital over time and relative to competitors.
5. Analyzing alternative scenarios to assess the effect of competitive threats or opportunities.

3(B). *SETTING UP THE TARGET*

Once strategies for maximizing value are agreed, they must be translated into specific targets. Target setting is highly subjective, yet its importance cannot be overstated. Targets are the way management communicates what it expects to achieve. Without targets, organizations do not know where to go. Set targets too low, and they may be met, but performance will be mediocre. Set them at unattainable levels, and they will fail to provide any motivation.

1. ***Base your targets on key value drivers***, and include both financial and non-financial targets. The latter serve to prevent "gaming" of short-term financial targets.
2. ***Tailor the targets to the different levels within an organization.*** Senior business-unit managers should have targets for overall financial performance and unit-wide non-financial objectives. Functional managers need functional targets, such as cost per unit and quality.
3. ***Link short-term targets to long-term ones.*** An approach we particularly like is to set linked performance targets for ten years, three years, and one year.

3(C). *ACTION PLAN*

Action plans translate strategy into the specific steps an organization will take to achieve its targets, particularly in the short term. The plans must identify the actions that the organization will take so that it can pursue its goals in a methodical manner.

3(D).PERFORMANCE MEASUREMENT AND INCENTIVE SYSTEMS

VBM may force a company to modify its traditional approach to these systems. In particular, it shifts performance measurement from being accounting driven to being management driven. All the same, developing a performance measurement system is relatively straightforward for a company that understands its key value drivers and has set its short- and long-term targets.

1. ***Tailor performance measurement to the business unit.***
2. ***Link performance measurement to a unit's short- and long- Term targets.***
3. ***Combine financial and operating performance in the measurement.***
4. ***Identify performance measures that serve as early warning Indicators.***

KEYS TO SUCCESSFUL IMPLEMENTATION

- ***Establish explicit, visible top management support.***
- ***Focus on better decision making among operating (not just financial) personnel.***
- ***Achieve critical mass by building skills in a wide cross-section of the company.***
- ***Tightly integrate the VBM approach with all elements of planning.***
- ***Underemphasize methodological issues and focus on practical applications.***
- ***Use strategic issue analyses that are tailored to each business unit rather than a generic approach.***
- ***Ensure the availability of crucial data (e.g. business-unit balance sheets).***
- ***Provide standardized, easy-to-use valuation templates and report formats to facilitate the submission of management reports.***
- ***Tie incentives to value creation.***
- ***Require that capital and human resource requests be value based.***

CONCLUSION

Value-based Management has emerged as the new management buzz word in today's corporate scenario. It is considered the elixir to a host of corporate ills. HLL, the Aditya Birla Group, NIIT, Tata Consultancy Services and the Godrej Group are pioneers of introducing this in their companies in India. The mainstay of VBM is directing each and every corporate endeavor *towards enhancing the value for the shareholder. In a VBM Company, every individual from the top management to the last person in the hierarchy works for increasing the firm's value and indulges only in activities that are beneficial to the value of the firm as a whole. VBM "instills a mindset, where everyone in the organization learns to prioritize decisions based on the understanding of how those decisions contribute to the corporate value." Hence, in a VBM company, all key processes and systems must be oriented to value creation. The value mindset is a revolutionary VBM & the EVA metric: A way to add Value! S R Vidhya concept, in that it returns to the very roots of capitalism-the concept of investing in order to generate a return based on the risk taken.*

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Life Insurance Business in India : Performance of Public and Private Companies

***Ms. Ratna Gupta**
****Mr. Ajai K Singh**

ABSTRACT

Insurance Business is one of the fast emerging financial services, Indian insurance sector is likely to register unprecedented growth of 200% by 2009-10, but the insurance penetration and insurance density in India is growing at a slow pace. The US$ 41-billion Indian life insurance industry is considered the fifth largest life insurance market, and growing at a rapid pace of 32-34 per cent annually, according to the Life Insurance Council. Life insurance companies have witnessed a 70 per cent jump in new premium collection during the first five months of the financial year. In this context, the study on 22 Private life insurance companies shows that their market share better in average premium. than Public sector company i.e. LIC.

INSURANCE

Risk-transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by event(s) beyond the control of the insured party. Under an insurance contract, a party (the insurer) indemnifies the other party (the insured) against a specified amount of loss, occurring from specified eventualities within a specified period, provided a fee called premium is paid.

INTRODUCTION

The Insurance sector in India governed by Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and General Insurance Business (Nationalisation) Act, 1972, Insurance Regulatory and Development Authority (IRDA) Act, 1999 and other related Acts. With such a large population and the untapped market area nearly 80 % of this population Insurance happens to be a very big opportunity in India.

HISTORY OF INSURANCE SECTOR

The business of life insurance in India in its existing form started in India in the year 1818 with the establishment of the Oriental Life Insurance Company in Calcutta. Some of the important milestones in the life insurance business in India are given in the table 1.

Table 1: milestone's in the life insurance business in India

Year	Milestones in the life insurance business in India
1912	The Indian Life Assurance Companies Act enacted as the first statute to regulate the life insurance business
1928	The Indian Insurance Companies Act enacted to enable the government to collect statistical information about both life and non-life insurance businesses
1938	Earlier legislation consolidated and amended to by the Insurance Act with the objective of protecting the interests of the insuring public.
1956	245 Indian and foreign insurers and provident societies taken over by the central government and nationalized. LIC formed by an Act of Parliament, viz. LIC Act, 1956, with a capital contribution of Rs. 5 crore from the Government of India.

The General insurance business in India, on the other hand, can trace its roots to the Triton Insurance Company Ltd., the first general insurance company established in the year 1850 in Calcutta by the British. Some of the important milestones in the general insurance business in India are given in the table 2.

Table 2: Milestone's in the general insurance business in India

Year	Milestones in the general insurance business in India
1907	The Indian Mercantile Insurance Ltd. set up, the first company to transact all classes of general insurance business
1957	General Insurance Council, a wing of the Insurance Association of India, frames a code of conduct for ensuring fair conduct and sound business practices
1968	The Insurance Act amended to regulate investments and set minimum solvency margins and the Tariff Advisory Committee set up.

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1972	The General Insurance Business (Nationalization) Act, 1972 nationalized the general insurance business in India with effect from 1st January 1973.
107	insurers amalgamated and grouped into four companies viz. the National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd. GIC incorporated as a company.

INSURANCE SECTOR REFORMS:

In 1993, Malhotra Committee headed by former Finance Secretary and RBI Governor R.N. Malhotra was formed to evaluate the Indian insurance industry and recommend its future direction.

The Malhotra committee was set up with the objective of complementing the reforms initiated in the financial sector. The reforms were aimed at "creating a more efficient and competitive financial system suitable for the requirements of the economy keeping in mind the structural changes currently underway and recognizing that insurance is an important part of the overall financial system where it was necessary to address the need for similar reforms..."

In 1994, the committee submitted the report and some of the key recommendations included:

1) Structure

- Government stake in the insurance Companies to be brought down to 50%.
- Government should take over the holdings of GIC and its subsidiaries so that these subsidiaries can act as independent corporations.
- All the insurance companies should be given greater freedom to operate.

2) Competition

- Private Companies with a minimum paid up capital of Rs.1bn should be allowed to enter the industry.
- No Company should deal in both Life and General Insurance through a single entity.
- Foreign companies may be allowed to enter the industry in collaboration with the domestic companies.
- Postal Life Insurance should be allowed to operate in the rural market.
- Only One State Level Life Insurance Company should be allowed to operate in each state.

3) Regulatory Body

- The Insurance Act should be changed.
- An Insurance Regulatory body should be set up.
- Controller of Insurance (Currently a part from the Finance Ministry) should be made independent.

4) Investments

- Mandatory Investments of LIC Life Fund in government securities to be reduced from 75% to 50%.
- GIC and its subsidiaries are not to hold more than 5% in any company (There current holdings to be brought down to this level over a period of time).

5) Customer Service

- LIC should pay interest on delays in payments beyond 30 days.
- Insurance companies must be encouraged to set up unit linked pension plans.
- Computerization of operations and updating of technology to be carried out in the insurance industry The committee emphasized that in order to improve the customer services and increase the coverage of the insurance industry should be opened up to competition.

But at the same time, the committee felt the need to exercise caution as any failure on the part of new players could ruin the public confidence in the industry. Hence, it was decided to allow competition in a limited way by stipulating the minimum capital requirement of Rs.100 crores. The committee felt the need to provide greater autonomy to insurance companies in order to improve their performance and enable them to act as independent companies with economic motives. For this purpose, it had proposed an independent regulatory body.

LIFE INSURANCE GROWTH: INDIAN PERSPECTIVE

Insurance sector growth is measured with two important criteria in a country. The first is insurance penetration and the second, insurance density. Insurance penetration is measured as ratio (in percent) of premium to Gross Domestic Product (GDP) of a country. Insurance density is measured as ratio (in percent) Of premium to total population of a country. In its annual report of 2009-2010 (P89-91), the insurance Regulatory Development Authority (IRDA) has given comparative figures of insurance penetration and density of different countries.

Table 3

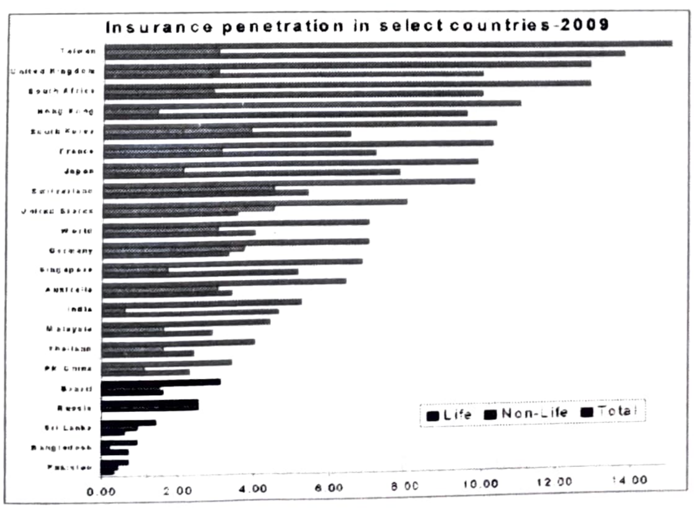
INTERNATIONAL COMPARISON OF INSURANCE PENETRATION (In Percentage)

		2009			2008**		
	Countries	Total	Life	Non-Life	Total	Life	Non-Life
1.	Australia	6.4	3.4	3.0	7.3	4.4	2.9
2.	Brazil	3.1	1.6	1.5	3.0	1.4	1.6
3.	France	10.3	7.2	3.1	9.2	6.2	3.0
4.	Germany	7.0	3.3	3.7	6.6	3.0	3.5
5.	Russia	2.5	0.0	2.5	2.3	0.0	2.3
6.	South Africa	12.9	10.0	2.9	15.3	12.5	2.9
7.	Switzerland	9.8	5.4	4.5	9.9	5.5	4.4
8.	United Kingdom	12.9	10.0	3.0	15.7	12.8	2.9
9.	United States	8.0	3.5	4.5	8.7	4.1	4.6
	Asian Countries						
10.	Bangladesh	0.9	0.7	0.2	0.9	0.7	0.2
11.	Hong Kong	11.0	9.6	1.4	11.2	9.9	1.3
12.	India#	5.2	4.6	0.6	4.6	4.0	0.6
13.	Japan	9.9	7.8	2.1	9.8	7.6	2.2
14.	Malaysia	4.4	2.9	1.6	4.3	2.8	1.5
15.	Pakistan	0.7	0.3	0.4	0.8	0.3	0.4
16.	PR China	3.4	2.3	1.1	3.3	2.2	1.0
17.	Singapore	6.8	5.1	1.7	7.8	6.3	1.6
18.	South Korea	10.4	6.5	3.9	11.8	8.0	3.7
19.	Sri Lanka	1.4	0.6	0.9	1.4	0.6	0.9
20.	Taiwan	16.8	13.8	3.0	16.2	13.3	2.9
21.	Thailand	4.0	2.4	1.6	3.3	1.8	1.5
	World	7.0	4.0	3.0	7.1	4.1	2.9

Source: Swiss Re, Sigma Volumes 2/2010 and 3/2009.
** Insurance penetration is measured as ratio of premium (in US Dollars) to GDP (in US Dollars)*
*** Data pertains to the calendar year 2009 and 2008.*
 # Data relates to financial year 2009-10 and 2008-09

India penetration is growing from 4.6% (2008) to 5.2% (2009), but it is less than the world life penetration of 7.0%. IRDA reports of 2008-09 suggest that the penetration in India is still low compare to the developed countries like Australia (6.4%), France (10.3%), South Africa (12.9%), United Kingdom(12.9%) etc. Indian Life penetration improve from 4.0% to 4.6% , but no growth in Non Life Insurance penetration.

FIGURE NO. 2



INTERNATIONAL COMPARISON OF INSURANCE DENSITY*

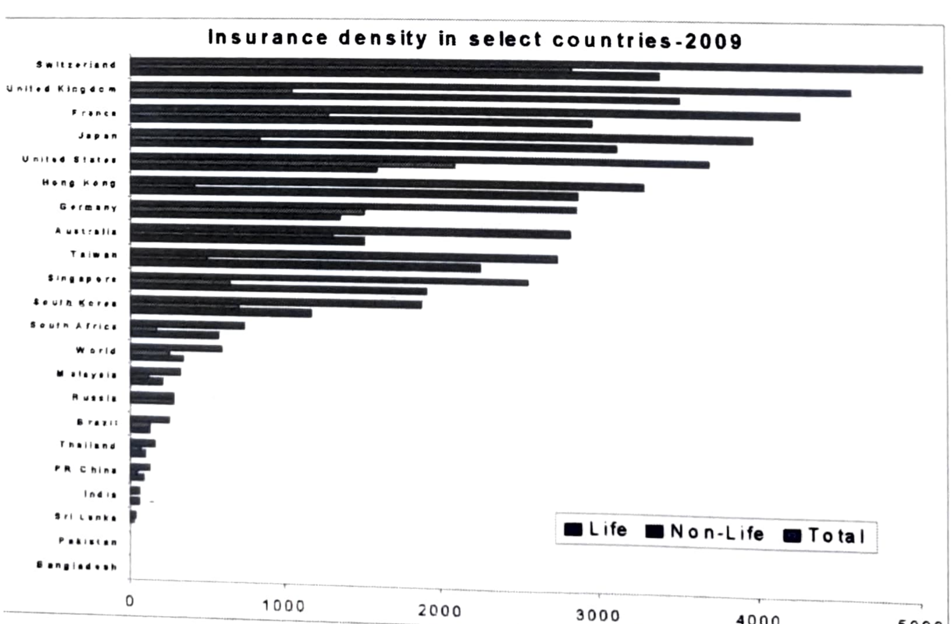
(In US Dollar)

		2009**			2008**			
Countries	**Total**	**Life**	**Non-Life**	**Total**	**Life**	**Non-Life**		
Australia	2832.7	1524.8	1307.9		3386.5	2038	1348.6	
Brazil		251.7	127.9	123.8		244.5	115.4	129.1
France		4269.1	2979.8	1289.4		4131	2791.9	1339.2
Germany	2878.4	1359.7	1518.7		2919.2	1346.5	1572.7	
Russia		280	4.5	276.4		273.5	5.4	268.1
South Africa		738.1	574.2	163.9		870.6	707.0	163.6
Switzerland		6257.6	3405.6	2852.1		6379.4	3551.5	2827.9
United Kingdom		4578.8	3527.6	1051.2		6857.8	5582.1	1275.7
United States		3710.0	1602.6	2107.3		4078.0	1900.6	2177.4
Asian Countries								
Bangladesh		5.2	3.9	1.3		4.4	3.3	1.1
Hong Kong		3304.0	2886.6	417.5		3310.3	2929.6	380.8
India#		**54.3**	**47.7**	**6.7**		**47.4**	**41.2**	**6.2**
Japan		3979.0	3138.7	840.4		3698.6	2869.5	829.2
Malaysia	321.8	206.9	115.0		345.4	225.9	119.5	
Pakistan	6.6	3.0	3		6.8	2.8	4.0	
PR China	121.2	81.1	40.0		105.4	71.7	33.7	
Singapore	2557.6	1912.0	645.6		3179.0	2549.0	630.0	
South Korea		1890.3	1180.6	709.7		1968.7	1347.7	621.0
Sri Lanka	29.5	11.8	17.7		32.1	12.8	19.3	
Taiwan		2752.1	2257.3	494.8		2787.6	2281.1	499.6
Thailand	154.4	91.7	62.7		142.1	77.2	64.9	
World		**595.1**	**341.2**	**253.9**		**633.9**	**369.7**	**264.2**

Source: Swiss Re, Sigma Volumes 2/2010 and 3/2009.
** Insurance density is measured as ratio of premium (in US Dollar) to total population.*
*** Data pertains to the calendar year 2009 and 2008.*
 # Data relates to financial year 2009-10 and 2008-09.

India density for the same period was 54.3 which is also below than China (121.2), South Korea (1890.3) and world (595.1). India insurance density is worse than insurance penetration due to high population. The penetration of non-life insurance sector in the country remains near-constant for the last 9 year around 0.60 per cent. However, there is a marginal increase in density, which has increased from USD 2.4 in 2001 to USD 6.7 in 2009

FIGURE NO. 1



Source: Swiss Re, Sigma No. 3/2010.

Data is in USD.

INSURANCE PENETRATION AND DENSITY IN INDIA

Year	Life Density (USD)	Life Penetration (% age)	Non-Life Density (USD)	Non-Life Penetration (% age)	Industry Density (USD)	Industry Penetration (% age)
2001	9.1	2.15	2.4	0.56	11.5	2.71
2002	11.7	2.59	3.0	0.67	14.7	3.26
2003	12.9	2.26	3.5	0.62	16.4	2.88
2004	15.7	2.53	4.0	0.64	19.7	3.17
2005	18.3	2.53	4.4	0.61	22.7	3.14
2006	33.2	4.10	5.2	0.60	38.4	4.80
2007	40.4	4.00	6.2	0.60	46.6	4.70
2008	41.2	4.00	6.2	0.60	47.4	4.60
2009	47.7	4.60	6.7	0.60	54.3	5.20

- Insurance density is measured as ratio of premium (in US Dollar) to total population.
- Insurance penetration is measured as ratio of premium (in US Dollars) to GDP (in US Dollars).

Source: Swiss Re, Various Issues.

The insurance density of life insurance sector had gone up from USD 9.1 in 2001 to USD 47.7 in2009. Similarly, insurance penetration of life sector had gone up from 2.15 per cent in 2001 to 4.60 percent in 2009. The penetration of non-life insurance sector in the country remains near-constant for the last 9 years at around 0.60 per cent. However, there is a marginal increase in density, which has increased from USD2.4 in 2001 to USD 6.7 in 2009.

FIGURE NO. 3

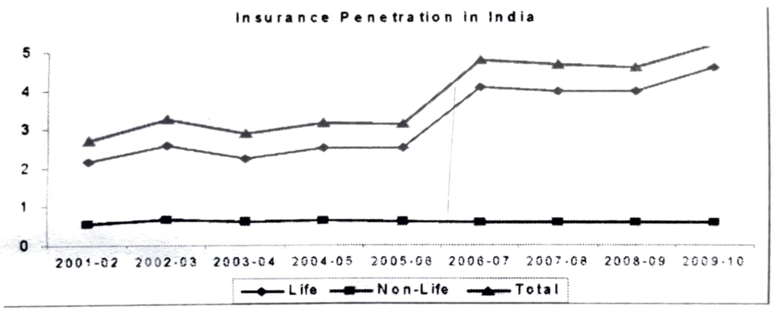
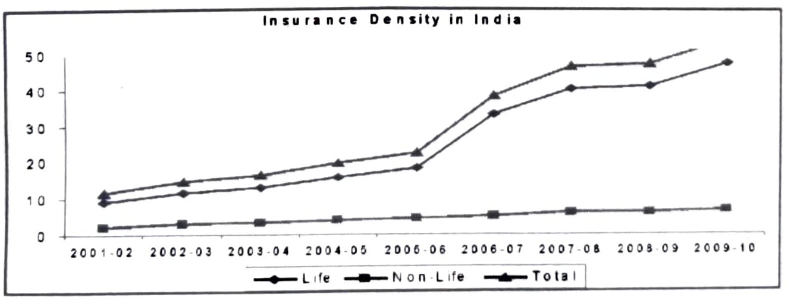


FIGURE NO. 4



OPERATIONAL PERFORMANCE OF LIFE INSURERS

IRDA has so far granted registration to 22 private and 1 public life insurance companies. The LIC prevailed in monopoly with the responsibility of providing life insurance protection to the Indian masses till 1999. The insurance markets have witnessed dynamic changes which includes presence of a fairly large number of insurers in life segment. Most of the private insurance companies have formed joint venture partnering well recognized foreign players across the globe. To support such needs, most private insurers in India entered joint ventures with foreign firms, which were allowed to hold a 26% stake, when the sector was opened up in 1999-2000. But this meant domestic firms would have to raise thrice the capital a foreign partner brought in.

There are currently 23 insurers each in the life and non-life segments in India. According to IRDA's 2009 annual report, private sector life insurers infused equity capital of Rs5,956 crore during the fiscal ending March 2009. They have infused a total of Rs18,248 crore to date. Non-life insurers have infused Rs3,083 crore.

Last year, MetLife India Insurance Co. Ltd infused the most capital, Rs818 crore, followed by Rs750 crore by Max New York Life Insurance Co. Ltd. Tata AIG Life Insurance Co. Ltd came third with Rs649 crore.

share of financial savings to total savings and life insurance penetration to remain constant at current levels, the size of the life insurance industry is expected to quadruple from the current Rs 2.2-lakh crore to Rs 8.5-lakh crore.

LIFE INSURANCE COMPANIES

Sl. No	Insurers	Foreign Partners	No. of Products
1.	HDFC Standard Life Insurance Co. Ltd.	Standard Life Assurance, UK	19
2.	Max New York Life Insurance Co. Ltd.	New York Life, USA	10
3.	ICICI-Prudential Life Insurance Co. Ltd.	Prudential , UK	17
4.	Om Kotak Life Insurance Co. Ltd.	Old Mutual, South Africa	26
5.	Birla Sun Life Insurance Co. Ltd.	Sun Life, Canada	14
6.	Tata-AIG Life Insurance Co. Ltd	American International Assurance Co., USA	19
7.	SBI Life Insurance Co. Ltd.	BNP Paribas Assurance SA, France	38
8.	ING Vysya Life Insurance Co. Ltd.	ING Insurance International B.V., Netherlands	10
9.	Allianz Bajaj Life Insurance Co. Ltd.	Allianz, Germany	27
10.	Metlife India Insurance Co. Ltd.	Met life International Holdings Ltd., USA	16
11.	Reliance Life Insurance Co. Ltd. (Earlier AMP Sanmar Life)		
12.	AVIVA Life Insurance Co.Ltd.	Aviva International Holdings Ltd., UK	16
13.	Sahara Life Insurance Co. Ltd.		7
14.	Shriram Life Insurance Co. Ltd.	Sanlam, South Africa	14
15.	Bharti AXA Life Insurance Co. Ltd.	AXA Holdings, France	20
16.	Future Generali India Pantaloon Retail Ltd.;		
17.	Life Insurance Company Ltd.	Sain MarketingNetwork Pvt. Ltd. (SMNPL),Generali, Italy	17
18.	IDBI FortisLife Insurance Company Ltd.	Fortis, Netherlands	8
19.	Canara HSBC OBC Life Insurance Company Ltd.	HSBC, UK	5
20.	Aegon Religare Life Insurance Company Ltd.	Religare, Netherlands	13
21.	DLF Pramerica Life Insurance Co. Ltd.	Prudential of America,	14
22.	Life Insurance Corporation of India		9
23.	Star Union Dhi-Ichi Life Insurance Co. Ltd.	Dhi-Ichi, Japan	13

MARKET SHARE OF DIFFERENT COMPANIES

On the basis of total premium income, the market share of LIC declined marginally from 70.92 percent in 2008-09 to 70.10 per cent in 2009-10. Accordingly, the market share of private insurers had gone up marginally from 29.08 per cent in 2008-09 to 29.90 per cent in 2009-10. The market share of private insurers in first year premium was 34.92 per cent in 2009-10 (39.11 per cent in 2008-09). The same for LIC was 65.08 per cent (60.89 per cent in 2008-09). However, in renewal premium, LIC had a much higher share of 73.64 per cent (77.43 per cent in 2008-09) when compared to 26.36 per cent (22.57 per cent in 2008-09) share of private insurers.

Table No.4

	MARKET SHARE OF LIFE INSURERS (per cent)	
Insurer	2008-09	2009-10
	Regular Premium	
LIC	38.43	43.13
Private Sector	61.57	56.87
TOTAL	100	100
	Single Premium	

LIC	90.70	92.19
Private Sector	9.30	7.81
TOTAL	100	100
	First Year Premium	
LIC	60.89	65.08
Private Sector	39.11	34.92
TOTAL	100	100
	Renewal Premium	
LIC	77.43	73.64
Private Sector	22.57	26.36
TOTAL	100	100
	Total Premium	
LIC	70.92	70.10
Private Sector	29.08	29.10
TOTAL	100	100

NEW POLICIES ISSUED BY PRIVATE & PUBLIC INSURANCE COMPANIES

During 2009-10, life insurers had issued 532 lakh new policies, out of which, LIC issued 389 lakh policies (73.02 per cent of total policies issued) and the private life insurers issued 144 lakh policies (26.98 per cent). While LIC reported an increase of 8.21 per cent (-4.52 per cent in 2008-09) in the number of policies issued over the previous year, the private sector insurers reported a decline of 4.32 per cent (13.19 per cent increase in 2008-09) in the number of new policies issue. Overall, the industry witnessed a 4.52 per cent increase (0.10 per cent in 2008-09) in the number of new policies issued.

TABLE 5

NEW POLICIES ISSUED : LIFE INSURERS

(in lakh)

Insurer	2008	2009
LIC	359.13	388.63
	(-4.52)	(-8.21)
Private Sector	150.11	143.62
	(13.19)	(-4.32)
Total	509.24	532.25
	(0.10)	(4.52)

Note: Figure in brackets indicates growth over previous year (in per cent).

PREMIUM PERFORMANCE OF INDIAN INSURANCE COMPANIES

Table No. 6

First Year Premium of Life Insurers for the Period ended Nov, 2010 Premium (Rs. Crore) No. of Policies/Schemes AVG Premium (Rs.)

Sl. No.	First Year Premium of Life Insurance for the Period ended Nov, 2010	Premium (Rs. Crore)	No. of Policies /Scheme	AVG Premium (Rs.)
1	Bajaj Allianz			
	Individual Single Premium	479.76	62731	76478.93
	Individual Non-Single Premium	1162.73	885361	13132.83
2	ING Vysya			

	Individual Single Premium	5.17	849	60895.17
	Individual Non-Single Premium	354.43	149851	23652.16
3	Reliance Life			
	Individual Single Premium	293.26	41424	70794.71
	Individual Non-Single Premium	1384.27	1270714	10893.63
4	SBI Life			
	Individual Single Premium	747.65	71968	103886.64
	Individual Non-Single Premium	1724.05	438222	39341.93
5	Tata AIG			
	Individual Single Premium	124.64	15554	80133.72
	Individual Non-Single Premium	554.01	356143	15555.83
6	HDFC Standard			
	Individual Single Premium	154.25	117246	13156.09
	Individual Non-Single Premium	1748.83	373799	46785.30
7	ICICI Prudential			
	Individual Single Premium	708.11	42637	166078.75
	Individual Non-Single Premium	2589.93	784133	33029.22
8	Birla Sunlife			
	Individual Single Premium	12.32	26774	4601.47
	Individual Non-Single Premium	1042.67	712527	14633.41
9	Aviva			
	Individual Single Premium	18.55	1260	147222.22
	Individual Non-Single Premium	353.88	120507	29365.93
10	Kotak Mahindra Old Mutual			
	Individual Single Premium	30.24	3169	95424.42
	Individual Non-Single Premium	470.12	162472	28935.44
11	Max New York			
	Individual Single Premium	134.36	1030	1304466.01
	Individual Non-Single Premium	1046.86	520033	20130.64
12	Met Life			
	Individual Single Premium	70.99	9764	72705.85
	Individual Non-Single Premium	294.59	98464	29918.54
13	Sahara Life			
	Individual Single Premium	22.59	5142	43932.32
	Individual Non-Single Premium	27.80	32246	8621.22
14	Shriram Life			
	Individual Single Premium	179.15	20806	86104.96
	Individual Non-Single Premium	115.34	52242	22078.02
15	Bharti Axa Life			
	Individual Single Premium	3.48	2648	13141.99
	Individual Non-Single Premium	219.40	96188	22809.49
16	Future Generali Life			
	Individual Single Premium	8.07	851	94829.61
	Individual Non-Single Premium	212.93	200158	10638.09
17	IDBI Federal			
	Individual Single Premium	92.23	10747	85819.29
	Individual Non-Single Premium	165.77	57013	29075.82

18	Canara HSBC OBC Life			
	Individual Single Premium	5.43	255	212941.17
	Individual Non-Single Premium	423.44	65840	64313.48
19	Aegon Religare			
	Individual Single Premium	4.24	393	107888.04
	Individual Non-Single Premium	120.35	42014	28645.21
20	DLF Pramerica			
	Individual Single Premium	0.80	110	72727.27
	Individual Non-Single Premium	43.93	20205	21742.14
21	Star Union Dai-ichi			
	Individual Single Premium	153.04	10175	150407.86
	Individual Non-Single Premium	119.99	41102	29193.22
22	IndiaFirst #			
	Individual Single Premium	129.92	9686	134131.73
	Individual Non-Single Premium	168.17	59327	28346.28
	Private Total			
	Individual Single Premium	3378.26	455219	74211.75
	Individual Non-Single Premium	14343.47	6538561	21936.74
23	LIC			
	Individual Single Premium	20286.62	3336319	60805.39
	Individual Non-Single Premium	13594.88	16004134	8494.61
	Grand Total			
	Individual Single Premium	23664.87	3791538	62414.96
	Individual Non-Single Premium	27938.35	22542695	12393.52

Note: 1.Cumulative premium / No. of policies up to the month is net of cancellations which may occur during the free look period.
2. Compiled on the basis of data submitted by the Insurance companies

The LIC has Individual Single Premium of Rs. 20286 crore till Nov, 2010, which is incomparable with the rest of the life insurers. LIC Individual Single Premium is more than the total of all 22 private companies premium. The next best is SBI (747.65), followed by ICICI Prudential (708.11), Bajaj Allianz (479.76), Reliance (293.26).

In Individual Non-Single Premium, LIC has again shown incredible performance of Rs. 13594.88 crore The next top Performer (ICICI Prudential) is far from LIC, i.e., Rs 2589.93. HDFC Standard (1748.83),Max New York Life (1046.86), Birla Sun Life(1042.67) have also perform well during study period.

The Average Premium Of Individual Single Premium of Max New York Life is highest i.e. Rs. 1304466.01, the other good Performing companies are Canara HSBC OBC (212941.17), ICICI Prudential(166078.75), Star Union Dhi-Ichi(150407.86) etc. On the other hand, the best Average Premium in Individual Non Single Premium is 64313.48 belong to Canara HSBC OBC Life, followed by HDFC Standard (46785.30), SBI Life (39341.93),ICICI Prudential (33029.22)etc.

Public Company well in Individual Single & Non Single Premium, but in the Average Premium the Private Companies Position are strong than LIC.

CONCLUSION

The penetration level and density of life insurance in India is quite low compared to the other developed countries and therefore has tremendous potential for growth. The self-reported risk attitudes with bequest motives will be quite strong among the Indian population In the near future. Foreign insurers are lining up to enter India's life insurance industry, lured by a population of more than one billion people.

LIC gained the most, with an increase of 88 per cent in new business premium income. At the same time, private sector insurance recorded a 34 per cent increase in income from sales of new policies. The LIC capture the big market share, but new private companies also come in strong position. The growth of life insurance market can be viewed as safe and secured India.

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Quality Systems & Management

*Nirupma Pathak

ABSTRACT

Quality system is a system which deals with the quality. It includes activities, rules, regulations, procedures, specifications, guidelines, measurements and other matters framed in a suitable order, pertaining with quality objectives. Quality System and Management is a technology which deals with a system where quality is involved and there are many difficult problems with quality which are to be solved based on scientific management principles. Quality is a complex value of money, expectation of performance, expectation of appearance, services (pre sale and post sale), warranty etc. Quality is a moving target. Market driven quality starts with making customer's satisfaction, an obsession and empowering the peoples to use their creative energy to satisfy and delight the customers. It means that the quality goals and objectives must be deployed throughout the company, so that each person knows that they will be measured accordingly. (by J.F. Akers, CEO of IBM).

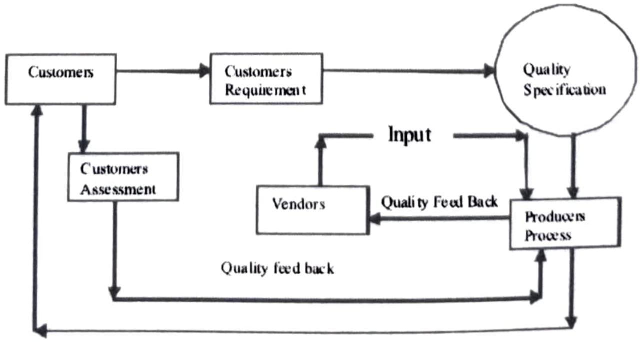
INTRODUCTION

Quality is a term which has a very wide range of meaning depending upon situation and circumstances. It is a relative term. The quality is good or bad is decided with respect to the some standard ideal one. It has been observed many times that the particular item or component failed due to the poor quality and particular item or component is having a very long life due to its good quality. The quality of a product may have greater or lesser importance depending upon the need or requirement of customer or user. Some of the important definitions of Quality are as under-

- It is the degree to which the product meets the requirement of Customer.
- It is the fitness of product or services for its intended use.
- The Quality of a product is its reliability in respect of its various characteristics of shape, make, dimensions, finish, utility, durability and ease in use to the customer.
- Quality is the totality of features and characteristics of product and services that bear on its ability to satisfy a given need. (As per American Society of Quality Control i.e. ASQC, Standards A3 1987, Glossary and table of SQC)
- Quality refers to an equilibrium level of functionality possessed by a product or service based on the producer's capability and customer's need. (By Badiru and Ayeni in 1993).
- Quality should be aimed at the needs of customer, present and future. (By Deming)
- Quality is conformance to requirement.
- The quality of a product is its reliability in respect of its various characteristics of shape, make, dimensions, finish, utility, durability and ease in the use to the customers.

1.1 DEFINITION OF QUALITY CONTROL

It defines in terms of operational techniques and activities that sustain the product and service quality to fulfill the specified requirements. It also defines the use of such techniques and activities which maintains the good quality. Thus quality control is a term which represents an idea to decide and sustain the quality of a product or services which in turn satisfy the customer's requirement. Customer's satisfaction is the main requirement of Quality Control. The determination of quality is being done by customers itself. Following is the model for determination of quality by customer where customer determines the quality in two ways i.e. by requirement and assessment.



Determination of quality by Customer
Figure -1

* Assistant Professor, LBSIMDS, Lucknow.

In 1959, the following definition was given for Quality Assurance by National Symposium on Reliability and Quality Control.

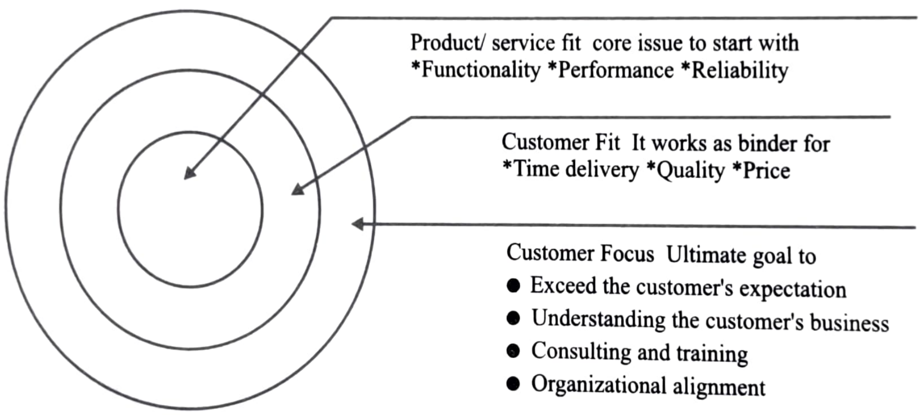
"Quality assurance is a broad term used to include both the Quality Control and the Quality Engineering"

Now-a-days ISO-9000 standards are applicable not only in industries but these standards are also applicable in education, training and development, services, transport, financial institution, and in every business sector. In all over the world these standards have been accepted. In present scenario there are many authorized agencies which have the power of necessary accreditation for ISO-9000 quality standards. As the technology and development advances, the customer's requirement has also changed and thus the customer is demanding for better and improved quality.

- The competition for health hazards has increased.
- Extra expenditure in keeping the health environment pleasant.
- Increase of material cost, production cost, and energy cost etc. Thus total increase in production cost.
- Law of environment protection introduced in many countries has become the new problem for businessmen and industries.

1.2 Goal of quality

Quality always spins around the customers. The core issue to start with is that the product and service should be fit in functionality, performance and reliability. It should also satisfy customer in respect to time delivery, quality and price. At the same time goal of quality should be customer focused. The ultimate goal of quality is the customer focus as given in following models.



Goal of Quality
Figure-2

1.3 Features of Quality

The features of quality describes about the figure of quality. How the quality should be? How the quality can be compared? Keeping all the above points in consideration, basically the features of quality are defined by the following three terms-

1.3.1 Quality should be understandable- Quality is the relative term to the use for which it is meant. It is understandable only in the context of its use. It can be heard from the user that a particular type of product is performing better in comparison to the similar type of product. In this sense it indicates that quality is a relative term.

1.3.2 Quality should be measurable- Quality of a product or its characteristics is the combination of many parameters and these parameters should be well defined. It means that quality must be concrete and measurable. For example, quality of a paper must be expressed in terms of its size, color, design, thickness, lined or unlined, glazed or unglazed etc. In this sense it indicates that quality is a concrete concept.

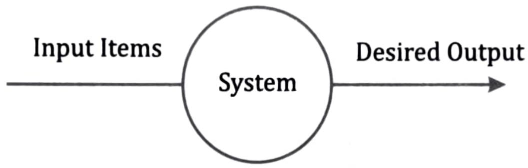
1.3.3 Quality should be reasonable- Quality of a product should not be too high or it should not be too low. The quality should be reasonable because if the quality of a product is too high, it will be costly for the producer and too costly for the consumer to buy. Again if the quality of a product is too low, neither the producer will be able

to sell the product nor will the customer like to buy the product. It indicates that the quality of a product should be reasonable so that it is profitable for the producer to produce and feasible for the customer to buy. Thus the quality of a product should be understandable, measurable and reasonable
All the above three features are very important in the determination of a product quality standards and specifications which clearly defines the characteristics or quality of a product.

1.4 System

There are several approaches to achieve the goal. Also there are much type of rules, regulations, definitions, specifications, sequences, procedures, activities etc. to achieve the target. Combining all the above sets together or Combining whatever sets are applicable forms the System. The System may be a big system or may be a small system but it will consist of many devices and approaches. Each of the system will have its own property and goal. Each system has its own boundaries. Inside the boundary everything is called the part of the system. It is very difficult for the human being to have the knowledge of all the system. The examples of the systems are Quality system, Automobile breaking system, Educational system, Judicial system, Production system, Marketing system, Purchase system, Accounts system etc.

To achieve the desired quality of a product, ISO 9000 Quality system, ISO 14000, Quality system, QS 90, Quality system etc. have been framed. Each quality system is having their separate set of procedures. For automobile braking system, Disk braking system, Drum braking system, Hand braking system etc. are being used. Every braking system has their different sets of parts and operating devices. Similarly in educational system, there are Primary education system, Secondary education system, Engineering and medical education system. Each education system has its own syllabus, procedures and specifications. Thus a system defines the functioning of certain sets of specifications, rule, regulations, sequences, procedures, activities etc. within the boundary to achieve the goal. When the system starts working itself, it is very easy to get the desired result with least efforts.



Functioning of a system
Figure-3

1.5 Management

Due to tremendous changes in business ownership and production techniques in the industrial organizations and service sectors, the need of management becomes a separate function. In the pre- industrialization stage the management was mingled with the ownership but in the post industrialization stage, the management stands as an independent function, quite separate from the business ownership. In the pre industrialization stage, the business owners were either sole traders or partners. Organizations were small and production and service techniques were simple. Owners themselves were managing the problems of their organizations. Still some very small businesses are functioning on the same principles.

"Management is defined as a function of providing solution to difficult business problems through the application of scientific research and analytical method."

1.6 Quality System and Management

From the description as discussed above, it is clear that Quality system is a sequential and systematic approach to get the desired quality result for product and services. There are many difficult problems to get the desired quality result. This solicits the need for specialist quality manager.

Now the customers are searching for the best available quality and the market is driven by customers. So it becomes important to keep the quality competitiveness in the market, and also to search the methods to delight the customers. As the product increases the eagerness of customers, the product cost can be realized along with the profitability. Thus the need of quality system and management has become one of the important aspects in the service sectors and in industries. Now there is competition for upgrading and maintaining the quality among the industries and service sectors.

1.7 NEED OF QUALITY SYSTEM

The producer of any product maintains the quality of the product and services for satisfaction of customers. But the degree of customer satisfaction is increasing day by day with advance in development, product quality and technology. The customer's desires are endless and there is more stringent demand of quality. Also there is competition in the market for cheap and quality products. This fact has increased the need for quality control and quality assurance in all the areas of industrial production and as well as in the service industries to a greater extent than ever. The quality leads the durability of a product. Product also becomes customer friendly. Ultimately the product becomes reliable and desirable.

1.8 ADVANTAGE OF QUALITY SYSTEM

Following are the main advantages of a good product quality system

- There will be tremendous reduction in wastage at different places of manufacturing.
- The dimensional accuracy of product will improve.
- Increased reliability of product and services can be achieved.
- The customer satisfaction will be increased.
- The product and services will be widely accepted in international market.
- It leads to standardization of the product and services.
- The cost of product and services will be reduced.
- The look of product and services becomes appreciable.
- The failure of product becomes minimal.
- It reduces the scrap.

1. CONCLUSION

Quality is upgraded every time with the development of mankind and society. Earliest in Europe and in our country, the complete manufacturing processes or activities were performed by the cottage and very tiny units spread in small villages and remote areas, away from metropolitan cities. At that time all the work was done by craft men. Craft man train their children to take their position later on. This trend is still very common in the area of printing manually on loop cloth, lock smithy, statue making, wood works, sculpturing and making earthen parts etc.

To sell the product in the international market, quality assurance certification has become important. This certification assures the customer that the product quality has been monitored at different manufacturing points during the product manufacture and now the product is "OK" in all respects. So the customer relies on the product. Sometime the customers also request the quality report of the product which he likes to buy. So the need for quality system is must for product manufacturing or services. All the industries should decide & follow the product quality norms. It is the quality system which plays an important role in deciding the product quality control. With the help of good quality control system like ISO 9000 certification system, the product is internationally accepted.

2. FUTURE WORK

Companies are rethinking their relationships with customers and suppliers, drastically reducing the number of relationships and creating true partnerships. Nypro Clinton reduced its customer base from more than 400 to 30 during the past few years. The company now co designs the plastic parts it makes with its customers' designers, works on cross-company quality improvement teams to remove wastes and reduce time from the entire supply chain, and even co-locates manufacturing facilities where feasible. These new partnerships provide seamless operations throughout the supply chain, from raw materials to customer. Companies also are exploring new ways of mass customizing as they develop true one-to-one relationships with customers.

The next few years should prove quite exciting for organizations throughout the world. Quality thinking will play an extremely important role in changing these organizations. We are probably only beginning to understand how much we are going to change.

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Computing in Uncertain Environment with Fuzzy Logic

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ABSTRACT

In real world computing environment, the information is not complete, precise and certain, making it very difficult to derive an actual decision. To deal with processing and modeling of such information, fuzzy techniques are applied to exercise the proper conclusion. This article mainly focuses on the basics of Fuzzy Logic, showing its computational capability in inexact environment.

Keywords

Fuzzy Logic (FL), Fuzzy Sets, Linguistic Variables, Control Systems.

1. INTRODUCTION

The idea of the Fuzzy Logic (FL) was first introduced by Lotfi Askar Zadeh, professor at University of California, Berkley, USA in his paper "Fuzzy Sets" [1]. The term 'fuzzy' is having different dictionary meanings, i.e. 'not clear', 'not distinct', 'not precise', or 'blurred'. Fuzzy Logic [2,3,4] is a computational technique that deals with imprecise/inexact/ ambiguous information processing and is applicable in a number of applications, like control systems, data base systems, robotics, intelligent systems, embedded systems, stock exchange forecasting, business intelligence, marketing and many more. The concept behind this technique is the working of human beings that do not require any precise numerical input to control and solve the problems. It is not only a control methodology, but also provides a way of processing data/ information by allowing partial membership sets rather than crisp sets. It can be implemented in Hardware, Software or in both. Fuzzy Logic, with the power of approximate reasoning, provides us decision support systems (DSS) and expert systems (ES) with strong reasoning capabilities.

Here, a number of statements about FL have been quoted that attempts to make the readers more familiar with this computing technique.

1. FL is a form of <u>multi-valued logic</u> derived from <u>fuzzy set theory</u> to deal with <u>reasoning</u> that is approximate rather than accurate.
2. FL facilitates us to make use of the natural language in logic. In other words, it provides an alternative way to represent linguistic and subjective attributes of the real world computing.
3. FL is considered to be a super set of the Conventional logic (Boolean logic) to deal with the concept of partial truth.
4. FL provides a more efficient and resourceful way to solve control systems, like Antilock Brake Systems (ABS), Temperature Controllers [5], etc.
5. The person who had organized first working group on fuzzy systems of world was Prof. Toshire Terano.
6. The company that first marketed the fuzzy expert systems: F. L. Smidth & Co. (1980).
FL in technology is heavily accepted in Europe and Japan, but US manufactures have not been quick to adapt this technique [6, 7, 8].
This article is an introduction to the basic concepts of FL. In section 2, basic operations on the fuzzy sets are defined. Section 3 introduces the handling of linguistic variables with fuzzy logic. Section 4 expresses the fuzzy linguistic computation in a rule based control system.

2. FUZZY ALGEBRA

Let X be a set of objects with elements denoted by x, i.e. X={x}
A fuzzy set A in X is characterized by a membership function mA(x), which maps each point in X on to the real interval [0.0, 1.0]. As mA (x) approaches 1.0, the grade of membership of X in A increases.

1. A is empty if for all x, mA[x]=0.0
2. If A and B are the two fuzzy sets, then A=B if for all x: mA[x]=mB[x] or mA=mB.
3. mA'=1-mA
4. A is contained in B if mA<=mB
5. C=AUB => A UNION B, where mC(X)=MAX(mA[x],mB[x])
6. C=A∩B => A INTERSECTION B, where mC(X)=MIN(mA[x],mB[x])

3. FUZZY LINGUISTIC VARIABLE

Fuzzy Linguistic Variables are used to represent the qualities spanning over a particular spectrum. For example,

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consider the linguistic variable TEMPERATURE.

TEMPERATURE = {FREEZING, COOL, WARM, HOT}

Such kind of linguistic variables are represented by the membership function (Fig. 1). Now, if we have the question like, "How cool is 35°F temperature?" To answer this we follow the computation shown in fig. 2.

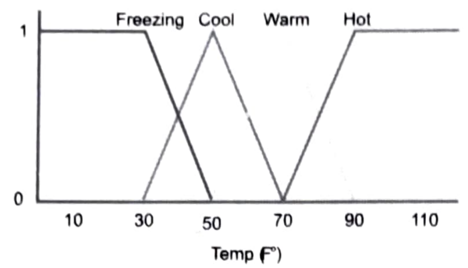

Figure 1

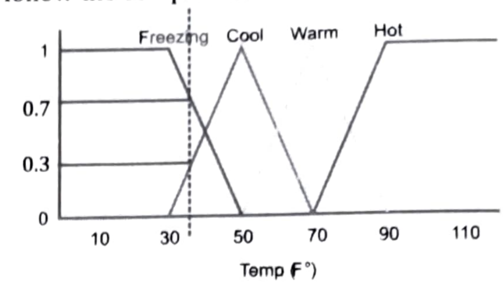

Figure 2

It shows that a 36°F temperature is 30% COOL and 70% FREEZING.

4. FUZZY CONTROL SYSTEMS AND LINGUISTIC COMPUTATION

Fuzzy linguistic variables are highly applicable in the control systems. In a Motor Speed Control System, consider the two linguistic variables TEMPERATURE and WEATHER, which are used as an INPUT to the control system. Here, linguistic variable TEMERATURE is already discussed in section 3. The linguistic variable WEATHER is defined as:

WEATHER = {SUNNY, PARTLY CLOUDY, OVERCAST}

The membership function of WEATHER can be defined as in Fig. 3 that shows cloud cover percentage.

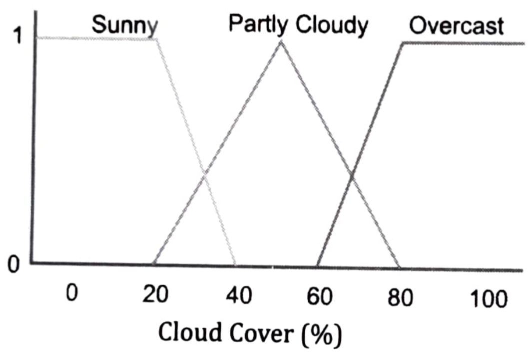

Figure 3

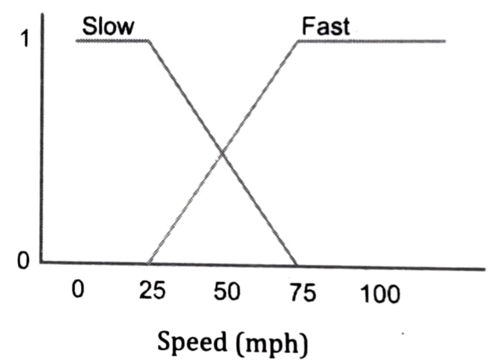

Figure 4

At the output we have one variable SPEED. It can be defined as: SPEED= {SLOW, FAST}.

Its membership function is defined as in figure 4.

Now consider the two rules that will decide the speed of the motor car.

1. If weather is SUNNY and temperature is WARM, then drive FAST.
2. If weather is CLOUDY and temperature is COOL, then drive SLOW. Let us consider the following problem.

Problem -1 What will be the SPEED if temperature is 65 °F and its 25% cloudy?

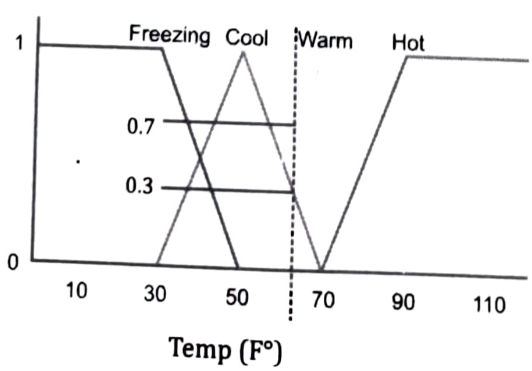

Figure 5

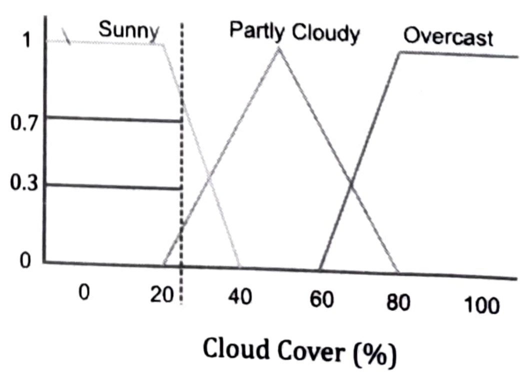

Figure 6

Figure 5 shows that 65 °F is COOL=0.4 AND WARM=0.7.

Figure 6 shows that 25% Cloudy is PARTLY CLOUDY=0.2 AND SUNNY=0.8.

Now, consider the above two rules,

RULE 1: SUNNY (COVER) AND WARM (TEMPERATURE) => FAST (SPEED)

0.8 AND 0.7 = 0.7 [FAST] [According to Section 2, Rule 6]

RULE 2: CLOUDY (COVER) AND COOL (TEMPERATURE) => SLOW (SPEED)

0.2 AND 0.4=0.2 [SLOW] [According to Section 2, Rule 6]

Now according to above calculation, speed is 20% SLOW and 70% FAST.

Find the centroids, where the membership degree is 100% (Fig. 7).

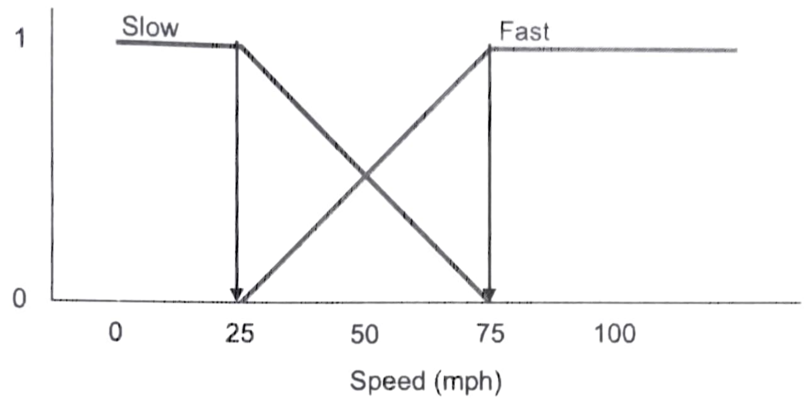

Figure 7

It is 25 for SLOW and 75 for FAST.

Now the SPEED=Weight mean

= (0.2*25+0.7*75)/0.9

=63.8 MPH

Above approach gives a basic idea of the fuzzy computation with linguistic words in a rule based motor speed control system.

5. CONCLUSIONS AND FUTURE SCOPE

Modern engineering, medical and business applications should enhance their capability to deal with imprecise and uncertain information, enabling them to have a strong reasoning and decision power. It makes them to handle more complex and linguistic computations easily and efficiently. All these requirements lead to rapid development and integration of Fuzzy Logic.

Although, FL is applicable in a variety of areas, but in future, we are concentrating to apply fuzzy techniques with rule based systems and genetic algorithms collectively, named as Genetic Fuzzy Rule Based Systems (GFRBSs) [9,10,11,12].

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CODE OF DISCIPLINE IN INDUSTRY

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ABSTRACT

A Code of Discipline in Industry, which applies both to the public and private sector, has been accepted voluntarily by all the organizations. The Code lays down specific obligations for the management and the workers with the object of promoting constructive cooperation between their representatives at all levels. The key professional bodies have well established ethical codes applying to their members. This paper examines the benefit of promoting a single ethical code for the industry which makes clear relationship between a safe and orderly environment. There is a wider discussion about the relevance of ethics to different industries and the different situations in which ethics can operate. Studies from various industry code of discipline establish the extent of the problem to be tackled in respect of unethical and illegal behavior Amongst the conclusions reached is the observation that ethics does not operate in vacuum and that the promotion of a single code will only bear fruit when seen as part of a larger raft of measures including longer term relationships and collaborative working and a higher profile for ethics in training/education

KEY WORDS: Ethical code, Grievance handling, Improvements

INTRODUCTION

A Code of Discipline in Industry, which applies both to the public and to the private sector, has been accepted voluntarily by all the Central organizations of employers and workers and has been in operation since the middle of 1958.

The Code lays down specific obligations for the management and the workers with the object of promoting constructive cooperation between their representatives at all levels, avoiding stoppages as well as litigation, securing settlement of disputes and grievances by mutual negotiations, conciliation and voluntary arbitration, facilitating the free growth of trade unions and eliminating all forms of coercion and violence in industrial relations.

The Code provides that a regular grievance procedure be laid down in all undertakings and complaints should receive prompt attention. The legal means of redress and the normal channels should be fully availed of and there should be no direct, arbitrary or unilateral- action on either side. Under the Code, management and workers have agreed to avoid litigation lock-outs, sit-down and stay-in strikes. There will be no recourse to intimidation, victimization or 'go-slow'. The unions have also agreed not to engage in any form of physical duress and to discourage unfair practices such as negligence of duty, careless operation, damage to property, interference with or disturbance to normal work and insubordination. The employers have to allow full freedom to workers in the formation of trade unions and to abide by the criteria adopted for determining which union has a better claim to recognition. A union guilty of a breach of the Code of Discipline loses its right to such recognition. Both sides are pledged to the scrupulous and prompt implementation of awards, agreements settlements and decisions. Organizations of employers as well as workers pave bound themselves to express disapproval and take appropriate action against officers, office-bearers and workers who violate the letter or spirit of the Code.

It is obvious that a new concept with such far-reaching aims, in a difficult field, requires a considerable period of earnest endeavor before it gets firmly established in practice. The results so far achieved are, however, encouraging both in terms of the reduction of man-days lost owing to stoppages and in bringing about a general improvement in the climate of industrial relations. The number of man-days lost declined steadily and significantly from 47 lakh during January-June 1958, the six months prior to the introduction of the Code, to 19 lakh during July-December, 1960. The Code has also been successful in creating awareness amongst the employers and workers of their obligations towards each other; the desire to settle disputes mutually without recourse to the wasteful methods of trial of strength and litigation is steadily growing.

The deplorable consequences of inter-union rivalry both for industry and for the workers are well-known. They have been mitigated to maintain harmonious relations and promote industrial peace, a Code of Discipline has been laid down which applies to both public and private sector enterprises. It specifies various obligations for the management and the workers with the objective of promoting cooperation between their representatives.

THE BASIC OBJECTIVES OF CODE OF DISCIPLINE ARE TO:

- Maintain peace and order in industry.
- Promote constructive criticism at all levels of management and employment.

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- Avoid work stoppage in industry
- Secure the settlement of disputes and grievances by a mutually agreed procedure
- Avoiding litigations
- Facilitate a free growth of trade unions
- Eliminate all forms of coercion, intimidation and violations of rules and regulations governing industrial relations.

The establishment of a code of discipline leads to better classroom management. Using behavior modification techniques discipline problems are minimized and both teachers and students are the winners.

Considering the high priority discipline holds on the public's agenda and the clear relationship between a safe and orderly environment and effective schools, no school can afford to ignore discipline code handbooks.

To maintain Discipline in the Industry (both in public and private sectors) there has to be

- A just recognition by employers and workers of the rights and responsibilities of either party, as defined by the laws and agreements (including bipartite and tripartite agreements arrived at all levels from time to time)
- And a proper and willing discharge by either party of its obligations consequent on such recognition.

THE CODE IS BASED ON THE FOLLOWING PRINCIPLES:

- There should be no strike or lockout without prior notice.
- No unilateral action should be taken in connection with any industrial matter.
- Employees should follow go slow tactics
- No deliberate damage should be caused to a plant or property
- Acts of violations, intimidation and coercion should not be resorted
- The existing machinery for the settlement of disputes should be utilized.
- Actions that disturb cordial relationships should be avoided.

To ensure better discipline in industry, management and unions agree on not indulging into various actions. These actions can be summarized as follows:

Management and Union(s) agree

- That no unilateral action should be taken in connection with any industrial matter and that should be settled at appropriate level
- That the existing machinery for settlement of disputes should be utilized with the utmost efficiency
- That there should be no strike or lock-out without prior notice
- That neither party will have recourse to coercion, intimidation, victimization or go slow tactics
- That they will avoid litigation, sit-down and stay-in strikes and lock-outs
- That they will promote constructive co-operation between their representatives at all levels and as between workers themselves
- That they will establish upon a mutually agreed grievance procedure which will ensure a speedy and full investigation leading to settlement
- That they will abide by various stages in the grievance procedure and take no arbitrary action which would by-pass this procedure

Management Agrees

- Not to increase work-loads unless agreed upon or settled otherwise
- Not to support or encourage any unfair labor practice such as discrimination and victimization of any employee
- To take prompt action for settlement of grievances and implementation of settlements, awards, decision and orders
- To take appropriate disciplinary action against its officers and members in cases where enquiries reveal that they were responsible for precipitate action by workers leading to indiscipline

Union agrees

- Not to engage in any form of physical duress
- Not to permit demonstrations which are not peaceful
- That their members will not engage or cause other employees to engage in any union activity during working hours
- To discourage unfair labor practices such as negligence of duty, damage to property and insubordination
- To take prompt action to implement awards, agreements, settlements and decisions.

CODE OF DISCIPLINE IN VARIOUS INDUSTRIES

The Journalist's Code of Ethics

This Journalist's Code of Ethics was unanimously adopted during the founding congress of the National Union of Journalists of the Philippines on July 30, 1988. NUJP members must agree to this covenant, violation of which could mean expulsion from the union. The NUJP's by-laws provide an arbitration mechanism to try violations of this code.

1. I shall scrupulously report and interpret the news, taking care neither to suppress essential facts nor to distort the truth by omission or improper emphasis. I recognize the duty to air the other side and the duty to correct substantive errors promptly. II. I shall not violate confidential information on material given to me in the exercise of my calling.
2. I shall not violate confidential information on material given to me in the exercise of my calling.
3. I shall resort only to fair and honest methods in my effort to obtain news, photographs and/or documents, and shall properly identify myself as a representative of the press when obtaining any personal interview intended for publication.
4. I shall refrain from writing reports that will adversely affect a private reputation unless the public interest justifies it. At the same time, I shall fight vigorously for public access to information.
5. I shall not let personal motives or interests influence me in the performance of my duties, nor shall I accept or offer any present, gift or other consideration of a nature that may cast doubt on my professional integrity.
6. I shall not commit any act of plagiarism.
7. I shall not, in any manner, ridicule, cast aspersions on, or degrade any person by reason of sex, creed, religious belief, political conviction, cultural and ethnic origin.
8. I shall presume persons accused of crime of being innocent until proven otherwise. I shall exercise caution in publishing names of minors and women involved in criminal cases so that they may not unjustly lose their standing in society.
9. I shall not take unfair advantage of a fellow journalist.
10. I shall accept only such tasks as are compatible with the integrity and dignity of my profession, invoking the "conscience clause" when duties imposed on me conflict with the voice of my conscience.
11. I shall conduct myself in public or while performing my duties as journalist in such manner as to maintain the dignity of my profession. When in doubt, decency should be my watchword.

Code of Ethics and Professionalism in the Banking & Finance Industry

The aim of the code is to enable financial institutions, regulatory bodies and their employees to know in clear terms what acts, conducts, omissions and practices are considered unethical, and the appropriate sanctions that would apply for non-compliance with the code. It is expected that this code would bring about discipline and professionalism in the industry.

Unethical Practices/Unprofessional Conduct in Banks Certain conducts are classified unprofessional/unethical under

THE FOLLOWING HEADLINES WHICH INCLUDE BUT ARE NOT LIMITED TO:

***(1)* Conflicts of Interests**

(a) Engaging in extraneous activities which Compete/interfere with or constrain a bank's primary responsibility.

(b) Colluding with third parties to inflate contracts.

(2) Abuse of Trust/Office

(a) Abuse of position and taking advantage of the Institution to enrich oneself.

(b) Inappropriate and unauthorized use of foreign exchange for example, using customers names to procure foreign exchange without their request.

(c) Exploiting the ignorance of unsuspecting customers through excessive/unwarranted charges or unnecessary commissions to boost income

(d) Recommending for employment by a bank a person known to be of bad character or doubtful integrity

(e) Collusion with the banks' customers to divert credit facilities for unauthorized purposes.

(3) Full Disclosure

(a) Lack of appropriate disclosure in dealing with other players and customers in the market place.

(b) Understanding the volume of deposits in order to evade insurance premium, mandatory cash reserve requirements.

(c) Imposition of previously undisclosed charges on customer's accounts

(d) Failure to submit report on dismissed/*terminated* staff to Central Bank of Nigeria and allowing proven fraudulent staff to resign

(e) Failure to submit report on eligible credit to CBN for the CRMS system.

(4) Misuse of Information

(a) Misuse, manipulation or non-disclosure of material information on operation supplied to Regulatory Authorities, in order to derive some benefit or avoid liability.

(b) Running down competitors through deliberate misinformation

(c) Misuse of various financial derivatives

(d) Deliberate rendition of inaccurate returns to the Regulatory Authorities with intent to mislead

(e) Misuse of confidential information gained through banking operations.

(5) Insider Abuse

(a) Meeting re-capitalization requirement other than by actual injection of fresh/genuine funds.

(b) Insiders' conversion of bank's resources to purposes other than business interest

(c) Granting of unsecured credit facilities to Directors in contravention of the provisions of Banks and Other Financial Institutions Act (BOFIA)

(d) Granting of interest waivers on non-performing insider credit without CBN's prior approval as required by BOFIA

(e) Diversion of Bank earnings through the use of subsidiaries or "secret accounts" to deny the bank of legitimate earnings.

(6) Offer and Acceptance of Gratification

(a) Offering/accepting gratification to/by the regulator as an inducement to waive the imposition of penalties arising from failure to comply with laws or regulations.

(b) Applying uneven standards/imposing unfair penalties by the regulator with the intention to induce gratification.

(c) Offering/acceptance of gratification to/from customers and potential customers to do business.

(d) Aiding a customer to evade Tarrrifs and Taxes and to make unwarranted earnings.

(7) Non- Conformity with Standards and Guidelines

(a) Non-Conformity with Nigerian Accounting Standards and Central Bank of Nigeria prudential guidelines in the preparation of financial Statements, resulting in complete or false information.

(b) Preparation of multiple financial statements in order to mislead the monetary and tax authorities.

(c) Association Bankers should not knowingly associate with or do business with People of doubtful character.

(8) Aiding and Abetting

(a) Aiding and abetting the failure of a new staff to meet the financial obligations to a previous employer

CODE OF ETHICS DEFENSE INDUSTRY

Worldwide interest in corporate conduct was initially awakened in the 1980s by scandals in the defense industry and on Wall Street. Companies viewed business ethics as a way of promoting self-regulation and deterring government intervention and regulatory action. Corporate interest quickly led to the "institutionalization" of business ethics programmes, consisting largely of codes of conduct, ethics officers and ethics training. (See, **KPMG, The Age of Ethics** KPMG is the abbreviation for the names of the founding members: Klynveld, Peat, Marwick, Goerdeler. KPMG is a business services firm operating in 155 countries.)

Among the first companies to establish codes of conduct were General Electric, General Dynamics, Martin Marietta (now Lockheed Martin), and other defense contractors. These companies had all experienced procurement scandals (although General Dynamics and Martin Marietta were not formally charged with wrongdoing). Now, the defense sector actively polices itself. In 1986, seventeen contractors signed the Defense Industry Initiative on Business Ethics and Conduct, which declares that each of the companies will review its ethical practices annually.

Naturally, corporate codes of conduct existed prior to the movement of the 1980s. For example, Johnson & Johnson's *Credo* was published in 1943. As early as 1935, General Robert Wood Johnson urged his fellow industrialists to embrace what he termed "a new industrial philosophy". Johnson defined this as the corporation's responsibility to customers, employees, the community and stockholders. According to Johnson & Johnson, the corporation has drawn heavily on the strength of the *Credo* for guidance through the years at no time was this more evident than during the TYLENOL' crises of 1982 and 1986, when the company's product was adulterated with cyanide and used as a murder weapon.

Following the pricing scandals that rocked the defense industry in the 1980s, General Electric became a prime example of an American corporation in need of an image overhaul. In response, the company created a corporate ombudsman's office, originally for the purpose of examining its government defense contracts. The company also drew up a summary of in-house rules on ethical concerns, called *Integrity: The Spirit & the Letter of Our Commitment*, which is 80 pages long and is available in most languages that are spoken in the General Electric worldwide network, including Arabic and Urdu. In early 1993, the office started a network of toll-free help lines for each business unit in the United States. Employees can call the hot lines anonymously to ask questions about the guidelines and to report suspected violations.

NUMBER OF CODES

Although, a number of surveys have been carried out on corporate codes of conduct, it is difficult to estimate how common they actually are. Certainly, codes are very common among those companies that respond to surveys, but the rate of response tends to be low. For example, only 264 companies out of 1900 responded to the **Conference Board survey** in 1991.

However, this survey is important, because it is the only international survey that follows up on the results of a previous survey, conducted in 1987. By and large, the participants were the same companies that had participated in the earlier survey, from the United States (186 companies), Canada (34 companies), India (50) and Europe (40 companies).

FORMATS OF CODES

In the Conference Board survey, the compliance code was the most common code type in all regions. Over 90% responded that their company's statement requires particular types of employee or company behavior. Three-fourths of the responding organizations with codes said their statement is a credo that explains the company's accountability to its key constituencies (e.g. employees, customers and suppliers). Management philosophy declarations are the least common format still, more than half of the companies with codes use this type of statement.

The reports of 1987 and 1991 indicate that code drafting is a dynamic process. Nearly two-thirds of the compliance codes were revised between the two surveys.

In the KPMG survey (251 companies in 1996), 79% of companies with a published code of conduct said that the code is appropriately described as a set

CONTENT OF CODES

All issues

The **Conference Board questionnaire** identified 13 issue areas dealt with in corporate codes.

- Most codes include some formal statement of the company's fundamental principles.
- Nine specific issues in codes were named by more than 66 companies.
- Among these, six relate in some degree to the employee's contract with the company.
- Purchasing guidelines and security of proprietary information.
- Issues focused on employee honesty were the only specific areas of concern cited by over half the code companies.
- Of the remaining human resource-oriented issues.
- Three acknowledge company commitments to the employee (workplace safety, confidentiality of employee records and employee privacy),
- And one focuses on employee obligations (intellectual property safeguards).
- The three remaining major subject areas relate to corporate social accountability for example in environmental, marketing, and product safety responsibility.

Few regional variations in subject matter of codes of discipline

- Codes in the US are more likely to include sections on the security of proprietary information.
- Workplace safety is a more frequent subject of European ethics statements.
- Among Canadian companies, the most common additions related to intellectual property and marketing.
- Indian companies mainly focus on social values issue.

Besides fundamental guiding principles, environmental responsibility was the only issue added in over 10% of the codes. The interest in environmental problems has grown in the last ten years especially among chemical companies.

Member companies of the Chemical Manufacturers' Association have adopted six codes of management practices under the Responsible Care initiative, which was launched in 1988:

1. Community Awareness
2. Emergency Response
3. Pollution Prevention
4. Process Safety
5. Distribution
6. Employee Health and Safety Product

CONCLUSION

The basic motto of this research paper is lying how companies can setup their own code of ethics/ discipline to control the dispute or dissatisfaction in between the organization norms or policy & employee expectation. In covering of these entire factor some more issue are also very important to be considered in future for the improvement of in this important area of organization. The government of India as well as other international organization should provide some international standard, provision or Law to handle the situation effectively.

Issues for future consideration-

- Core labour standards
- Transparency of codes
- Dissemination
- Distribution of codes
- Within the company
- To contractor companies
- Training
- Monitoring of the codes
- Enforcement of the codes

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MANAGING VALUABLE TIME

*Nanita Bhat

ABSTRACT

Time is the most valuable, indispensable, unique and scarce resource. Supply of time is inelastic-time cannot be stored. Everybody in the world is complaining of, "too many jobs- too little time". Time cannot be expanded or accumulated. Hence, time management is a must for all.

Companies routinely squander their most precious resourcethe time of their top executives. In the typical company, senior executives meet to discuss strategy for only three hours a month. And that time is poorly spent in diffuse discussions never even meant to result in any decision.

The price of misused executive time is high. Delayed strategic decisions lead to overlooked waste and high costs, harmful cost reductions, missed new product and business development opportunities, and poor longterm investments. But a few deceptively simple changes in the way top management teams set agendas and structure team meetings can make an enormous difference in their effectiveness.

Efficient companies use seven techniques to make the most of the time their top executives spend together. They keep strategy meetings separate from meetings focused on operations. They explore issues through written communication before they meet, so that meeting time is used solely for reaching decisions. In setting agendas, they rank the importance of each item according to its potential to create value for the company. They seek to get issues not only on, but also off, the agenda quickly, keeping to a clear implementation timetable. They make sure they have considered all viable alternatives before deciding a course of action. They use a common language and methodology for reaching decisions. And they insist that, once a decision is made, they stick to it-that there be no more debate or mere grudging compliance.

INTRODUCTION

Time is your precious resource. It is the most valuable thing you have. It is perishable. It is irreplaceable and it cannot be saved. It can only be reallocated from activities of lower value to activities of higher value. All work requires time and time is absolutely essential for the important relationships in your life. The very art of taking a moment to think about your time before you spend it will begin to improve your personal time management immediately.

Since no one has any more time than anyone else. Using it well is of utmost importance. Although, we all have different personalities, talents and skills, there is one thing each of us has in exactly the same amount, which is time. When we notice that a person seems to accomplish more in a day than three average people, we begin to realize that the problem does not lie with the actual number of hours we have available. Rather the problem lies in how well we utilize the time we have.

TIME AS A RESOURCE

Everyone would agree that time is a resource and a unique one. No one can save it for a rainy day or accumulate it like raw material or money. Machines can be turned off and people can be replaced, but time continues its march at a fixed rate. Time, unlike others, can never be replaced. Time is the scarce resource. Unless it is managed, nothing else can be managed. In industry there are many situations in which return on time provides a more useful criterion for action than return on capital invested.

To achieve maximum success and productivity in the workplace, it is essential that we understand how we use our time at work. Like many things in life, we take time for granted and give little thought to it until we no longer have enough of it. In present day competitive global industrial scenario, Customer is the king. Today customer is much more demanding and to achieve the customer satisfaction, an organization not only need to provide quality products to the customer but also has to ensure the timely delivery of the product. Timely delivery of the product can only be achieved if we seriously acknowledge the fact that time is an important and perishable resource and implement the concept of timely completion of each of the operations that go in for the production of a product from raw material to the final finished product. Timely delivery of the quality product not only satisfies the customer but also helps in achieving the customer's delight.

HOW VALUABLE TIME IS SQUANDERED

A very real constraint on the financial performance of most companies is top management's capacity to reach good decisions quickly. Both quality and pace are important. Obviously, poor decisions made too quickly will lead to actions that destroy shareholder value. But good-even great-decisions made too slowly can depress company performance as

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well. Unfortunately, research shows, few companies manage executive time in a disciplined or systematic way.

In the fall of 2003, the firm, Marakon Associates, collaborated with the Economist Intelligence Unit to conduct a survey of top management team members (the CEO, COO, business unit presidents, managing directors, and so on) from 187 companies worldwide with market capitalizations of at least $1 billion. They wanted to understand how these teams invest their collective time. Specially, they wanted to know how much time top managers spend together as a team and, when they meet, how they set priorities, how they manage the time, and how successful they think they are at reaching important decisions.

Even though the companies that were surveyed compete in different geographic markets and in disparate industries-ranging from telecommunications equipment to wholesale banking to consumer foods-top managers were remarkably consistent in their views of how effective their executive team meetings are. Their findings support what many executives have long suspected-namely, that they spend too much time discussing issues that have little or no direct impact on company value. Even worse, their meetings often fail to produce both the quality and quantity of decisions required to drive superior performance. Specifically, here's what they discovered.

TOP MANAGEMENT TEAMS SPEND RELATIVELY LITTLE TIME TOGETHER

Executives at the companies they surveyed spent an average of 21 hours a month together in leadership team meetings. Moreover, the time they spent in any one meeting was relatively short, seldom more than four hours at a stretch-and less in bigger companies whose management teams were widely dispersed geographically. Given the importance of the top team's decisions to company value, it's clearly imperative that such limited time is used wisely. Sadly, that was hardly the case.

AGENDA SETTING IS UNFOCUSSED AND UNDISCIPLINED

At half the companies surveyed, top management's agenda was either exactly the same from meeting to meeting or adhoc. In fact, when asked how they set meeting priorities, most executives said they were driven by the crisis of the moment ("We have a production problem in Unit A; therefore, this month we will focus top management on unit A"); historical precedent ("Every November, we review our human resource policies"); or egalitarianism ("Everyone in the room will get his or her chance to speak").

In many companies, the problem is compounded by the fact that no one is explicitly responsible for managing the leadership team's agenda. So the process for getting important matters in front of top management can be inefficient, even sloppy. One firm in our sample, for example, set top management's agenda through what is described as a "first in, first on" process-where the CEO's secretary set the agenda by adding topics as they were phoned in by executive team members. Not surprisingly, too many items frequently ended up on the agenda and, consequently, the team often ran out of time before it could address key items.

Less than 5% of survey respondents said their company had a rigorous and disciplined process for focusing top management's time on the most important issues. The results are all too predictable. The urgent crowds out the important and meetings end late, frustrating team members, or-worse- yet-end on time without reaching important decisions. In effect, top management delegates many of the company's most important issues to lower levels in the organization- to individuals ill equipped to deal with the problem's underlying complexity and poorly placed to see the larger ramifications of their decisions. Such decisions often conflict, as a strategy chosen by one unit works against the strategy chosen by another, slowing execution and undermining performance.

TOO LITTLE ATTENTION IS PAID TO STRATEGY

It's probably not surprising, given the adhoc way meeting priorities are set at most companies, that top management spends less than three hours a month discussing strategy issues (including mergers and acquisitions) or making strategic decisions. In fact research reveals, as much as 80% of top management's time is devoted to issues that account for less than 20% of a company's long-term value. At one global financial service firm in survey, for example, a senior line executive reported that top executives spent more time each year selecting the company's holiday card than debating the bank's strategy for the entire continent of Africa (where they had made significant capital investments). They are hardly exceptional: the exhibit "Where the Time Goes" gives a detailed breakdown of how a typical top management team spends its time.

Where the Time Goes

Here's how, on average, top management team spend their time together in any given year; only 15% is devoted to strategic issues.

Total top management time	**250 HOURS PER YEAR**
Minus:	
Operating performance reviews	**62 Hours**
Crises of the moment	**27 Hours**
Administrative issues and policy	**22 Hours**
Workforce issues	**22 Hours**
Corporate governance	**18 Hours**
Financial policy	**14 Hours**
Investor communications and guidance	**12 Hours**
Team building	**11 Hours**
Succession planning	**10 Hours**
Litigation	**6 Hours**
Community service and social responsibility	**6 Hours**
Others	**3 Hours**
Total nonstrategy time	**213 Hours**
***time left over for*:**	**37 HOURS PER YEAR**
Strategy development and approval	**3 HOURS PER MONTH**

Source: Harvard Business Review (2004)

SEVEN TECHNIQUES FOR EXPLOITING VALUABLE TIME

Serious as they are, the problems as above described can be fixed. At a number of companies-ABN AMRO, Boeing, Cadbury Schweppes, Gillette, Lloyds TSB- executives have found ways to improve teamwork at the top. Leaders spend their time together addressing the issues that have the greatest impact on the company's long- term value. The top management team employs rigorous processes to produce high quality decisions at pace. As a result, these firms have generated better financial performance and higher rates of value growth than their competitors.

To make the most of the limited time that top management spends together each year, executive's at the most successful companies use following seven common techniques to manage their agendas and achieve superior value growth.

DEAL WITH OPERATIONS SEPARATELY FROM STRATEGY

Reviewing operating performance and making strategy decisions are distinct activities, requiring different modes of discussion and different mind-sets. Research suggests that the most successful companies hold separate meetings for each purpose. This prevents day-to-day operations from dominating the leadership team's agenda and frees up time for substantive strategy debates. Dutch banking giant ABN AMRO has taken this approach as part of its new management framework.

In the early 1990s, the bank's managing board-comprising the chairman and the top five executives-spent most of its time reviewing loans and discussing day-to-day operations. That wasn't a problem in those days, when ABN AMRO had what Rijkman Groenink, the managing board chairman, describes as "the luxury of capital and talent." Back then, he recalls, "the bank faced no real capital constraints and few important resource trade-offs." Thus the board spent very little time, if any, debating strategy or making resource allocation decisions. But when Groenink became chairman in May 2000, ABN AMRO faced significant resource constraints. Global financial markets had consolidated, and stiff competition emerged from the likes of Citigroup, J.P. Morgan Chase, and ING. Confronted with this new reality, Groenink believed ABN AMRO needed "a new and more-disciplined approach to resource allocation."

An important element of Groenink's approach was to transform the managing board into a decision-making body that truly had clear authority and could be fairly held accountable for the bank's performance. This transformation required fundamental

Changes in both the timings and the structure of board meetings. Whereas historically the board met twice a week for three hours to discuss the bank's operations, under the new framework it meets only once a week to discuss operations and then once a month-for a full day-to debate strategy and make important resource allocation decisions. The new meeting calendar reduces the time board members spend together each month (from 24 to 22 hours). But it significantly increases the time dedicated to strategy-from as little as one hour a month to as much as ten.

Since then, ABN AMRO has drastically improved the effectiveness of its board meetings. The clear delineation between operations time and strategy time allows the board to focus each session and perform both roles better. To improve operating reviews, the bank has installed advanced information and performance-reporting systems that allow the team to monitor results and debate operating issues on an exceptions basis. That has left the board free to adopt many of the other improvements to its strategy sessions that will be discussed below.

FOCUS ON DECISIONS, NOT ON DISCUSSIONS

The changes needed to focus a leadership team's meetings more intensely on decision making can seem almost surprising innocuous. At British confectionary and beverage giant Cadbury Schweppes, for example, the chief executive committee approves the company's strategy and investments. The CEC meets for two full days six times a year to debate important strategic and organizational issues. Two small changes have had a big impact in the quality and pace of this group's decision-making capabilities.

First, since 1997, all reading materials have been distributed to participants at least five days before each CEC session. Whenever possible, standard templates are used to display important financial, market, and competitor information. This gives each CEC member time to carefully review materials before the meeting and quickly get up to speed on important issues. Secondly sheet is included with all materials specifying precisely why people are being asked to read them-for information purposes only, for discussion and debate (in which case, the key issue are highlighted).or for making a decision and deciding a course of action.

Since the purpose of each agenda item is clearly indicated and all materials are reviewed in advance, CEC members can devote meeting time to making decisions on important issues rather than to having those issues explained in lengthy PowerPoint presentations. What's more, the structure imposed by the standard cover sheet has encouraged Cadbury Schweppes executives to deal with many matters outside the meetings-to find other ways to review materials marked "for information purposes" only and to gather input from CEC members before meetings on items marked "for discussion and debate." This reserves even more meeting time for items labeled "action and decision."

MEASURE THE REAL VALUE OF EVERY ITEM ON THE AGENDA

If top managers were presented with five issues, and they knew that resolving one would create 20 times more value than dealing with the other four combined, they would naturally spend their time addressing the issue of highest value. Of course, the importance of agenda items is rarely labeled so explicitly. As a result, top executives risk wasting valuable time on trivial issues and postponing important decisions, sometimes indefinitely.

Successful companies prioritize the problems and opportunities on top management's agenda according to the "value at stake"-that is, according to the impact that resolving each issue will have on the company's long-term intrinsic value (the net present value of the company's future cash flows discounted at the appropriate risk-adjusted cost of capital). This can be done through a broad sensitivity analysis using the company's valuation model; numeric precision is not the object of this analysis, only a general understanding. Typically, lower levels of the organization should address the low value-at-stake issues. Conversely, high value at-stake issues should always be on the top management's agenda irrespective of organizational boundaries. Identifying items according to their strategic value makes top management's agenda the critical tool in driving company performance and translating strategy into action.

Roche, the Swiss drug and diagnostic product maker, is one company that uses this approach particularly effectively. CEO Franz Humer has created a "decision agenda" comprising the ten most important opportunities and problems the company faces.

A disciplined process is used to create and update the agenda in which the value at stake is quantified for each issue. All together, work on those ten items takes up more than half of the chief executive committee's time each year. By focusing top managers' time on Roche's highest value issues in this way, Humer has transformed the quality and pace of strategic decision making at the company.

GET ISSUES OFF THE AGENDA AS QUICKLY AS POSSIBLE

Companies that focus top management on growing long-term value have just as rigorous a process for getting issues *off* the agenda as they do for getting the right on it in the first place. In other words, once the right issues are on management's agenda, it's imperative that the team have a clear way to resolve them. Such a process must include an unambiguous timetable, detailing when and how team members will reach a decision on each issue and who must be involved in approving the final strategy.

PUT REAL CHOICES ON THE TABLE

Once the right issues are on the table and the clock is running, the most important requirement for effective strategic decision making is to present viable options. After all, management can't make choices if it doesn't have real alternatives. Management needs to have at least three alternatives before any strategy should be discussed or approved. These must be real alternatives-not just minor variations on a single theme. But research suggests that this practice is the exception rather than the rule at most companies. Only14% of the executives surveyed were consistently presented with any alternative strategies.

Perhaps no executive has used alternatives more effectively to drive breakout performance than Brian Pitman, former chairman and CEO of the British retail bank Lloyds TSB. Under his leadership, the bank's market value increased an incredible 40-fold from 1983 to 2001. Pitman would tell his executive team: "There is always a better strategy; we just haven't thought of it yet." Accordingly, he would insist on seeing at least three alternatives from every Lloyds TSB business before approving that business's strategy. "To be confident of what you are accepting," he would say, "you have got to understand what you are rejecting." By forcing a constructive debate about alternatives, Pitman drove a number of fundamental changes in the bank's strategy, impelling the company to exit international markets, establish a low-cost position, and initiate a drive to deliver truly superior customer service. Under his leadership, the search for alternatives was relentless. Separating the generation of strategic alternatives from their evaluation and approval improves the ultimate selection process. When top managers are confident that all alternatives have been thoroughly evaluated, they are much more willing to choose a course of action and allocate the necessary resources- in effect, to make a final decision. There's less chance of rework and the ultimate choice is more meaningful.

ADOPT COMMON DECISION-MAKING PROCESSES AND STANDARDS

Some top management teams find it difficult to accelerate the pace of decision making without sacrificing quality, but there are ways to avoid that trade-off. Even if they can't make each decision any faster, they can reach more decisions in the same amount of time by considering more issues in tandem. To do so, companies with superior decision making capabilities use a common language, methodology, and set of standards for making decisions. This lets them address many issues at once-often outside the team meetings. Individual decisions may not be made any faster in this way, but the team will be able to reach many more decisions each year.

Barclays is a case in point. Barrett believes that much of the improvement in the bank's performance under his leadership has come from increases in both the quality and the quantity of executive committee decisions, which were made possible by a common language and decision making methodology.

All strategic decisions need to be subjected to three tests. They must be fact based, alternatives driven, and consequential. By "fact based," I mean that opportunities must be identified through a clear understanding of how each business creates (or could create) shareholder value. Strategic and financial information (the "facts") must be provided to show that there is sufficient value at stake to justify CEO consideration. By "alternatives driven," I mean simply that before any recommendation is made, at least three alternatives must be presented to the CEO for scrutiny and debate. "Consequential" means that after a decision is reached, it has to be embedded in a business's operating plan, and its subsequent performance must be carefully monitored. Establishing these common standards has effectively expanded the executive committee's capacity to make decisions without sacrificing their quality.

MAKING DECISIONS STICK

Often, the biggest challenge a top management team faces is agreeing on what it agreed to in the meeting. Indeed, unless strategic decisions are translated into something tangible, they can become subject to reinterpretation or, even worse, fall victim to the silent veto.

Like Barclays, several successful companies like ABN AMRO, Alcan, and Cadbury Schweppes make the strategic decision making process consequential by tying resource allocation to strategy approval.

This process makes strategic decisions stick in two ways. First, it forces companies to be clear about what the final decision is. If there is ambiguity about the resources required to execute the strategy or about what results should be expected over time, the leadership team can withhold its approval until those things are nailed down. In effect, tying decisions to resources means the leadership team must formally approve each business unit's strategy. Second, performance contracts make strategy delivery easier to track. A business unit's performance can be monitored relative to the terms of its contract. If the business fails to deliver its contracted level of performance, then the strategy goes back on top management's agenda for re-evaluation and eventual course correction. The business units and top management are left with little room for doubt or reinterpretation.

CONCLUSION

If more companies recognized that top management's time was their most precious resource, we would see many more of them adopting the practices just described. Strategic planning would be a matter of ensuring that the top management team focuses on the most important issues, consider all viable alternatives, and make the best possible choice in the shortest period of time. Meeting agendas would be systematically managed and continually refreshed so that the right issues came on-and off-the agenda as quickly as possible. In short, strategic planning would be designed to exploit valuable time and drive more and better decisions faster.

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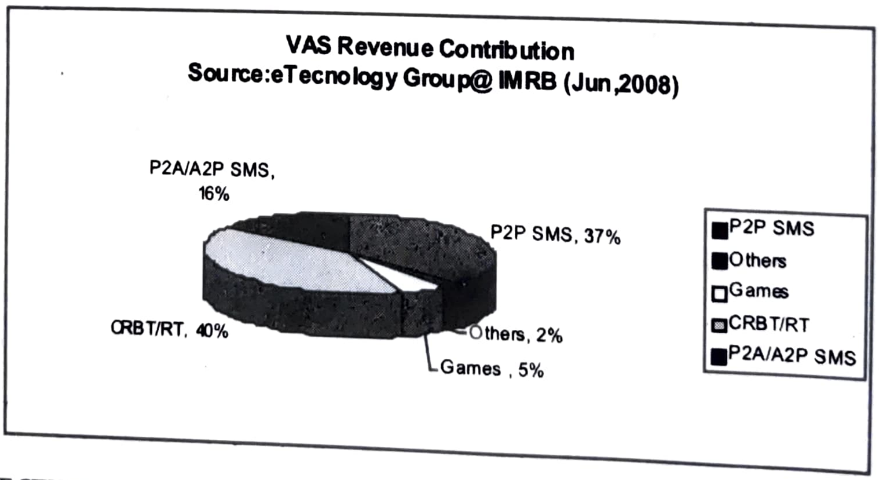
CUSTOMERS' ATTITUDE TOWARDS VALUE ADDED SERVICES PROVIDED BY MOBILE OPERATORS

*MANISHA GUPTA

INTRODUCTION

The Indian telecommunications industry is one of the fastest growing in the world. According to the Telecom Regulatory Authority of India (TRAI), the number of telephone subscriber base in the country reached 653.92 million as on May 31, 2010. With this the overall tele-density (telephones per 100 people) has touched 55.38. The wireless subscriber base has increased to 617.53 million at the end of May 2010 from 601.22 million in April 2010, registering a growth of 2.71 per cent. The dominant players in telecom are Airtel, Reliance, Vodafone, BSNL (state owned), Idea and Tata. Reliance and Tata offer CDMA technology while all the other players are in the GSM space. GSM has a 83% share of subscribers and now even Reliance and Tata have launched nation-wide GSM services. Apart from the current players, there are several new players like Aircel, Unitech-Telenor, Shyam-Siestema, Etisalat that have got the license and spectrum to launch mobile services in several telecom circles. Shyam-Siestema is the only player to launch CDMA services while all the new operators are in the lucrative GSM space. India is a predominantly prepaid market (93% of all subscribers are on prepaid) with low Average revenue per user (ARPU) and high minutes of usage (MoU).

VALUE-ADDED SERVICES (VAS) in telecom industry are all the services beyond standard voice calls and fax transmissions. Value-added services are supplied either in-house by the mobile network operator themselves or by a third-party value-added service provider (VASP), also known as a content provider (CP). For mobile phones, technologies like SMS, MMS, GPRS, 3G are usually considered value-added services. Mobile phones today have moved beyond their fundamental role of communication and have graduated to become an extension of the persona of the user. We are witnessing an era when users buy mobile phones not just to be in touch, but to express themselves, their attitude, feelings & interests. Customers use their cellular phones to play games, read news headlines, surf the Internet, listen to music, and check their bank balance. Thus, there exists a vast world beyond voice that needs to be explored and tapped and the entire cellular industry is heading towards it to provide innovative options to their customers. As per an industry report, VAS that accounts for 10-12 per cent of the telecom operator's revenue is expected to reach 20 per cent growth by 2013. With increase in cellphone users to more than 600 million and introduction of 3G services soon in the country, remote treatment and diagnosis of patients through mobile phones would become a reality in the near future. A few telecom operators and value-added service developers are planning to use mobile phones for diagnostic and treatment support, remote disease monitoring, health awareness and communication.
The mobile VAS market contribution of some of the services is given below-
P2P: Person to Person SMS
P2A & A2P: P2A (Person to Application) SMS
Ringtones/CRBT (Caller ring back tones)



OBJECTIVES OF THE STUDY

The study has been conducted to achieve the following objectives:

- To study the usage pattern of value added services by the selected respondents.
- To analyze the attitude of respondents towards value added services.
- To identify the preferable value added services which the respondents would like to avail.

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RESEARCH METHODOLGY

The investigation has been designed to study the customer's attitude towards different Value Added Services offered by mobile operators. In order to fulfill the research objectives, research methodology consists of the following sections:

SAMPLE SIZE

The present study has been conducted with a sample of 100 respondents. The respondents have been selected from Lucknow. The sample consists of male and female respondents of different age groups and varied educational qualification and belonging to different occupation.

SAMPLE PROFILE

Table 1 shows the profile of the respondents with respect to gender, age, education level, occupation and income. Analysis of sample profile in Table 1 reveals the following data:

- The study is based on the responses from male as well as female respondents. The percentage of male and female respondents is 57% and 43% respectively.
- The respondents have been classified into four age categories. The highest percentage of respondents (44%) belong to the age group below 30 and the lowest percentage of responses are (4%) to the age group of above 50.
- The table shows that 46 % of the respondents are graduates and 45% are post-graduates and professionals.
- On the basis of occupation, the maximum responses are from service sector (39%), followed by students (26%) and professionals (22%)
- Further, the respondents are having annual income i.e. (29%) with above 3 lacs, (28%) with less than 1 lac and (27%) with 2 lacs 3 lacs.

Table 1: Sample Profile

Sl.No.	PROFILE FACTOR		PERCENTAGE OF RESPONDENTS
1.	Gender	Male	57
		Female	43
2.	Age (in Years)	Below 30	44
		31-40	39
		41-50	13
		Above 50	4
3.	Education Level	Non- Graduate	9
		Graduate	46
		Post- Graduate	27
		Professional	18
4.	Occupation	Student	26
		Service	39
		Business	11
		Professional	22
		Retired	2
5.	Income p.a. (in Rs.)	Less than 1 lac	28
		1 lac- 2 lacs	16
		2 lacs- 3 lacs	27
		Above 3 lacs	29

COLLECTION OF DATA

The sample has been selected using convenience sampling method. The questionnaire method has been adopted for collection of primary data for the current study. A questionnaire consists of a number of questions in a definite order. The questionnaire is given to respondents using mobile services. They are expected to read and understand the questions and write down the reply. Secondary data has been collected from various sources such as journals, books and websites.

LIMITATIONS OF THE STUDY

- The numbers of respondents were relatively small.
- The study was carried out at the micro level, concentrating on the customers of Lucknow region.
- Convenience sampling technique was applied in the selection of respondents.

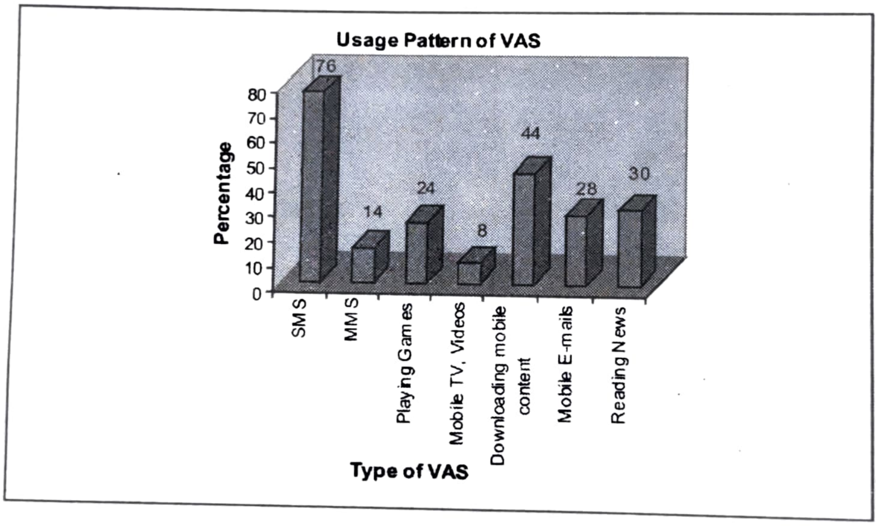
RESULTS AND DISCUSSION

As per the objectives of the study, the responses obtained through questionnaire have been analyzed. The findings of the study are represented as follows:

- The study depicted that majority of respondents i.e.76% use VAS in form of SMS. It is followed by downloading mobile contents i.e. 44%

Table 1: Usage Pattern of VAS

Type of VAS	Percentage
SMS	76
MMS	14
Playing Games	24
Mobile TV, Videos	8
Downloading mobile content	44
Mobile E-mails	28
Reading News	30



- The study shows that majority of respondents i.e. 70% use VAS on a daily basis followed by respondents using VAS on weekly basis i.e. 22%

Table 2: Frequency of using VAS

Frequency	Percentage
Daily	70
Weekly	22
15 days	5
Monthly	0
Rarely	3
Total	100

- The study found that majority of respondents agrees that VAS enhances their mobile experience. It is observed that 68% respondents agree to this.

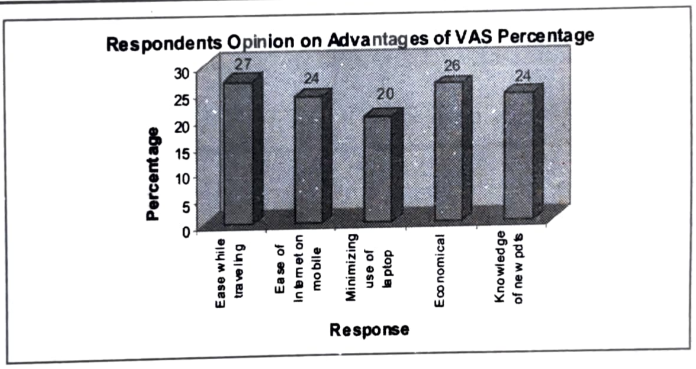
Table 3: VAS as a tool of enhancing mobile experience

Response	Percentage
Strongly Agree	28
Agree	40
Neutral	13
Disagree	4
Strongly Disagree	15
Total	100

- The study depicts that respondents treat VAS as a tool that helps in ease of access while traveling (27%), ease of using Internet on mobile (24%), minimizing the use of laptop/ desktops (20%), economical (26%) and knowledge about new products & services (24%)

Table 4: Respondents Opinion on Advantages of VAS

Response	Percentage
Ease in access while traveling	27
Ease of using Internet on mobile	24
Minimizing the use of laptop/desktop	20
Economical	26
Knowledge about new products/ services	24



- The study found that 39% of respondents would change their mobile operator if provided with better VAS and 45% of respondents would not change their mobile operators if provided with better VAS.

Table 5: Respondents opinion on changing mobile operator if provided with better VAS

Response	Percentage
Yes	39
No	45
Will think	16
Total	100

"The study evaluated the preferences of customers for different services provided by mobile operators. The majority of respondents i.e. 65% prefer low call charges.

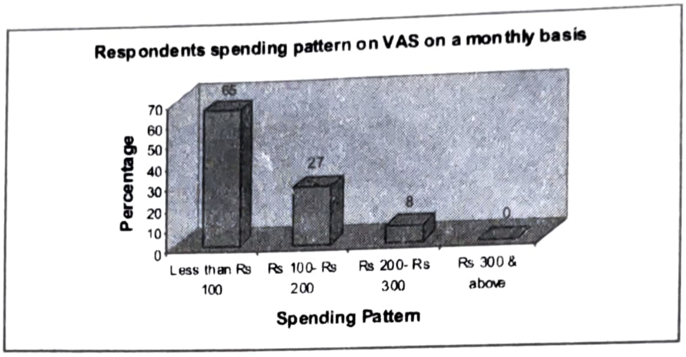
Table 6: Respondents opinion regarding preferences for different services provided by mobile operators

Preferences	Percentage
Low call charges	65
Low SMS charges	12
Low Internet charges	14
Low downloading charges	9
Total	100

"The study found that majority of respondents i.e. 65% spend less than Rs.100 per month on VAS.

Table 7: Respondents spending pattern on VAS on a monthly basis

Spending Pattern	Percentage
Less than Rs 100	65
Rs 100- Rs 200	27
Rs 200- Rs 300	8
Rs 300 & above	0
Total	100



"The study shows that majority of respondents i.e. 74% state that they would move from GPRS technology to 3G technology by paying some extra money.

Table 8: Respondents attitude towards shift from GPRS to 3G technology

Response	Percentage
Yes	74
No	16
Will think	10
Total	100

FINDINDS AND SUGGESTIONS

- As the study reveals that respondents usage of VAS is majorly in the form of SMS (76%) and downloading mobile content (44%). It also suggests that the majority of respondents (65%) spend less than Rs.100 on a monthly basis on VAS. Thus, the telecom companies should focus on designing different packs charging around Rs.100 for downloading mobile content.
- The study suggests that 70% respondents use VAS on a daily basis. It also reveals that 68% respondents agree that VAS enhances their mobile experience. Thus, VAS forms an important part of individuals using mobile. Hence, mobile operators can differentiate themselves by providing better VAS and make their services an integral part of customers life.
- The study reveals that 39% respondents are willing to change their mobile operators if provided with better VAS. Thus, the mobile operators can launch campaigns wherein they can offer attractive VAS facilities to the customers as well as educate them regarding different uses of VAS.
- The study reveals that 74% respondents would move to 3G technology from GPRS. Thus, the mobile operators can persuade the customers to shift to 3G by providing exclusive offers to them.

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Bacteriological quality of the Gomti River Water in Lucknow and its neighbouring district from 2008 to 2009 at different sites

***Dr. Syed Makki Husain**
****Mrs Rachna Srivastava**

ABSTRACT

A study was undertaken to assess the bacteriological quality of Gomti River water in Sitapur, Lucknow and Barabanki. Samples were collected from the five sites; Neemsar (S_1), Gaughat (S_2), Mohan Meakin (S_3), Pipraghat (S_4) and Barabanki (S_5). The samples were collected from each site monthly in a sterilized glass bottle and analyzed by multiple tube method, presumptive at 35°C Mackonky Broth, Confermatory at 35°C. Brilliant Green Bile Broth Fecal confirmations at 44°C Brilliant Green Bile Broth. Bacteriological analysis revealed that the Pipraghat (Site-4) was the most polluted site followed by Mohan Meakins as the maximum counts range upto 10^7 MNP/100 ml.

Key Words River Water, Bacteriological quality, City Waste, Fecal Contamination, Most probable number (MPN)

INTRODUCTION Bacteria are considered to be present everywhere in most of the biotic and abiotic components of atmosphere including underground strata. Natural commodities such as air, water, soil, and raw food items essential for life are usually contaminated with variety of bacterial species and some of which are pathogenic to human beings and other animals. Most of the health problems affecting the developing countries like India can be ascribed to lack of wholesomeness of available water sources. The intake of poor quality, untreated water have been reported by Craun et al-1975 to be the primary cause of outbreak of several water born diseases, among which gastroenteritis, cholera, dysentery and typhoid are most common. Apart from the physical and chemical characteristic, the quality of water sources depends on its biological characteristics.

According to the prescription given by the National Sanitary Foundation (NSF), fecal coliform is one among the nine important parameters, which plays an important role in the determination of quality of a particular water system. The sensitivity of the parameter is known from the fact that the water with fecal coliform count above 200 colonies/100 ml is very bad and unfit for human use, even if the water quality index value is above 90 Bacteriological contaminations of water in India has been reported by various workers (Bhattacherjee, J.W. er-al 1989) (Kumars et-al 1991), (kausik et-el 1964), Narayana and Rao 1981 and Sharma et-al 1994.

The river Gomti serves as a major source of drinking water for Lucknow city, the state capital of UP with the population of about 3.5 million throughout its stretch. Several small tributaries and waste water industrial effluents from Lakhimpur, Sitapur, Lucknow and Barabanki towns and industrial units go to the river. Industrial units are present in the catchment area of the river and the Gomti receives the untreated waste water and effluents (Gaurel-al 2005) (R Agarwal et-al 2007)

STUDY AREA The study area is located from Sitapur (Neemsar) district to Barabanki district (Barabanki D/S). The first site i.e. Neemsar is 100 km from mid Lucknow and last site i.e. Barabanki is 45 km away from mid Lucknow. There are five sampling site Neemsar, Gaughat, Mohan Meakins, Pipraghat and Barabanki alongwith Gomti river.

MATERIAL AND METHODS Five sampling sites were selected for bacteriological investigation of which one site from Sitapur, three from Lucknow city and one from Barabanki. From each site, sampling was collected during Jan 2008 to March 2009. Each site comprised of three sampling points and composite water samples were collected in 2000 ml sterile reagent bottles. Out of the three sub-sampling sites, two were selected from each side of the river and the remaining one from the centre of the river. Samples were brought to the laboratory without any delay under cold condition (4°c) and analyzed immediately. The total coliform and fecal coliform counts were estimated following the multiple tube fermentation technique as per the standard methods (APHA, 1995).

Table 1 - Location Sampling Stations

Sl. No.	Location	District	Distance from Lucknow city	Reference of Sampling State
1.	Neemsar	Sitapur	100 Kms	S1
2.	Gaughat	Lucknow	05 Kms	S2
3.	Mohan Meakins	Lucknow	01 Kms	S3
4.	Pipraghat	Lucknow	07 Kms	S4
5.	Barabanki	Barabanki	45 Kms	S5

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RESULT AND DISCUSSION Our results for bacteriological quality of river water showed seasonal variation of coliform counts. Monthly data on the counts of bacterial population (Total coliforms, fecal coliforms and streptococcus coliforms) in terms of their most probable number per 100 ml (MPN/100 ml) in Gomti river water at all the different sites are presented in following figures coliforms in the Gomti river at different locations during the study period are shown in the figures 1,2,3. The seasonal mean and range of the bacterial population are also shown in the following figures. Temporal variations of the logarithmic values of the total fecal and streptococcus coliforms (MPN/100 ml) in the river water during the year at different location are shown in figure 4. Over all the bacterial population in Gomti river water is excessively high at Pipraghat (S_4) followed by the Mohan Meakins (S_3) as the maximum counts range upto 10^7 MPN/100 ml. Samples showed high coliforms counts in the rainy season and low in summer. The total coliform count in river water ranged from 10^2 to 10^7 MPN/100 ml for drinking (ISI 1982). The fecal coliform counts in river water were found high in making the water very bad and unfit for drinking. This high coliform counts may be due to the local drain and run off water from near by areas, unhealthy practices including feacation and animal bathing as well as unscientific and unethical disposal of domestic and industrial garbage. Similar observation have been reported from different parts of the country by various workers such as Bhatia and Dave (1980) Ras-et-al (1986) Kausik et al (1963) Kumar and Sohalc 1990 Aboo et al (1968) Phirke et al 1969 (Jais et al 1993) and Sharma at al 1994. The decreasing trends of counts were observed at down stream of Barabanki. The high bacterial counts in the Lucknow river and discharge of huge amount of untreated city water.

Further, almost 100% water samples during the year in Gomti river water at different locations during the study period showing high coliform counts (MPN/100 ml) exceeding the permissible limit of 50 MPN/100 ml. The monthly data on bacterial Fc/Fs ratio of greater than 4 (in about 7% samples) suggests for human fecal contaminations of the river water.

Fig. 1 (a) temporal variation of Total Coliform in Gomti river water

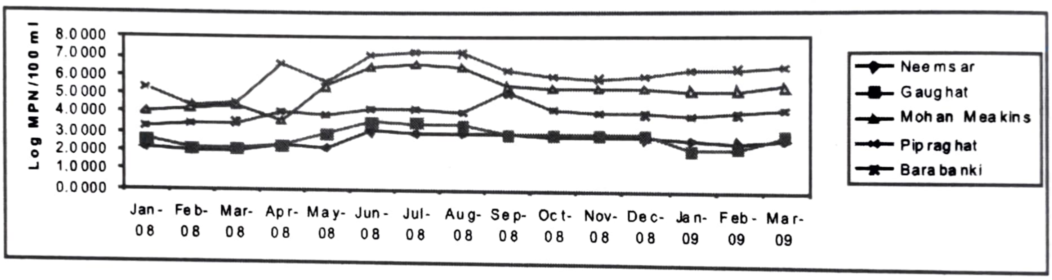


Fig. 1 (b) Seasonal mean variation of Total Coliform in Gomti river water at different sites

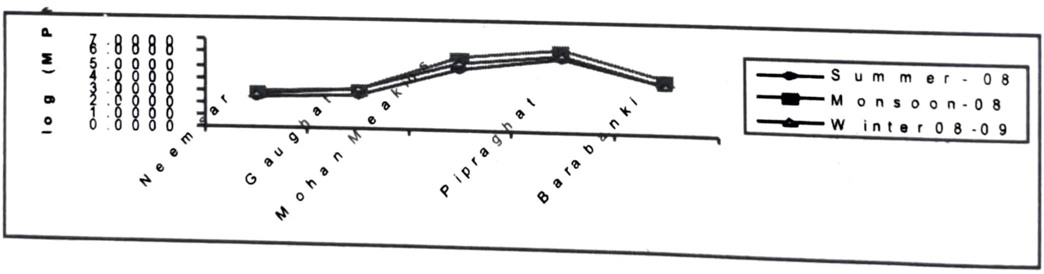


Fig. 2 (a) temporal variation of Faecal coliform in Gomti river water

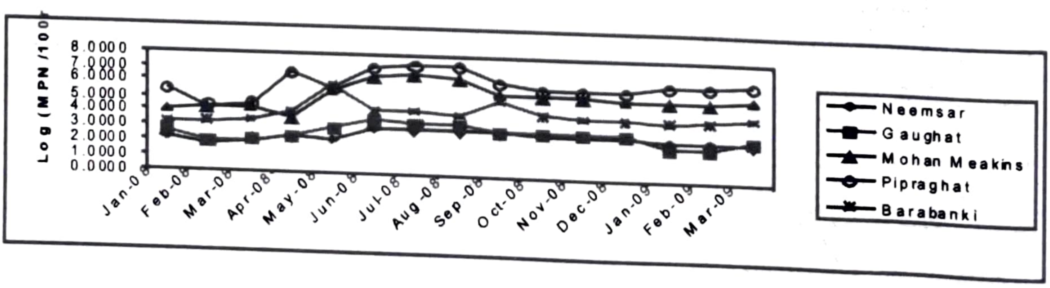


Fig. 2 (b) seasonal mean variation of Faecal coliform in Gomti river water at different sites

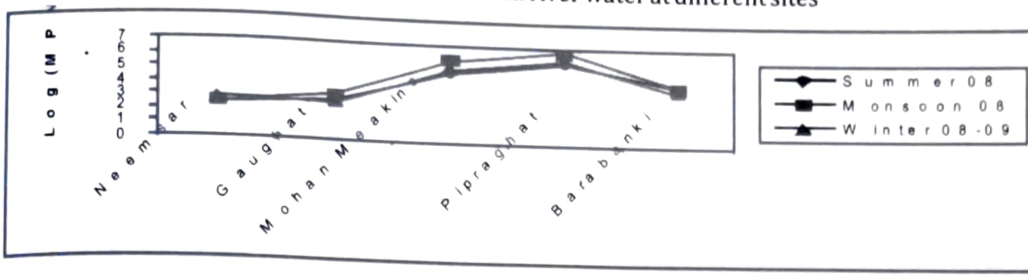


Fig. 3 (a) temporal variation of Strepto coliform in Gomti river water

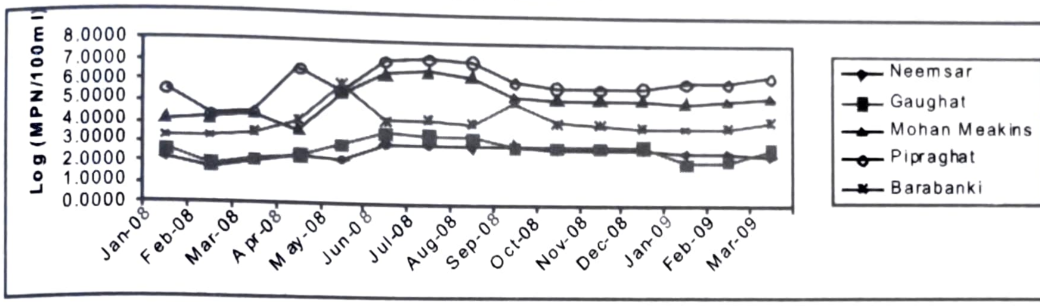


Fig. 3 (b) seasonal mean variation of strepto Coliform in Gomti river water at different sites

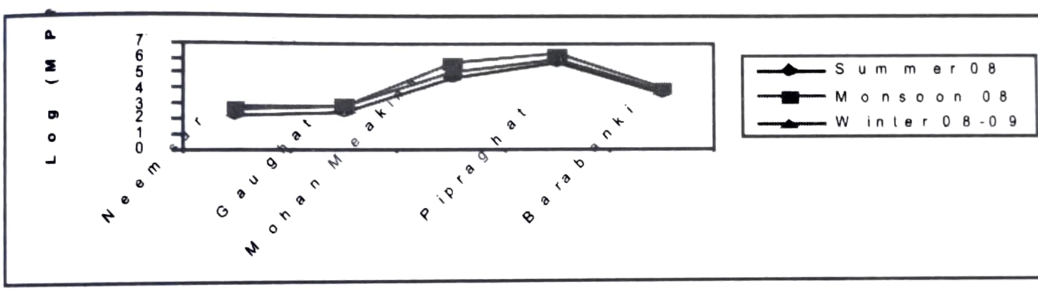


Fig. 4 (a) temporal variation of Fc/Fs in Gomti river water

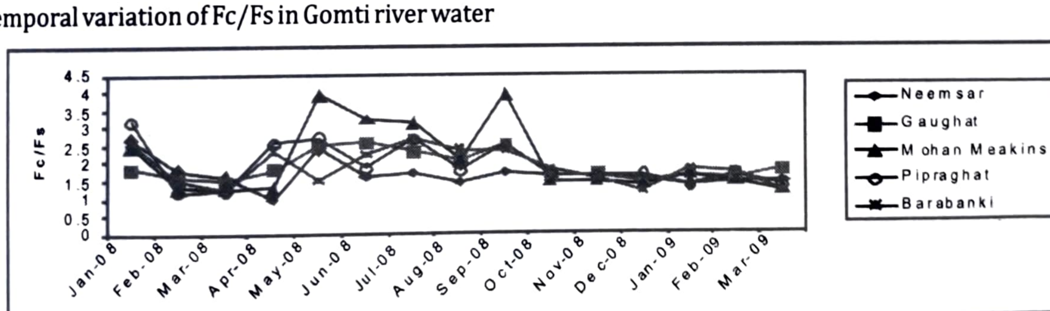
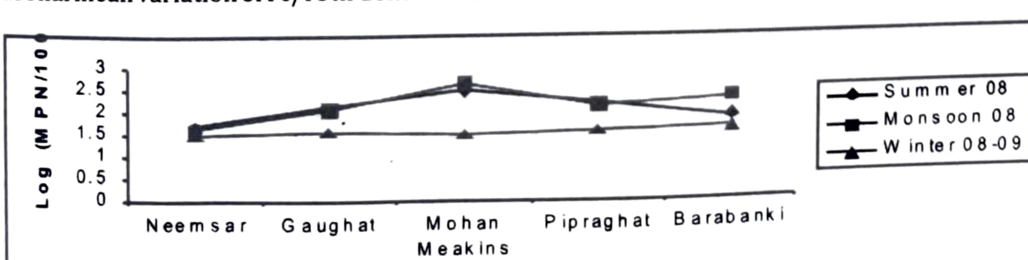


Fig. 4 (b) Seasonal mean variation of Fc/Fs in Gomti river water



CONCLUSION - The river water in the studying area are found unfit for drinking and bathing for having high coliform counts. Prior treatment of water is recommended before using it for drinking and other human requirements.

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ICT: An Efficient Tool for Right to Information

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ABSTRACT

In order to ensure greater and more effective access to information, the parliament enacted the Freedom of Information Act in 2002. The government of India decided to repeal the Freedom of Information Act, 2002 and to enact another law for providing an effective framework for enhancing the Right to Information. The new law enacted by central government came to be known as Right to Information Act, 2005. Experts feel that as the Act aims at making the government transparent and more accountable, the effective use of it would, in a long run, curb corruption. The constitution of India has established a democratic Republic in which the Article 19 of the constitution provides the right to information to all citizens of India. It is because democracy requires an informed citizenry and transparency of information which are vital to its functioning. Freedom of information and the resulting power to make informed decisions are bedrocks of liberal democracy, essential tools for active citizen participation and the foundation of dominant ideas for better life, such as that of an open society.

INTRODUCTION

Everyone has the right to freedom of opinion and expression; the right includes the right to hold opinions without interference and to seek, receive and impart information and ideas through media regardless of frontiers.

-Universal declaration of human rights: Article 19

In India after attaining the independence, the liberal democratic political system with a written constitution include rule of law, social justice, development, adult franchise, periodic election. Multi-party system has come into existence for the transparent functioning of the democratic politic system, the founding fathers of the constitution included the provision of the right to expression in part three of the constitution in the fundamental right. For Right to information act, there have been efforts since 1996 onwards. The national campaign for people's right to information was founded in 1996. Its founding members included social activists, journalists, lawyers, professionals, retired civil servants and academicians, and one of its primary objectives was to campaign for a national law facilitating the exercise of the fundamental right to information.

In response to the pressure from the grassroots movements, national and international organizations, the press council of India drafted a model bill that was later updated at a workshop organized by national institute of rural development and sent to the government of India, which was one of the reference papers for the first draft bill prepared by the government of India.

For some political and other reasons the bill could not be taken up by the parliament. In order to ensure greater and more effective access to information the parliament enacted the Freedom of Information Act in 2002. But it was not found effective due to many loopholes. So the National Advisory Council suggested certain changes in the existing law to make it more progressive, participatory and meaningful. After studying this suggestion, the government of India decided to repeal the Freedom of Information Act, 2002 and to enact another law for providing an effective framework for enhancing the Right to Information. The new law enacted by central government came to be known as Right to Information Act, 2005.

The constitution of India has established a democratic Republic in which the Article 19 of the constitution provides the right to information to all citizens of India. It is because democracy requires an informed citizenry and transparency of information which are vital to its functioning. To control the corruption in administration and to hold government and their agents accountable, it is essential that citizens are given adequate information about its functioning. The new act received the assent of President of India on 15th June, 2005. And it was enforced on 12th October, 2005. The law is applicable to whole India except Jammu and Kashmir. The new law includes establishment of an appellate machinery with investigation power to review decisions of the public information officers, penal provisions for failure to provide information as per by law, provision to ensure maximum disclosure.

Since June 2005, when Right to Information Act, was passed, it has been hailed as the hallmark of democracy for the reasons that it purports to make, as regards government information, disclosure the norm and secrecy as the exception. Experts feel that as the Act aims at making the government transparent and more accountable, the effective use of it would, in a long run, curb corruption. It was not the case of fighting corruption at high power centre, which might affect the economy of the nation in a big way. It was a fight for protecting the bare minimum needs of small people from small corruption of petty officials, which became a life and death question for villagers. This was not a new right conferred on citizens, but was an essential part of our Fundamental Rights about which we were ignorant. The Right to Information Act is only a codification of a fundamental right of citizens, to implement and enforce it.

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It is the means through which we can make our freedom of expression a meaningful right. If we do not have information on how our government and public institutions function, we cannot express any informed opinion on it. This has been accepted by various Supreme Court judgments since 1975. Right to information as such will bring transparency of the government activities and allow the people to find remedies for those things by which they suffered. Right to information means right information is the need of the hour. It's a weapon in the hands of every citizen without license. To provide a hassle free administration, formulation of proper schemes and their implementation as well as to take quick decision regarding significant issues like Budget, Accounts, Administrations, there is proper delegation of power information and data are required- and due to enhanced governmental liabilities, the need of the same increases on parallel levels.

OVERUSE

The RTI Act provides for an elaborate system of written application, acknowledgement, time limit, appeal, etc. In actual practice how many will have the time, patience and stamina to go through the whole gamut of such procedures if it is insisted upon in every case? In other words, the bureaucracy may hit back by a too literal and procedurally rigid implementation of the Act and defeat its purpose. The bureaucracy's real power is the citizen's urgency, the high opportunity cost of delay and the high transaction costs of repeated visits to the office. The strategy of a hostile bureaucracy will be to make the total cost of a corrupt approach appear to be less than that of a statutory approach. It is to guard against this type of inquisitiveness that the whole government culture is carefully and consciously oriented towards a single, overriding value - whatever the truth, under no circumstances shall the government appear in an adverse or embarrassing light in public eyes. The tendency for lower level officers would be to reject, or push up to higher levels, most requests under the Act in order to avoid being blamed later. This Act continues to be under threat of pressure from public servants our bureaucrats. Though the 'file noting' relating to development plans, schemes, programmes and projects should be in the ambit of the RTI, there is immense pressure on the government and the Central Information commission to exempt these from the ambit of this Act.

INTEGRATION OF ICT WITH RTI

Are we really dealing with true meaning of RTI as its actual form when we talk about the Information Society? The term does not appear with its own drive and meaning, but rather tied to the rhetoric of the "*information society*" (IS), proclaimed to be the society of the future, of the 21st century. It does not have one single meaning, but exists side by side with many related terms without clear borders, evidencing poor conceptual, theoretical, and pedagogical development. As with the term IS, the ideas of *information*, *knowledge*, and, to an increasing degree have been fundamentally reduced to the so-called modern Information and Communication Technologies (ICTs), which, in turn, tend to focus on the computer and the Internet, thus creating new identities and forms of inclusion/exclusion: those who are connected to the network and those who are not. Freedom of expression and the free flow of information and knowledge are essential to democratic societies. Information and knowledge are crucial factors in human development. Freedom of information and the resulting power to make informed decisions are bedrocks of liberal democracy, essential tools for active citizen participation and the foundation of dominant ideas of the better life, such as that of an open society. The access to knowledge movement, for instance, works on copyright law reform and the promulgation of open access. With regards to government information, it is important that not only are there mechanisms put in place that facilitate access to it, but also that these mechanisms work. The history of events leading up to the enactment of the Right to Information Act in India provides valuable lessons as to what the scope of government information should be, in how punitive measures can be implemented to guarantee that the process works, and, above all, as to how marginalized citizens can gain the space and the means to use the law to their advantage.

ICT is considered to be a very important tool in this endeavour and can support the operation of the different facets of government. ICT helps in improving the internal operation of the government this includes setting up workflow management systems, facilitating electronic communication, institutionalising decision support systems and improving access to knowledge databases. The e-Office project for automating work flows being piloted by ministries is an effort in this direction. Government is probably the biggest collector, processor and custodian of information of any sector of society. This information has commercial interest since it can pertain to corporate rights, responsibilities or regulations and also of societal interest. The role of government as information provider therefore, becomes critical and ICT provides the means for timely, widespread and cost-effective dissemination of information to citizens and business. Information technology will be a key tool in ensuring that citizens have access to relevant information that they seek. Computerisation of records and use of Internet are specified in the Act. A dedicated portal on Right to Information has already been setup. Central government ministries are providing voluntary disclosure of information through their websites. It is realised that accessing information through archived physical records is tedious and time consuming and eventually digitisation of government records will have to be considered to aid retrieval of information. ***ICT has the potential of reinforcing the democratic institutions. Providing access to information databases, relevant research, notes, parliamentary committee proceedings etc, in a user friendly manner, electronically, to the elected representatives can potentially***

improve the quality of scrutiny and debate of policy and bills in the Parliament. Right to Information Act, 2005 mandates information on demand to the citizens of India. Government is aware that Right to Information (RTI) and e-Governance must go hand in hand. ICT would be used for awareness creation among all sections of citizens, particularly those in the rural areas, and for ensuring the speedy delivery of the information sought by citizens. Service delivery channels like e-Mitra and Common Services Centers would allow citizens to access government information thereby facilitating Right to Information for the citizen. Also, the Chief Information Officers (CIOs) of the concerned departments would function in close coordination with the Public Information Officers (PIOs) for facilitating Right to Information to the public through the electronic medium. Visualizing the ramifications of the RTI Act for people's empowerment and its effectiveness in reduction of corrupt practices in government offices, which result mostly due to holding of information and avoiding transparency, the State Government of Bihar decided to make provisions of RTI Act more broad based and easily accessible to ordinary people. As first initiative of its kind in India it was decided that existing infrastructure and spread of ICT in Bihar be innovatively and effectively employed for expanding the base of the RTI access through a hand holding and interactive Facilitation Call Centre Called "JAANKARI". The focus was to provide information and knowledge based support to the calling /accessing applicant citizenry in drafting and filing a suitable RTI application online. To give shape to state Government's desire and commitment for transparency and people's participation in Government process via RTI, it was decided that currently available Information Technology tools and Communication access should be used effectively to make RTI available to more number of people more easily.

CONCLUSION

The universal acceptance of the power of IT to transform and accelerate the development process, especially in developing economies is indisputable. The rapid advance of Communication technologies, especially the Internet, has enabled governments all over the world to reach out to their most remote constituencies to improve the lives of their most underprivileged citizens. It is aimed towards overcoming disparities in access to ICTs while also advocating for human rights, promoting education and public access to information, women's empowerment and economic prosperity.

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Impact of Foreign Institutional Investments On Stock Market Liquidity: A Theoretical Perspective

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ABSTRACT

Since the liberalization of the financial sector in the year 1991, there has been a major change in the country, especially the capital markets. Indian stock markets have become quite prominent and one of the most followed markets of the world .The finance that is received from the foreign investors has given great strength to the Indian economy as a whole .In fact now the inflow and outflow of foreign funds have a great impact on the functioning of the finance sector
The paper attempts to analyze the role of foreign institutional investment on the liquidity position of the stock markets in India. The study attempts to analyze the secondary data related to the topic and theoretically explain the impact of these foreign capital inflows on the working and performance of the stock market in India.

I. LITERATURE REVIEW

Foreign capital that comes either in the form of direct investment or portfolio investment facilitates economic development and is documented by many of the earlier research works. (Tobin 1983, Wade and Veneroso 1998) Earlier studies have set out the list of macroeconomic factors that are affected by foreign capital flows. Capital inflows impact the asset prices, both nominal and real exchange rates (Kim and Yang, 2008), consumption volatility (Prasad, Rogoff, Wei and Kose, 2003), implementation of modern technology, productivity and growth (Kumar, 2007), reforms to become an open economy (Edwards, 2004), stable and continuous growth in gross domestic product, cost of capital of the country (Henry 2000) and integration with the global economy (Boskovska 2006). Foreign direct investment flows are more stable and are long run in nature while portfolio flows are for short term and more volatile. However, these portfolio flows strengthen the domestic financial markets. Levin (2001) argues that international portfolio flows improve stock market liquidity. Enhanced stock market liquidity results in accelerated economic growth and higher productivity. There were several other major academic contributions which have explained the cause and effect of the foreign investments in India To name a few ***Rajesh Chakrabarthy (2001)*** **in his paper *"FII Flows to India: Nature and Causes"* analyzed the FII flows to India and their relationship with other economic variables Then *Paramita Mukherjee, Suchismita bose and Dipankor Coondoo (2002)* explored the relationship of foreign institutional investment (FII) flows to the Indian equity market with its possible covariates based on a daily data-set for the period January 1999 to May 2002 In this writing they emphasized on the returns in the equity market as a major driver for the foreign investment i.e. an important or rather the only factor that influences foreign investment in the market**

II. HISTORICAL OVERVIEW

Indian stock markets are one of the oldest in Asia, whose history dates back to nearly 200 years ago. The earliest records of security dealings in India are meager and obscure. It started to grow during the period of cotton boom in 1860. After 1865, a number. of financial failures occurred which has led to a fall in the Indian stock market. It was the disaster that followed the boom which brought the brokers together in July, 1875 to form an association that is called the Bombay stock exchange.

For several years after independence from 1947 to 1973, the infrastructure for a capital market was strengthened through the establishment of a network of development financial institution. During 1973-1980, the FERA legislation virtually ensured that many well managed companies offered their equities to the public at regulated low prices. In this period the stock market exhibited an upward trend with share prices displaying a high level of buoyancy. The Indian capital market really developed from mid 80's with the introduction of new economic policy by the then Prime Minister, the late Rajiv Gandhi. The thrust of the new policy was on productivity, growth, efficiency and on the quality of products so as to make the Indian industry competitive. Since then, it emerged as a major source of finance for trade and industry

The liberalization policies in India in the early 1990's brought about radical changes in the conduct of stock market. In 1991, the then Finance minister Manmohan Singh waved the "Reforms flag" to invite foreign portfolio and other investments into India.

As a part of its initiative to liberalize its financial markets, India opened its doors to Foreign Institutional Investors in September 1992. This event represents a landmark event since it resulted in effective globalizing of its financial services industry.

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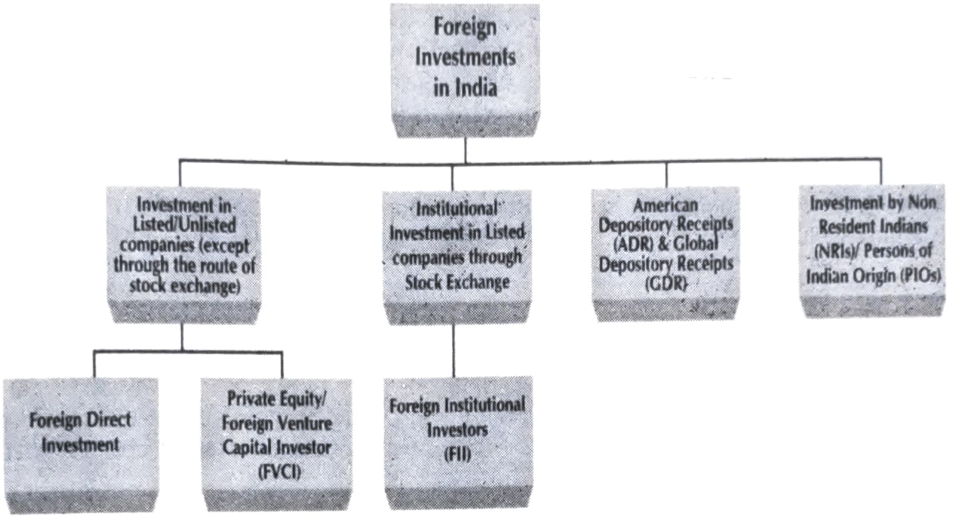
Rising globalization, deregulation, and foreign portfolio investments made the Indian stock exchanges competitive and efficient in its functioning. With the rise of equity culture across the globe, even India which has a long history of stock exchanges, has witnessed a perceptible shift in the proportion of investor's participation in equity markets. The role of investors is the key to success of market guided economic system and since it is they who pump their savings into the markets, their investments need to be channelized to the most rewarding sectors of the economy. One of the most dominant investors groups that has emerged to play a critical role in the overall performance of the stock market are Foreign Institutional Investors (FIIs). They have emerged as a leading group since 1992 to bet on an Indian Stock market. They have played an imperative role in shaping our Indian economy. As we are growing, we now have a symbiotic relationship with the FIIs.



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I. INTRODUCTION

Foreign Institutional Investors (FII) means an entity established or incorporated outside India which proposes to make investment in India. The term is used most commonly in India to refer to outside companies investing in the financial markets of India. Institutional investors include hedge funds, insurance companies, pension funds and mutual funds, Investment Trusts, Banks, University Funds, Foundations, Charitable Trusts / Charitable Societies. Such flows are, therefore, largely determined by the performance of the stock markets of the host countries relative to world markets. **FII's have become one of the main channels of international portfolio investment in India for foreigners. In order to trade in Indian equity markets, foreign corporations need to register with the SEBI as Foreign Institutional Investors (FII). SEBI's definition of FIIs presently includes foreign pension funds, mutual funds, charitable/endowment/university funds etc. as well as asset management companies and other money managers operating on their behalf.**

One of the major market regulations pertaining to FIIs involves placing limits on FII ownership in Indian companies. Any Bank will be appointed in India which has been authorized by the Reserve Bank of India to act as a banker to FII and is known as Designated Bank.

FIIs can invest in the following securities-

1. Securities in primary and secondary markets including shares, debentures and warrants of companies.
2. Units of mutual funds
3. Government dated securities
4. Treasury bills
5. Derivatives traded on a recognized stock exchange
6. Commercial papers
7. Perpetual debt instruments issued by debt (eligible for inclusion as tier I capital)
8. Debt capital instruments issued by Banks (eligible for inclusion tier II capital)

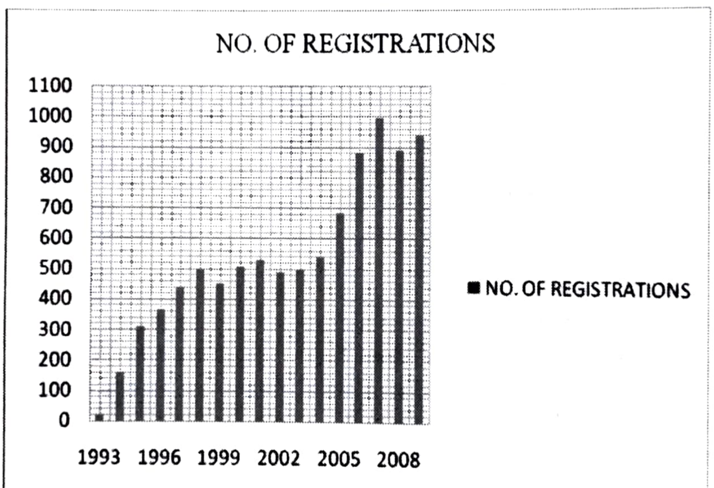
III (i) INCREASING TRENDS OF FII FLOW IN INDIAN STOCK MARKET

India is growing at a rate of 8% mark. The latter is a key index, which the foreign investors check before committing large sums of money for investment. To sustain it, outside help is needed and domestic house is to be placed under strict discipline.

The trickle of FII flows to India that began in January 1993 has gradually expanded to an average monthly inflow of close to Rs. 1900 crores during the first six months of 2001. In the period since April 2003, India has witnessed an extraordinary surge in foreign institutional investments. Having averaged $1776 million a year during 1993-94 to 1997-98, net FII investment dipped to an average of $295 million during 1997-99, influenced no doubt by the Southeast Asian crisis. The average rose again to $1829 million during 1999-2000 to 2001-02 only to fall $377 million in 2002-03. The surge began immediately thereafter and has yet to come to an end. Inflows averaged $9599 million a year during 2003-05. Going by data from the Securities and Exchange Board of India (SEBI), while cumulative net FII flows into India since the liberalisation of rules governing such flows in the early 1990s till end-March 2003 amounted to $15,804 million, the increment in cumulative value between that date and the end of December 2005 was $25,267 million.

It is not surprising that the period of surge in FII investments was also one when, despite fluctuations, the stock market has been extremely buoyant. The market in India lacks width and depth, with few investors, few companies whose shares are actively traded, and a small proportion of those shares available for trading. Hence any new capital inflow does trigger price increases. The Bombay Sensex rose from 3727 on March 3, 2003 to 5054 on July 22, 2004, and then on to 6017 on November 17, 2004, 7077 on June 21, 2005, 8073 on November 2, 2005 and 9323 on December 30, 2005. The implied price increases of more than 80 per cent over a 17-month period and 50 per cent over just more than a year are indeed remarkable. Market observers, the financial media and a range of analysts have concurred that FII investments have been an important force, even if not always the only one, driving markets to their unprecedented highs.

By June 2001, over 500 FIIs were registered with SEBI. The total amount of FII investment in India had accumulated to a formidable sum of over Rs. 50,000 crores during this time. In terms of market capitalization too, the share of FIIs has steadily climbed to about 9% of the total market capitalization of BSE (which, in turn, accounts for over 90% of the total market capitalization in India). By 2003 number of registered FII increased to 502, many of whom had registered immediately after the rules were liberalised to permit their entry. Data sourced from SEBI shows that number of registered FIIs stood at 1738 and number of registered sub-accounts rose to 5,592 as of November 10, 2010.



Source Reserve Bank Of India

The sources of these FII flows are varied. The FIIs registered with SEBI come from as many as 28 countries (including money management companies operating in India on behalf of foreign investors). US-based institutions accounted for slightly over 41%, those from the UK constitute about 20% with other Western European countries hosting another 17% of the FIIs. FIIs constituted approx. 11% of the total market share and approx. 10% of the total market turnover in FY 2006. This has increased to 14% of total market share.

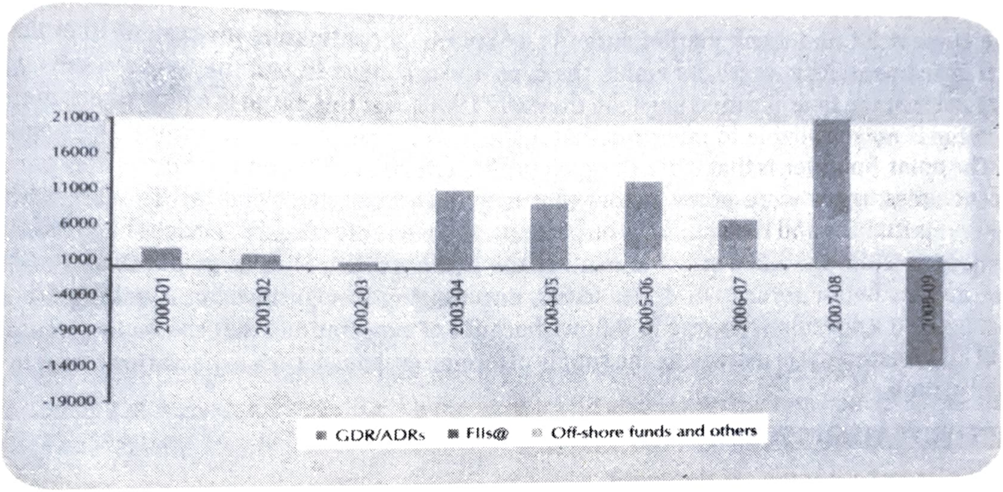
FII SHAREHOLDING PATTERN AS ON MARCH 31, 2010.			
	SEGMENTS	NO. OF SHARES (%)	MARKET CAPITALIZATION (%)
I	PROMOTER GROUP	54.46	56.35
II	PUBLIC SHAREHOLDING	36.92	29.98
III	FII	8.62	13.67
	TOTAL	100	100

Source Capital height Stock Advisory Company

It is, however, instructive to bear in mind that these national affiliations do not necessarily mean that the actual investor funds come from these particular countries. Given the significant financial flows among the industrial countries, national affiliations are very rough indicators of the 'home' of the FII investments. In particular institutions operating from Luxembourg, Cayman Islands or Channel Islands or even those based at Singapore or Hong Kong are likely to be investing funds largely on behalf of residents in other countries. Nevertheless, the regional breakdown of the FIIs does provide an idea of the relative importance of different regions of the world in the FII flows.

The past booms in the stock market in the year 2001-02, 2003-04, 2005-06 and 2007 have been attributed to the FIIs participation. But still FIIs are looked with the word of caution and a sense of worry for market regulators. The bottom line is that the FII are indeed a sought of blessing in disguise for the Indian financial system, although their due credit may not be given to them. The problem with foreign entities is that they want to enter in every emerging market and want to leave with plush green bags from that market.

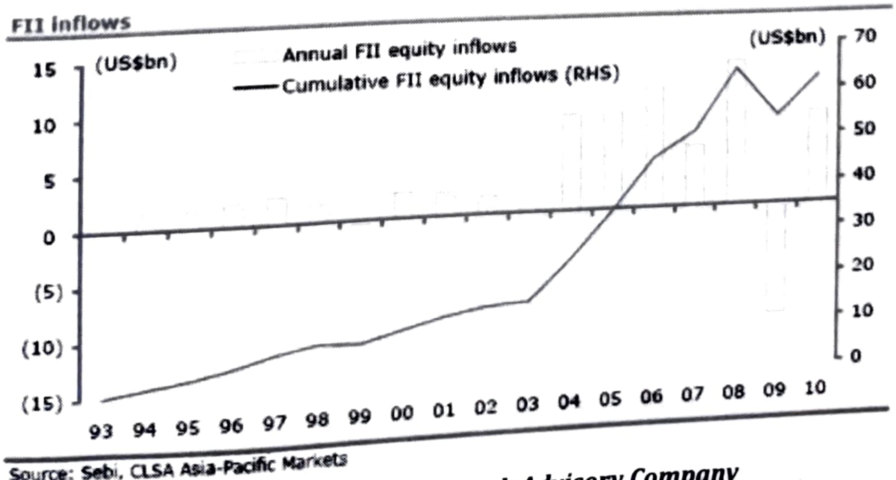
India being one of the vibrant and emerging economies of the world is an attractive destination of investment for them. Past trends show a very good picture of FIIs contribution to the Indian stock markets.



Source Reserve Bank Of India

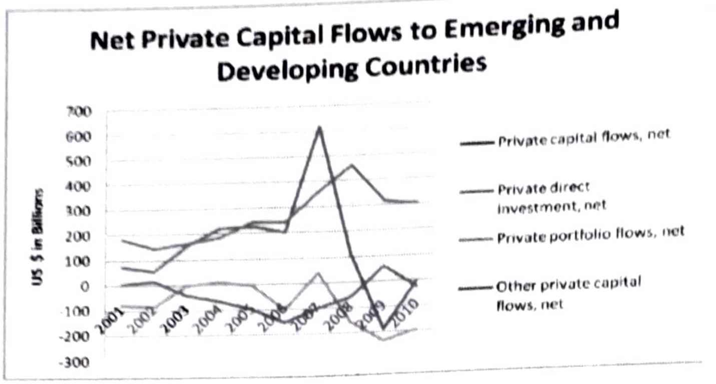
The share of FII investment in total portfolio investment for 2007-08 was approximately 74.54%. The large FII inflows (net) in 2007-08 at US $ 20 billion as against US $ 6.7 billion in 2006-07 was due to increased participation of FIIs in the primary market as corporate raised large resources through 85 initial public offerings (IPOs) and 7 follow on public offers (FPOs) aggregating to Rs 545,110 million (US $ 13,638 million).

In 2008-09, FII net outflows were at US$ 15 billion which was the highest outflows ever since the FII were allowed to participate in the Indian capital markets. This can be attributed to the weak sentiments of investors, following the global credit crisis which engulfed the developed countries and is seen to be affecting the developing countries as well. Total investments stood at US$28.7 billion as of November 2010, on top of the US$17.5 billion pumped in 2009.



Source Capital Height Stock Advisory Company

According to research reports, India has received more FII funds as compared to its Asian peers



Source World Economic Outlook, International Monetary Fund, April 2009

Underlying the current FII and stock market surge is, of course, a continuous process of liberalisation of the rules governing such investment: its sources, its ambit, the caps it was subject to and the tax laws pertaining to it. It could, however, be argued that the liberalisation began in the early 1990s, but this surge is a new phenomenon which must be related to the returns now available to investors that make it worth their while to exploit the opportunity offered by liberalisation. The point, however, is that while the good profit performance of domestic firms may partly explain the high returns of recent times, there were other factors that may have been more crucial. To start with, current account surpluses, higher remittances and rising inflows on account of exports of software services had ensured a strengthening of the Indian rupee, despite the RBI's effort to manage the exchange rate with large purchases of foreign currency. A stronger rupee implies better returns in dollar terms, encouraging foreign investors looking for capital gains. This possibly even triggered a speculative surge in inflows because of expectations that the rupee would rise even further. Given the role of FII investments in increasing the supply of foreign exchange, such expectations tend to be self-fulfilling at least for a period of time.

III (ii) ATTRACTIVE FEATURES FOR FII INVESTMENT

1. One of the largest economies in the world.
2. Strategic location-access to the vast domestic and South Asian market.
3. A large and rapidly growing consumer market up to 300 million people, constitute the market for branded consumer goods - estimated to be growing at 8% per annum.
4. One of the largest pools of scientists, engineers, technicians and managers in the world
5. Rich base of mineral and agricultural resources
6. Sound market economy infrastructure
7. Sophisticated financial sector.
8. Rupee is convertible on Current Account at market determined rate and further the process of full current account convertibility is underway.
9. Well balanced package of fiscal incentives.
10. A sophisticated legal and accounting system.

The features like strong GDP growth, companies exhibiting global standards and the long term outlook on the dollar and interest rates in the U.S and the most prominent feature of India is the well designed and strong financial system. The Indian capital markets have been the most followed and technological comparable to the other advanced markets in the world. The capital markets are equipped with the most advanced instruments like the derivatives, p-notes, commodity derivatives, and the developed forex market.

Growth in the economy The Indian economy is one of the fastest growing economy in the world. It is growing at the rate of 8% from the past five years and at around 6% from the last 10 years.

Growth of the business The business has also been growing at a fast pace due to the fact that the economy as a whole is growing at a good pace. This has made the FII more interested in the business.

Easy Registration The Indian regulations have removed the procedural bottlenecks so that the FII can get registered easily and can enter the Indian markets.

Favorable Economies The Political and Financial framework has always been very positive, which has made an impact on the attitude of the investors.

Saturation in the global Economies The developed economies give consistent returns to the investors; hence FIIs are attracted towards the developing economies.

Dollar Rate The dollar rate has become very weak after the sub-prime crisis because of increase in the current account deficit. This has led to the exposure of other markets which foreign investors wanted to tap.

Foreign inflow puts a strong impact on the volatility of the markets. Due to the growing importance of FIIs, any positive global news directs the market to go towards north and vice versa in case of adverse situation. In a nutshell the FIIs have magnified the overall volatility and liquidity in the Indian domestic market.

IV EFFECT OF FII FLOWS ON THE RECEPIENT'S COUNTRY ECONOMY

Though FIIs enhances the liquidity and efficiency in the domestic market which significantly contribute to the growth of the financial markets yet they induce considerable instability in the market as the markets of developing countries are very shallow and narrow.

Higher FII flows usually help the INR appreciate and that inter alia enables consumers to buy imported goods such as oil at a cheaper price. Other benefits include cheaper imports in the form of capital goods and technology. But an appreciating currency also makes the values of India's exports costlier. India as a developing economy would rather have a weaker currency to boost its exports and generate higher domestic activity.

RBI as per its policies will try to stem appreciation of the rupee by buying access dollars in the banking system, in turn releasing equivalent rupee liquidity into the domestic money markets. This leads to the banks being flush with rupee liquidity and the excess dollars thus bought by RBI finds its place in India's foreign exchange reserves affords financial and economic stability to an emerging economy from the vagaries of global capital flows.

So, higher USD inflows in India, translates into more INR liquidity, increasing the money supply and easy availability of loans from banks. Thus, other things remaining same, usually higher FIIs inflows should lower the cost of borrowings of the consumers for housing, durables, cars etc. On the flip side, it will also lower the rates on investments such as fixed deposits and bonds. The strategy here should be to invest in debt/bond mutual funds to capture the capital gains from lower interest rates.

Lower borrowing costs, easy availability of credit increases demand for durables since the same amount of goods are chased by higher money. Higher demand leads to more public and corporate investments and subsequent higher economic growth which helps consumers towards general prosperity.
On the other side, the causes of the instability and volatility of short-term portfolio capital flows to emerging markets are often related to the way in which investment funds are managed in order to confront uncertainty. It has been alleged that international portfolio investors seek liquidity and use 'quick exit' as a means of containing downside risk, thus making frequent marginal adjustments to their portfolios. Further, shifts in the portfolio composition of global investors are largely ascribed to changes in their perceptions of country solvency rather than to variations in underlying asset value. A common conclusion from research, however, is that institutions sometimes panic, disregard fundamentals and spread crisis even to countries with strong fundamentals. The literature also notes that individuals, too, can contribute to this destabilisation process by fleeing from funds, particularly mutual funds and forcing fund managers to sell when fundamentals do not warrant such sale.
Empirical results of the effect of FII activities on the volatility of return are rather divided; some studies do not find that foreign investors have any destabilising impacts on stock prices. Evidences to the contrary showing that foreign investors cause higher volatility in the market compared to domestic investors or that stocks in which foreign investors mainly trade experience higher volatility compared to those in which they do not show much interest also exist. These studies also show that volatility caused by FII jumped significantly around the crises period.

V CONCLUSION

The record inflows have come at a time when most of the leading economies of the world are fighting against a slowdown in domestic growth. With interest rates hovering around near-zero levels in most of Europe and US, global investors are borrowing cheap and investing in countries that offer the potential of an attractive return on investment. India's benchmark indices - Sensex and Nifty - have also been one of the best-performing equity indices of the world in the recent past.

Growth in the economy, Growth of businesses, Favourable environment, Saturation in global economies, Dollar rate and Easy registration are responsible for the increase in the investment through FII in India. Further, it has been found that at country level, over and above other measures of macroeconomic development, accounting standards, shareholder rights and legal framework are important determinants of foreign investment in emerging markets. It is expected that the FII inflows will further increase in coming future as the important determinants are improving financial strength of the company and the Government is also taking various initiatives to increase the foreign inflows in the form of portfolio investments.

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SCM in practice: A case study of Mumbai Dabbawalas

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ABSTRACT

Supply Chain Management is related to network management of interconnected business. It is a strategy through which the different functions of an organization can be integrated. The study here focuses on an effective supply chain of the Dabbawalas of Mumbai. It highlights the competitive structure of Dabbawalas which is contributing towards their current monopoly in the market and making it difficult for the competitors to replicate this supply chain network.

Introduction

Supply chain management (SCM) is the management of a network of interconnected businesses involved in the ultimate provision of product and service packages required by end customers (Harland, 1996). Supply Chain Management spans all movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption. It is, therefore, a cross-functional approach

Traditionally, marketing, distribution, planning, manufacturing, and the purchasing departments along the supply chain operated independently. These organizations have their own objectives and these are often conflicting. Marketing's objective of high customer service and maximum sales conflict with manufacturing and distribution goals. Many manufacturing operations are designed to maximize output and lower costs with little consideration for its impact on inventory levels and distribution capabilities. Purchasing contracts are often negotiated with very little information beyond historical buying patterns. The result of these factors is that there is not a single, integrated plan for the organization---there are as many plans as businesses. Clearly, there is a need for a mechanism through which these different functions can be integrated together. Supply chain management is a strategy through which such an integration can be achieved.

Supply chain management is typically viewed to lie between fully vertically integrated firms, where the entire material flow is owned by a single firm, and those where each channel member operates independently. Therefore coordination between the various players in the chain is key in its effective management. Cooper and Ellram [1993] compare supply chain management to a well-balanced and well-practiced relay team. Such a team is more competitive when each player knows how to be positioned for the hand-off. The relationships are the strongest between players who directly pass the baton, but the entire team needs to make a coordinated effort to win the race.

One of the world's best known examples of an effective supply chain is the Dabbawalas of Mumbai. The paper tries to take a closer look at their functioning & the factors that make them so effective.

The Mumbai Dabbawalas

Supply Chain Management is the new mantra for building competitive advantage, the world over. Mumbai's dabbawalas developed their home-grown version long before the term was coined.

At approximately 19,373 persons per km^2, Mumbai is India's most densely populated city with a huge flow of traffic. Because of this, lengthy commutes to workplaces are common, with many workers traveling by train.

Instead of going home for lunch or paying for a meal in a café, many office workers have a cooked meal sent either from their home, or sometimes from a caterer who delivers it to them as well, essentially cooking and delivering the meal in lunch boxes and then having the lunch boxes collected and re-sent the next day. This is usually done for a monthly fee. The meal is cooked in the morning and sent in lunch boxes carried by dabbawalas, who have a complex association and hierarchy across the city.

Etymology and historical roots

The word "Dabbawala" in Marathi when literally translated, means "one who carries a box". "Dabba" means a box (usually a cylindrical tin or aluminium container), while "wala" is a suffix, denoting a doer or holder of the preceding word. For this reason, the *dabbawalas* are sometimes called *Tiffin Wallahs* Though this profession seems to be simple, it is actually a highly specialized service in Mumbai which is over a century old and has become integral to the cultural life of this city.

This service was originated in 1880 when India was under British rule. Many British people who came to the colony did not like the local food, so a service was set up to bring lunch to these people in their workplace straight from their home. In

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1890, Mahadeo Havaji Bachche, started a lunch delivery service with about 100 men. In 1930, he informally attempted to unionize the *dabbawallas*. Later a charitable trust was registered in 1956 under the name of *Nutan Mumbai Tiffin Box Suppliers Trust*. The commercial arm of this trust was registered in 1968 as *Mumbai Tiffin Box Supplier's Association* (MTBSA). Nowadays, although Indian business men are the main customers for the dabbawalas, increasingly affluent families employ them instead for lunch delivery to their school-going children. Even though the services provided might include cooking, it primarily consists of only delivery either home-made or food ordered from a restaurant.

Apart from commitment and dedication, each dabbawala, like any businessman, has to bring some capital with him. The mini-mum investment is two bicycles (approximately Rs 4,000), a wooden crate for the tiffins (Rs 500), at least one white cotton *kurta-pyjama* (Rs 600), and Rs 20 for the trademark Gandhi topi.

Supply Chain

After the customer leaves for work, her lunch is packed into a tiffin provided by the dabbawala. A color-coded notation on the handle identifies its owner and destination. A collecting dabbawala, usually on bicycle, collects dabbas from homes or from the dabba makers between 7.00 am and 9.00 am,. Once the dabbawala has picked up the tiffin, he moves fast using a combination of bicycles, trains and his two feet.

The dabbawala then takes them to a designated sorting place, where he and other collecting dabbawalas sort (and sometimes bundle) the lunch boxes into groups. The grouped boxes are put in the coaches of trains, with markings to identify the destination of the box (usually there is a designated car for the boxes). The markings include the rail station to unload the boxes and the building address where the box has to be delivered.

At each station, boxes are handed over to a local dabbawala, who delivers them. The empty boxes, after lunch, are again collected and sent back to the respective houses. To better understand the complex sorting process, let's take an example. At Vile Parle Station, there are four groups of dabbawalas, each has twenty members and each member services 40 customers. That makes 3,200 tiffins in all. These 3,200 tiffins are collected by 9.00 am, reach the station and are sorted according to their destinations by 10.00 am when the 'Dabbawala Special' train arrives.

The railway provides sorting areas on platforms as well as special compartments on trains traveling south between 10.00 am and 11.30 am.

During the journey, these 80 dabbawalas regroup according to the number of tiffins to be delivered in a particular area, and not according to the groups they actually belong to. If 150 tiffins are to be delivered in the Grant Road Station area, then four people are assigned to that station, keeping in mind one person can carry no more than 35-40 tiffins.

During the earlier sorting process, each dabbawala would have concentrated on locating only those 40 tiffins under his charge, wherever they come from, and this specialisation makes the entire system efficient and error-free. Typically it takes about ten to fifteen minutes to search, assemble and arrange 40 tiffins onto a crate, and by 12.30 pm they are delivered to offices.

In a way, MTBSA's system is like the Internet. The Internet relies on a concept called packet switching. In packet switched networks, voice or data files are sliced into tiny sachets, each with its own coded address which directs its routing.

These packets are then ferried in bursts, independent of other packets and possibly taking different routes, across the country or the world, and re-assembled at their destination. Packet switching maximises network density, but there is a downside: your packets intermingle with other packets and if the network is overburdened, packets can collide with others, even get misdirected or lost in cyberspace, and almost certainly not arrive on time.

It has been recognized since 2002 to be one of the most reliable supply chains in the world, after being given a six sigma rating by Forbes Magazine. This is despite the supply chain using no computers or modern technology and most of the delivery staff being illiterate.

Elegant logistics

In the dabbawalas' elegant logistics system, using 25 kms of public transport, 10 km of footwork and involving multiple transfer points, mistakes rarely happen. According to a *Forbes* 1998 article, one mistake for every eight million deliveries is the norm. This six-sigma quality is achieved with zero documentation. This is possible mainly because the system limits the routing and sorting to a few central points. Secondly, a simple color code determines not only packet routing but packet prioritising as lunches transfer from train to bicycle to foot.

Competitive collaboration

MTBSA is a remarkably flat organisation with just three tiers: the governing council (president, vice president, general secretary, treasurer and nine directors), the mukadams (supervisors) and the dabbawalas. Its first office was at Grant

Road. Today it has offices near most railway stations.

Here nobody is an employer and none are employees. Each dabbawala considers himself a shareholder and entrepreneur. Dabbawalas are divided into sub-groups of fifteen to 25, each supervised by four mukadams. Experienced old-timers, the mukadams are familiar with the colors and codings used in the complex logistics process.

Their key responsibility is sorting tiffins but they play a critical role in resolving disputes; maintaining records of receipts and payments; acquiring new customers; and training junior dabbawalas on handling new customers on their first day.

Each group is financially independent but coordinates with others for deliveries: the service could not exist otherwise. The process is competitive at the customers' end and united at the delivery end.

Building a clientele

The range of customers includes students (both college and school), entrepreneurs of small businesses, managers, especially bank staff, and mill workers.

They generally tend to be middle-class citizens who, for reasons of economy, hygiene, caste and dietary restrictions or simply because they prefer whole-some food from their kitchen, rely on the dabbawala to deliver a home cooked mid-day meal.

New customers are generally acquired through referrals. Some are solicited by dabbawalas on railway platforms. Addresses are passed on to the dabbawala operating in the specific area, who then visits the customer to finalize arrangements. Today customers can also log onto the website www.webrishi.com to access the service.

Service charges vary from Rs 150 to Rs 300 per tiffin per month, depending on location and collection time. Money is collected in the first week of every month and remitted to the mukadam on the first Sunday. He then divides the money equally among members of that group. It is assumed that one dabbawala can handle not more than 30-35 customers given that each tiffin weighs around 2 kgs. And this is the benchmark that every group tries to achieve.

Typically, a twenty member group has 675 customers and earns Rs 100,000 per month which is divided equally even if one dabbawala has 40 customers while another has 30. Groups compete with each other, but members within a group do not. It's common sense, points out one dabbawala.

From his earnings of between Rs 5,000 to Rs 6,000, every dabbawala contributes Rs15 per month to the association. The amount is utilised for the community's upliftment, loans and marriage halls at concessional rates. All problems are usually resolved by association officials whose ruling is binding.

Meetings are held in the office on the 15th of every month at the Dadar. During these meetings, particular emphasis is paid to customer service. If a tiffin is lost or stolen, an investigation is promptly instituted. Customers are allowed to deduct costs from any dabbawala found guilty of such a charge. If a customer complains of poor service, the association can shift the customer's account to another dabbawala. No dabbawala is allowed to undercut another.

Before looking into internal disputes, the association charges a token Rs 100 to ensure that only genuinely aggrieved members interested in a solution come to it with their problems, and the officials' time is not wasted on petty bickering.

Michael Porter's Five Forces Model Analysis of Mumbai Dabbawalas

i. Threat of new entrants:

According to Porter, the threat new entrants is dangerous to any organisation as it can take away the market share the organisation enjoys. Started in 1880, the experience curve of the 125-year-old dabbawalla service serves as a huge entry barrier for potential competitors. Besides, it would be difficult to replicate this supply chain network that uses Mumbai's jam-packed local trains as its backbone.

ii. Current competition:

Porter's five forces theory states that strategy is determined by a unique combination of activities that deliver a different value proposition than competitors or the same value proposition in a better way.The dabbawallas do face competition from fast food joints as well as office canteens. However, since neither of these serve home food, the dabbawallas' core offering remains unchallenged. They have also tied up with many catering services and hotels to cater to the vast number of office goers.

iii. Bargaining power of buyers:

The delivery rates of the dabbawallas are so nominal (about Rs 300 per month) that one simply wouldn't bargain any further. Also, their current monopoly negates any scope of bargaining on the part of their customers. Thus, we encounter a perfect win-win combination for the customers as well as the dabbawallas.

iv. Bargaining power of sellers:

The dabbawallas use minimum infrastructure and practically no technology, hence they are not dependent on suppliers. Since they are a service-oriented organisation, they are not dependent on sellers to buy their product. Hence, sellers do not assume any prominence as would be the case in a product-oriented company. The strategy map framework in Porter's theory allows companies to identify and link together the critical internal processes and human, information and organisation capital that deliver the value proposition differently or better. Human capital is the greatest driving force in the dabbawalla community; as a result, they are not dependent on suppliers or technology, thus negating the seller's power in the equation.

v. Threat of a new substitute product or service:

As substitutes to home cooked food are not seen as a viable alternative in the Indian scenario, the threat to the dabbawalla service is not an issue at least in the foreseeable future. This gives them a leeway to probably expand their already existing network into newer cities as demand increases in these places as well.

Achievements

The President of the dabbawalla organization, Raghunath Megde, has given lectures at business schools around the world on supply chain management and time management. Other Dabbawalla achievements include:

- World record in *Best Time Management*
- Named in the *Guiness Book of World Records*
- Registered with *Ripley's "Believe It or Not".*

Conclusion

The dabbawalas have a few beliefs at work:

* work is worship

* serving people is serving God

* time is money

* unity is power

They have zero fuel, zero modern technology, zero investment, zero disputes, six nine (99.9999%) performance, and 100 percent customer satisfaction. They are masters at efficient supply chain logistics, time management and customer relationship management. They provide cost effective, consistent delivery of a service despite incredible odds. This has been achieved only through full commitment from everybody and effective supply chain management.

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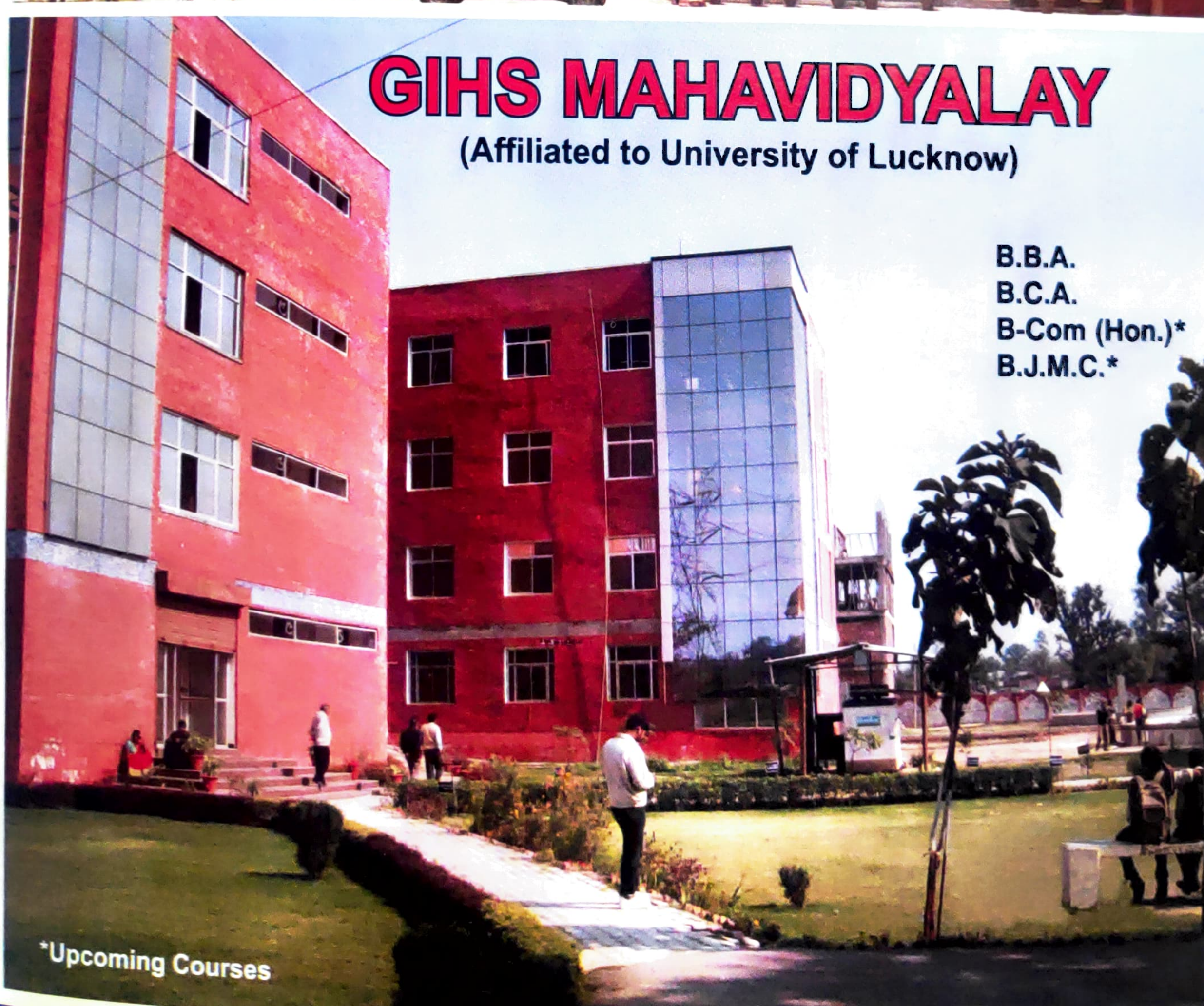

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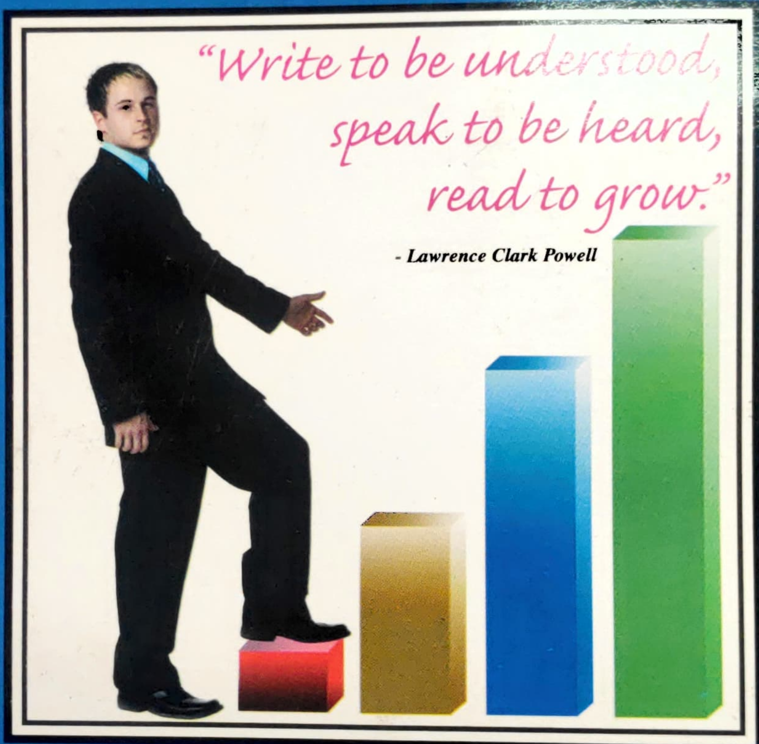

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