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Editorial

UNIVERSAL HEALTH COVERAGE – THE RASHTRIYA SWASTHYA BIMA YOJANA-WAY

A High Level Expert Group set up by the Planning Commission under the chairmanship of Dr.Srinath Reddy to formulate a scheme of universal health coverage of Indian population. The report submitted by the Group clearly stated that no insurance companies or other private independent agencies should be entrusted the task of Universal Health Coverage. It should be within the direct control of the governments and the implementation agencies are the Government themselves .The health care services should be provided to the people from the public health care facilities and additional services might be purchased by the government from contracted-in private providers.

So it had rejected the logic underlying schemes like the Rastriya Swasthya Bima Yojana (RSBY), which is a health insurance scheme for BPL families: each family is entitled under this scheme to maximum hospitalization expense of Rs 30,000 per year and the central and state governments share the insurance premium in the ratio of 75:25.In fact the Expert group had recommended that all such insurance schemes should be withdrawn overtime and expenditures incurred on them should be devoted instead to the universal health coverage programme. But such an idea of insurance premium paid by the government to get a benefit to the tune of Rs.30,000 per year for BPL family may not appear unreasonable at first glance. We have to get the crux of the idea of this insurance scheme only when a serious thought is extended to the inherent fundamental duty of the government to provide public health care facilities. The reason for this is quite simple. Since the governments, both at the Centre and States incur the cost of insurance premium under the RSBY. The intention to the above proposition of the universable health care administration is clear. The Governments should typically start cutting down on public health expenditure, including what is needed for the upkeep of public hospitals. As a result while the public healthcare facilities languish, the people are increasingly forced to access private facilities. They therefore cease to get the range of free healthcare services which they had been getting earlier. The banner of RSBY should not be allowed to make the governments to build a camouflague for gradually withdrawing from the constitutional duty if provision of public health care facilities and going to the rampant way of exposing the healthcare system to commercial interests. The provisions in the RSBY can only be used as a supplementary facility for creating a strong base of Universal health care system. But the establishment, maintenance and up gradation of public health care facilities should not be linked with the insurance scheme. So a public fight is needed to force the Government to invest at least 3 percent of the GDP in the maintenance of Indian public healthcare institutions as a safety net for saving the Toiling Indian millions.

Dr.J. Rajan
Chief Editor

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A STUDY ON FOREIGN DIRECT INVESTMENT IN INDIA

***Arunjilal G.L.**

Abstract

Substantial amount of capital is flowing from the developed world to the emerging market economies. India also had witnessed a considerable rise in FDI flows during the last decade. Liberalization of the economy as well as capital account liberalization and significant changes announced by the union government on FDI policy front have increased capital flows. Capital flows are more directed towards services sector, followed by construction, automobile industry, drugs and pharmaceuticals, etc. In India agriculture sector and allied activities still remain sidelined. But, while initiating the development process we should consider the structure of the economy where it is built-in. Roots of development in the Indian economy still depends on the agriculture sector. It is a major source of livelihood and employment. Hence policies to promote FDI inflows to agriculture will contribute to growth and development at the grass root level.

Introduction

Cross-border refers to movement or activity across a border between two countries. This comes through maintaining strict border policies and running cross-border patrols. There has been a large increase in cross-border trade and investment in recent years. Cross border investment can be made by an individual, a group of related individuals, an

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incorporated or unincorporated entity, a public company or private company, a group of related enterprises, a government body, an estate (law), trust or other social institution or any combination of the above.

Cross border investments comprise of both outflows and inflows. As developing economies are faced with capital scarcity, the inflows to these economies are more significant than outflows from these economies. Foreign Direct Investment (FDI) plays a vital role in the development of a nation. When domestically available capital is inadequate, foreign capital is seen as a way of filling in gaps between domestic savings and investment. The role of Foreign Direct Investment (FDI) in accelerating economic growth has been widely discussed in the literature on foreign direct investment and economic development (Kjetil Bjorvatn et.al 2002, Neuhaus, 2006, Abdul Khaliq and Ilan Nay, 2007). FDI has become a vital ingredient of the globalization efforts of the world economy.

But, it should be noted that, all efforts to attract FDI inflows to an economy should be strictly adhered to the structure of the economy, because for a developing economy like India all efforts to constitute economic development should carry balanced development and adequate employment. The formulation and implementation of effective policy framework for its attraction is a major job in the part of government.

The objective of this paper is to focus on the trend and pattern of FDI inflows to India with emphasis on policy frame work and the major challenges in front. The discussion has been organised in four sections. The first section presents trend of FDI flows to emerging market economies and India. The second section analyses the FDI policy frame work in India including the recent policy initiatives. The third section discusses the issues associated with FDI inflows to India and the final section concludes the analysis.

Section 1: Trends in FDI flows

Considerable amount of capital is flowing from the developed world to the emerging market economies. Emerging markets are sought by investors for the prospect of high returns, as they often experience faster economic growth as measured by GDP. However, Investments in emerging markets is also risky due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities. Table 1 presents trends in capital inflows to regions and selected economies.

There is a sharp rise in cross border investments flows to the emerging market economies. It is also highlighted that wider growth difference exists across economies. Global FDI inflows have increased by 9 per cent in 2013, to \$1.45 trillion from \$1.33 trillion. Developing economies maintained their lead in 2013. FDI flows to developed countries increased by 9.5 per cent to \$ 566 billion, leaving them at 39 percent of global

Table 1

FDI inflows by Region and Economy (in million US $)

Country/ Region	2008	2009	2010	2011	2012	2013	%change in 2013 over 2012
World	1 818 834.3	1 221 840.1	1 422 254.8	1 700 082.4	1 330 272.9	1 451 965.4	9.1
Developed Economies	1 032 384.6	618 595.7	703 474.1	880 406.2	516 664.3	565 626.5	9.5
Developing Economies	668 758.0	532 580.1	648 207.6	724 839.9	729 449.2	778 372.4	6.7
Transition Economies	117 691.6	70 664.3	70 573.1	94 836.3	84 159.4	107 966.5	28
China	108 312.0	95 000.0	114 734.0	123 985.0	121 080.0	123 911.0	2.3
India	**47 138.7**	**35 657.3**	**27 431.2**	**36 190.4**	**24 195.8**	**28 199.4**	**17**
South-Africa	9 209.2	7 502.1	3 635.6	4 242.9	4 558.8	8 187.9	80
Brazil	45 058.2	25 948.6	48 506.5	66 660.1	65 271.9	64 045.3	1.9
Russian Federation	74 782.9	36 583.1	43 167.8	55 083.6	50 587.6	79 262.0	57
Thailand	8 454.7	4 854.4	9 146.8	3 709.6	10 705.3	12 945.6	21

Source: - World Investment Report, 2014

flows, while those to developing economies reached a new high of $ 778 billion, or 54 per cent of the total. Though FDI inflows to transition economies declined in 2012, its share has sharply increased by 28 per cent in 2013. It is argued that improved macro economic conditions, particularly in the emerging economies, which boosted corporate profit coupled with better stock market valuations and rising business confidence have contributed to hike in FDI inflows.

India experienced 17 per cent increase in inflows in 2013, to $ 28 billion. The significant increase in FDI inflows to India reflected the impact of liberalization of the economy as well as capital account liberalization. As part of the capital account liberalization, FDI was gradually allowed in almost all sectors, except a few on grounds of strategic importance. But it is highly significant that in India, macroeconomic uncertainties continue to be a worry for foreign investors. The annual growth rate of GDP has slowed down to about 4 per cent, and the current account deficit has reached a high level of nearly 5 per cent of GDP. The Indian rupee depreciated significantly in mid-2013. Despite the Government's ambitious goal to boost foreign investment, the above macroeconomic uncertainties have cast doubts on prospects of FDI. With a weak macroeconomic base, together with high interest rates at home, some Indian companies with high financial leverage sold equity or assets in order to improve cash flows.

Section 2: FDI Policy Framework in India

In the Pre-Liberalization period, India had followed an extremely cautious and selective approach while formulating FDI policy in view of the dominance of 'import- substitution strategy' of industrialization. A major shift occurred when India embarked upon economic liberalization and reforms program in 1991 aiming to raise its growth potential and integrating with the world economy.

Comparison of FDI policies in India at the global level will help to understand 'where India stands 'in terms of FDI policy framework. This paper highlights the results of a survey of 87 economies under taken by the world bank in 2009 and published in its latest publication titled ' Investing Across Borders'. The survey has considered for indicators, viz., 'Investing Across Borders', 'Starting a Foreign Business', 'Accessing Industrial Land', and 'Arbitrating Commercial Disputes' to provide assessment about FDI climate in a particular country. Investing Across Borders indicator measures the degree to which domestic laws allow foreign companies to establish or acquire local firms. Starting Foreign Business indicator record the time, procedures, and regulations involved in establishing a local subsidiary of a foreign company. Accessing Industrial Land indicator evaluates legal options for foreign companies seeking to lease or buy land in a host economy, the availability of information about land plots, and the steps involved in leasing land. Arbitrating

From the sectoral perspective, recent estimates reveal that services sector took the lion share in FDI inflows (See Table 2). It was followed by construction, telecommunications, computer software & hardware, drugs and pharmaceuticals, automobile industry, tourism etc. But it should be significant to see that with the exception of certain activities specified by law, foreign ownership in the agriculture sector or activity is not allowed.

While initiating the development process we should consider the structure of the economy where it is built-in. As far as the Indian economy is concerned, agriculture sector accounts for 18 per cent of India's gross domestic product (GDP) and employees just a little less than 50 per cent of the countries workforce. This sector has made considerable progress in the last few decades. India is presently the world's largest producer of pulses and second largest producer of rice and wheat. The country is also the largest producer,

Table 2

Statement on Sector - Wise FDI Equity inflows from April, 2000 to October, 2014

1	SERVICES SECTOR	195,553.5	41,111.0	17.50
2	CONSTRUCTION DEVELOPMENT: Townships, housing, built-up infrastructure and construction-development projects)	112,443.4	23,951.8	10.20
3	TELECOMMUNICATIONS	81,442.31	16,634.0	7.08
4	COMPUTER SOFTWARE & HARDWARE	63,626.92	13,470.1	5.73
5	DRUGS AND PHARMACUETICALS	62,752.95	12,715.8	5.41
6	AUTOMOBILE INDUSTRY	55,705.02	11,048.8	4.70
7	CHEMICALS(OTHER THAN FERTILIZERS)	47,956.79	10,120.9	4.31
8	POWER	45,580.35	9,386.59	4.00
9	MISCELLANEOUS INDUSTRIES	39,918.08	8,577.55	3.65
10	METALLURGICAL INDUSTRIES	39,488.54	8,280.50	3.52
11	HOTEL & TOURISM	39,159.51	7,607.01	3.24
12	TRADING	36,288.74	6,854.90	2.92
13	PETROLEUM & NATURAL GAS	31,620.50	6,514.74	2.77
14	FOOD PROCESSING INDUSTRIES	35,573.80	6,089.51	2.59
15.	INFORMATION & BROADCASTING (INCUDING PRINT MEDIA)	18,392.28	3,769.10	1.60
16	ELECTRICAL EQUIPMENTS	18,001.65	3,738.75	1.59
17	NONCONVENTIONAL ENERGY	17,887.40	3,419.61	1.46
18	INDUSTRIAL MACHINERY	16,544.66	3,214.79	1.37
19	CEMENT & GYPSUM PRODUCTS	14,147.13	3,008.12	1.28
20	CONSTRUCTION (INFRASTRUCTURE)ACTIVITIES	13,987.39	2,792.20	1.19
21	CONSULTANCY SERVICES	13,538.04	2,726.99	1.16
22	MISCELLANEOUS MECHNICAL & ENGINEERING INDUSTRIES	12,655.78	2,676.00	1.14
23	HOSPITAL & DIAGNOSTIC CENTRES	12,784.75	2,507.53	1.07
24	FERMENTATION INDUSTRIES	11,181.32	2,110.67	0.90
25	AGRICULTURE SERVICES	8,556.35	1,732.90	0.74
26	PORTS	6,730.91	1,637.30	0.70
27	RUBBER GOODS	8,861.02	1,628.99	0.69
28	MINING	8,198.34	1,626.70	0.69
29	TEXTILES (INCUDING DYED,PRINTED)	7,366.47	1,500.43	0.64
30	ELECTRONICS	6,675.32	1,404.96	0.60
31	SEA TRANSPORT	6,426.37	1,349.44	0.57
32	PRIME MOVER(OTHER THAN ELECTRICAL GENERATORS)	6,063.73	1,162.68	0.49
33	EDUCATION	4,987.17	964.98	0.41
34	PAPER AND PULP (INCLUDING PAPER PRODUCTS)	4,266.67	900.54	0.38
35	MEDICAL & SURGICAL APPLIANCES	4,523.15	873.45	0.37
36	SOAPS, COSMETIC & TOILET PREPARATION	4,371.48	839.27	0.36
37	MACHINE TOOLS	3,458.77	703.01	0.30
38	CERAMICS	3,121.97	667.59	0.28
39	RAILWAY RELATED COMPONENTS	3,406.07	630.98	0.27

Source: - World Investment Report, 2014

consumer and exporter of spices and spice products in the world. Overall in farm and agriculture outputs, it is ranked second. Diary, processed and frozen food, fisheries, meat, poultry, and food grains, the Indian agro industry has plenty of areas to choose for business.

Above all food security is one of the major challenges that the country is facing today. It is interesting to see that the 2007-2008 world food price crises has resulted large scale land grabbing around the world. Land grabbing has become a widespread phenomenon. Obtaining water resources is usually critical to land acquisition, so it also led to an associated trend of water grabbing. A 2010 World Bank paper estimated that 37 per cent of the newly acquired land is used to grow food crops, 21 per cent to grow cash crops and 21 per cent to grow bio fuels. Food security fears within the developed world found new economic opportunities to agricultural investors. According to the report on World Development Indicators 2014, in India agricultural land constitutes 61 per cent of the total land area, of which 60 per cent is irrigated and 94,470.9 thousand hectares are under cereal production. In this context, with its large resources of farm land, water and sunshine, there is ample scope for investment in the agricultural and allied activities. Above all since 50 per cent of the work force is engaged in the agricultural sector, more investments in this sector would bring growth with more socio-economic equity.

Conclusion

Large amount of capital is flowing into the emerging market economies and India also had witnessed a considerable rise in FDI flows during the last decade. Liberalization policies, opening of capital account and significant changes announced by the union government on FDI policy front have impacted a hike in capital flows. Above all, accelerated regional economic integration contributed to rising FDI flows. Though India imposed restrictions on foreign equity ownership in many sectors, recent policy changes have more or less liberalized the restrictions on foreign equity ownership in many sectors. Service sector obtained a major share of capital inflows followed by manufacturing, hotels and tourism, automobile, construction, drugs and pharmaceuticals etc. Agriculture sector and activities still remain sidelined. But we should see that the basic structure of the Indian economy lies within the agricultural sector. Since it is the livelihood for half of the working force, it is highly significant, to attract more capital in this sector. Hence, along with attracting capital inflows in service and manufacturing sectors, agriculture sector also has to be looked into. Government should frame policies to expand the limits of FDI caps in the agricultural sector for attaining growth with more socio-economic equity.

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THE RELEVANCE OF RAMANUJA'S BHAKTI MARGA IN THE PRESENT WORLD

***Ashalekshmi A.N.**

Abstract:

Bhakthi, according to Indian tradition is a loving devotion and it includes a total self surrender, a readiness on the part of the devotee to go oneself into the bountifulness of the divine, motivated by the sheer of love. It is not a simple intellectual exercise to achieve pure knowledge about the ultimate reality, far more, it is an effort to know and experience the reality by the commitment in love, which eventually turns out to be loving devotion culminating in total self-surrender.

A true devotee is the one who is capable of approaching every one with a intense sense of equanimity and equality. In India one can find many talented and committed persons making their influence in the tradition of Bhakthi, infusing it with newer aspect and powerful dynamics, thus enriching religion and humanity.

Some of the basic thinkers were known far and wide and they have taken us to the new lights of Bhakthi. Ramanuja is one among those theistic Vedantins. Ramanuja's Visistadvaita has its roots in the Vedantic tradition. It has got primary importance among the theistic school of Vedanta. Ramanuja points to the truth that devotion is as important as knowledge. In Ramanuja's philosophy there is distinction between Bhakthi and Prapatti. Bhakthi is devotion and Prapatti is submission. Prapatti is completing self-surrender to God and it is the easiest and surest means to liberation. Prapatti can be practiced by all

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people belonging to any caste and creed. Modern men live in a tension ridden world of pluralism and many of them took towards God for relief and in the present day situations. Ramanuja's Bhakthi marga has special relevance because it had a democratic outlook embracing all sects and communities.

According to Ramanuja's philosophy, among the different paths, it is very difficult to define or understand Bhakthi by the means knowledge. The word Bhakthi is obtained from the root bhaj, which means to render service. The vital aspect of Bhakthi is service to the Lord, contained in the total resignation of the body, mind and speech. It is though Bhakthi one is able to experience supreme reality.

The two important ways to liberation are actually jnana and Bhakthi but a third way karma is also mentioned. Jnana which is also called avyaktopasana- attainment of brahmisthiti is necessary. This state can be achieved only by great efforts and long practice. In it actions are to be surrendered to the Lord (Bhramarpana). But this path is very complicated as it is filled with many dangers and difficulties. In Bhakthi yoga it is self that is surrender to the Lord and is easier than jnana yoga and is chosen by Ramanuja but Sankara supports jnana yoga.

Three types of effectiveness are possessed by the Absolute viz. internal and external (Maya) and intermediate. Bhakthi being the internal potency of the Lord is believed by many scholars to be superior to external and intermediate potencies. External potency (Maya) can use influence over living creatures (jivas) but not over internal potency. The only way for a jiva to be released from the control of Maya is only of one is magnified by the internal potency. The two products of earthly nature being action (karma) and knowledge (jnana) are not capable of diminishing the problems of the jiva. One follows karma when one follows the duties recommended by the scriptures, which can be accomplished either with a material motive or selflessly. One follows jnana when one cultivate the knowledge of prejudice between spirit and matter. Hindus believe that if karma is performed correctly one can reach heaven and enjoy the efforts of one's religious karma till it gets used up and then again be reborn. Thus karma cannot lead one to the awareness of God. The question then arises, why then do the Vedas prescribe karma? The answer is simple: it is a continuous process for those who are securely linked to the fruits of their actions. If one engages oneself in karma without any material purpose it will impact detachment in the doer and thus karma creates circumstances that assist progress to the path of jnana.

Bhakthi is different from the process of karma, jnana and yoga because these have limits whereas Bhakthi can be performed by anyone, anytime and anywhere and under any condition. Bhakthi, like the Lord is exceptionally independent. Knowledge and detachment follow as contributory effects in one has Bhakthi.

Another important feature of Bhakthi is that the method or action used to reach the goal still persists after completeness, so even liberated souls perform devotion and one does not cease devotion after attaining perfection unlike jnana and yoga. One causes out the task accurately and without any purpose. Bhakthi is unobstructed or apratihata, as it is above the concept of bliss and suffering. Bhakthi unlike karma and jnana is heavenly when it comes out of its task and it gives extreme bliss.

The Lord's pleasure effectiveness, an aspect of his internal potency, is Bhakthi. This pleasure effectiveness, which is similar to the Lord's internal constitution (svarupa), is bestowed by the Lord on his creatures to give pleasure to them as well as Him. This pleasure that the Lord gets comes from his own svarupa and not from any external source.

In Hinduism the root of the cult of Bhakthi is hidden in mystery but it is quite clear that its beginnings come from the Vedic hymns. "The Vedic hymns are replete with sentiments of piety and reverence in the worship of the Gods. The Upasana Kanda of the Aranyakas and the Upanishads have laid the foundation of Bhakthi marga, way of devotion and faith"[1]. In the hymns of the Rig Veda, Indra is praised as the divine bestowal of gifts, whom the love of the seeker in the form of his inner most thoughts, embraces like "wives embrace their husbands"[2]. Some Hindu scholars believe that Bhakthi in its present form was unusual the intact of Rig Veda but nevertheless, the beginning of Bhakthi was born in the Rig Veda which later flourished to its next form. The later Upanishads like Kadha, Mundaka, Svetsvatara clearly show evidence of the doctrine of devotion. The doctrine of grace is stressed and the doctrine of self- surrender is proposed in the Svetsvatara. The cult of Bhakthi which was foreshadowed in the Vedic hymns and Upanishads matured in Gita, Mahabharata and Vishnupurana but flourished very well in Ramanuja. The Vaishnava appears to have disclosed in brilliant but concealed glance the idea of Bhakthi, which they later developed to perfection. Throughout the Upanishads, constantly repeats that the idea of atman cannot be got either by the intellect or by learning but by whole leaved and single minded devotion to the God. In the Svetsvatara Upanishads, it ends on the note of total devotion to the God or Guru. Although the actual path to self realization was never directly supported, the Bhagavad Gita fully clarified for the first time the path of self realization. In Bhagavad Gita, the assured basic pattern of the Upanishad, the term 'yoga' which pointed out a well defined system appeared with its own discipline was connected for the first time to the idea of Bhakthi.

In the Gita, the Lord says:

Even if the vilest sinner worships me with exclusive devotion, he should be considered a saint; for he was rightly resolved.

Speedily he becomes virtuous and secures lasting peace.

Know it for certain Arjuna, that My devotee never falls[3].

Perhaps the whole idea of Bhakthi, as it is implied today can be collected from the Bhagavad Gita and the Bhagavata.

Bhakthi Marga

According to Ramanuja, Bhakthi alone is the means to emancipation. He defines Bhakthi as contemplation on God followed by love. Bhakthi as a loving meditation is also described by him as a steady remembrance, this is steady remembrance is compared to an uninterrupted flow of oil. Ramanuja regards Bhakthi as synonymous with Upasana. In the Vedic literature we find both these two words used for devotion. Bhakthi, derived from the root bhaj, appears in the Vedic passage, "mahaste visnoh sumatim bhajamahe"[4]. The root as with affix Upa, is also used side by side with the root bhaj, as we find in the Yajurveda passage 'Yasya visva upasate'.

Ramanuja writes that it is only knowledge in the form of meditation which being regularly practiced and constantly revised by repetition and continued up to forsaking the mortal frame becomes the means of liberation. In Vedartha Samgraha he writes that Bhakthi is a kind of knowledge to excellent, precious and exclusive that it robs everything else of its interest. He that has acquired this knowledge is elected by the Supreme Person, and so he can grasp Him….. It is through Bhakthi yoga, furthered at first by karma yoga and subsequently by jnana yoga that such knowledge in the form of supreme Bhakthi arises. (Gita Bhashya, intro) in the Gita Bhashya Ramanuja makes it clear that the knowledge of atman combined with karma yoga leads to jnana yoga. Through knowledge one arrives at the true contemplation for realizing atman which results in the knowledge of God. Ramanuja quotes Chandogya to corroborate his view that the contemplation of atman is auxiliary to the attainment of God. In the first invocatory verse of Sri Bhasya Ramanuja imploring the Lord – bhavatu mama parasmin semusi bhakti rupa – i.e., 'May my mind be filled with devotion towards the Highest Brahman'.

Ramanuja makes it quite clear that mere knowledge is not sufficient for liberation. It is the meditation which takes the form of devotion that is required. This meditation is of the form of knowledge which is prescribed by the Vedanta. But this knowledge is not mere Vakyartha jnana, but that which is denoted by dhijana, Upasana and similar terms. Here Ramanuja derives supports from the Brhdaranyaka, Chandogya, Mundaka and katha Upanishads. On this basis Ramanuja distinguishes between two kinds of knowledge, one lower knowledge based on the scriptural sentences, and the other higher knowledge which is of the nature of devout meditation and consists of direct intuition of Brahman.

Ramanuja is of the opinion that such a Bhakthi requires a reverent concentration, and as such, is an effect of devout remembrance. In this connection he quotes katha. The sources of direct understanding are pravacana, medha and sruti. A devotee for selection by God can be singled out only if he is a product of a Smrti and Ramanuja says that product of smrti is Bhakthi.

It is to be noted that this Bhakthi is not an outer form of worship, but is an close spiritual approach created and improved by virtues. It is not an emotionalism, but a preparation of the body, will and the intellect. The flower of Bhakthi can be produced by a scheme of "Sadhana saptaka". These seven means to steady remembrance resulting in Bhakthi, are borrowed by Ramanuja from the vakyakara, and for this also derive support from the Upanishads and the Gita. The first is viveka, i.e., discrimination or purity of food. This dietetic purity promotes the purity of being or sattva-suddhi, and sattva-suddhi again promotes clear and determinate knowledge. The second is Vimoka, i.e., freedom from desire, resulting in detachment and tranquility. The third is abhyasa, i.e., frequent repetition or continued practice. The faith is kriya, i.e., performance of the pancamaha yajnas according to one's own ability. The fifth is kalyana, i.e., virtuous conduct. It comprises of truth, simplicity, charity, benevolence and non-maliciousness etc. the sixth is anavasada, i.e., constant vigilance and absence of despondency. The last is anuddharsa, i.e., absence of exultation. Equipped with these the devotee enters in the life of devotion and cultivates the love of God. Along with these seven aids, Ramanuja suggests also yajnas and other karmas.

From Sadhana Saptaka and other aids, Bhakthi is formed and it has three stages and nine phases. The three stages being dhruvananusmrti (firm meditation) asakrda vrtti (frequent repetition) and darsana samanakarata (orison of union) its nine phases are follows: -- stuti (glorification), smrti (remembrance), namaskrti (homage), vandana (salutation), yatana (mortification), kirtana (exaltation), gunasravana (listening to the attributes of the Lord), vacana (narrating them), dhyana (meditation), arcane (adoration) and pranama (prostration). Though the Vedas Upanishads, Gita and Vishnu purana do not expressly enumerate all these at one place, they contain many references to all of them, so it can safely be said that Ramanuja's Bhakthi is based on the Vedas.

Not only in early literature but also in Ramanuja, feelings of enthusiasm and erotic element in devotion were not allowed. Devotion in Ramanuja is quite discreet and thoughtful and consists of calm and serene meditation.

Prapatti Marga

Lord Krishna during his long discourse with Arjuna, at the battle field of Kurukshetra, exemplifies many disciplines for improving the behavior of humans in this world and for obtaining Moksha or absolution from the cycle of births and deaths, like karma yoga, jnana yoga and Bhakthi yoga. Krishna at the end of his sermon to finding that all these disciplined are very hard to practice, gives Arjuna a very easy formula to achieve the goal:

"Leaving aside all other duties, surrender thyself to Me alone.

I Shall grant you release from all sins. Do not grieve."[5].

In the scriptures older than Bhagavad Gita, like Vedas, Upanishads and Pancharatra, we find that the idea of yielding one's will to God and a means of obtaining Moksha were present then Prapatti and Saranagathi were developed systematically as a genuine spiritual discipline equivalent to Bhakthi Marga by the Vaishnava Acharyas , Yamuna, Ramanuja, Vedanta Desika, Pillailokacharya and their successors. The Alvars are known to be exceptional for their Bhakthi and one person among them Nammalvar is saluted as the messenger and all seeker of this path, for he set an example by doing Prapatti before the Lord Tirumala.

Prapatti in Sanskrit means, "Throwing oneself down". Bhakthi means total, absolute resignation to God, along with the attitude of personal weakness, modestly and endurance. In Vaishnavism, the term is used to name a concept intensely essential to basically all Hindu schools of thought. According to Saiva Siddhanta, Bhakthi is very important for the development of the soul and its release into divine ability.

The history of the concept of Prapatti is interesting and inspiring. The author has traced it from the Vedas, Upanishads, Itihasas, and the Puranas. 'It finds its culmination in the works of mystics and inspired the Acharyas. Because the spirit of helplessness and surrender to the divine is there in the heart of a sincere devotee, none can claim Prapatti as the exclusive prerogative of a particular philosophy or religion'[6].

Bhakthi yoga requires knowledge, will and patience and those who are unable to follow Prapatti, as this is an alternative path to mukti. That is why it is called Prapatti yoga. In this path or surrender is done by the Lord himself by following from the Gita, the charamsloka, sarva Dharmaan parithyajya maamekam Saranam vraja, it involves the whole world of jivas by offering them mukthi.

Among the bhramavidyas defined in the Upanishads, Prapatti which also known as nyasavidhya is also in it. Prapatti keeps all the essential requirements of Bhakthi but eliminates the severe disciplines of Bhakthi such as ceremonial worship and the other accessories are placed in the satras. The only requirement of Prapatti is change of heart where are believes that the Lord is only for him, vaasudhevas sarvam ithi, and have complete faith that the Lord is his protector and also have resolute faith that the Lord's mercy is absolute irrespective of the sins one has committed in the past and now.

Prapatti being an act of self-surrender, it requires giving up of self- pride, blame and being responsive to God's grace. The prapanna once he surrender himself to the Lord, he feels that he is not the doer but does everything in the, service of the lord, thus he carries out the wish of Lord. He accepts whatever accumulates as a result of his actions as the grace of the Lord. This emotion is related to Bhakthi since the prapanna is also a bhakta and he loves the Lord for what He is. The bhakta remains detached from the Lord since he only enjoys doing Bhakthi but the prapanna belongs to God as a Sesha and in Prapatti, Sesha seshi bhava is prominent.

Prapatti is in fact a free act of complete self -surrender. The prapanna seeks God's grace and the Lord lifts him up and makes him deserving it. This shows that how a little effort can produces great effect. Desika outlines the principles of the Prapatti in his nyasadhasaka thus,

Svaamin Svaseasham Svavasam Svabharathvena Nirbharam Svadhattha Svaartham Svasmin Nyasayathi maam Svayam.

The meaning of this sloka is that the Lord makes the prapanna His Sesha under His control and bestows knowledge about Himself and takes all the responsibility to protect his Sesha.Desika also explains about the method of Prapatti and characteristics of a prapanna by two slokas.

- Aham madhrakshanabharah madhrakshanaphalam tha thaa
  Na mama sreepatheh eva ithi aathmaanam nikshipeth budhah
- Nyasyaami akinchanah serman anukoolo anyavarjithah
  Visvavaasapraar thanaapoorvam aathmarakshaabharam thvayi.

Prapatti is a means to salvation according to Ramanuja and he explained the chief principles under three heads viz. Sadhaka (the learner), Sadhya (the object to be achieved) and Sadhana (the means ti achieve the end). The two means to Sadhana are Bhakthi and Prapatti which blend into one eventually. The four yogas, Karma yoga, Jnana yoga, Bhakthi yoga and Prapatti yoga blend with each other. When Bhakthi gets intensified it surrenders fully to God and thus becomes Prapatti.

The Ramanuja schools have rooted Prapatti as a technical term but Ramanuja rarely uses the term Prapatti but when he uses it almost the same as Bhakthi or as a 'refuge' bringing about the accomplishment of Bhakthi

Prapatti consists of three steps:

1. Svarupa Samarpanam means to surrender and atma (step) and notice that this atma is not free but submissive to the Lord.

2. Bhara samarpanam is surrendering one's authority for protection from the Lord.

3. Phala samarpanam is to surrender to the Lord whatever benifitswe gain from our existence. Prapatti leads to Moksham when prapatti gains knowledge of this standard from an acarya and makes devotedness of atma to the Lord.

We get a perfect example of Saranagathi or Prapatti from Valmiki Ramayana's episode of Vibheeshan Saranagathi.

Throughout the epic, Valmiki describes Vibheeshana as dharmathma which shows his aanukoolya sankalpam forsaking everything. Being a dharmathma, he advised Ravana many times before leaving him because he could not side with adharma. This is prathikoolya varjanam. He enlighten the varnas when he met Rama, "thyakthvaa puthraamscha raaghvamsara Nam gathath," I have left my sons and wives and come to Rama who is my only refuge. This is gopthrthva varnam. He shows that faith that Rama should accept him after he has forsaken everything which shows his akinchanyam and going to Rama. This is mahaavisvaasam. When he meets Rama he says to him, bhavdhgatham me raajyam cha jeevitham cha sukhanni. I surrender to you my kingdom, life and happiness. After that he lives to service to Rama which illustrates the sesha-seshi-bhava of Visistadvaita. According to Vashnava doctrine, the Ramayana is considered as Saranagathi veda. We see Rama as Saranya or defender to all those who came in contact with him and he gave as refuge to all men, birds and beast. He gave a refuge to the sages of dandakaaranya, and to kakasura who committed an inexcusable violation. The principle of prapatti is fully displayed in Vibheeshna Saranagathi.

Prapatti is complete self-surrender to the Supreme by full obedience, prevention of any opposition, the assurance of protection and selecting the divine as the savior, and resigning oneself with humility to God. This means complete surrender of I and mine to God. By this sincere and complete transfer of spiritual duty to the Supreme detaches one from human achievements and builds a situation for a movement of divine grace. When one gives up one's ego at the shine of the supreme, the Lord himself comes forward to receive it. Prapatti is the direct means for ashaktas (for those who feel helpless in their simple pathway of introspective bhakti and are anxious of the improvement bhakti. I think it is here (sarva dharman parityajya ……, the Charma Sloka of Gita) that the Lord's promise in Gita that Kshipram Bhavati Dharmata is realized.

For everyone even the actual sadhakas, Prapatti is a short cut because it is so easy, and is conveniently disregarded and even battled with more complicated things. Many non-Vaishnavas use Bhakthi and Prapatti (Saranagathi) as similarities making the matter more complicated. Bhakthi and Prapatti are actually two different means to reach God and Sri

Vaishnavism accords greater importance to Prapatti. Both Ramanuja and Vedanta Desika, state that it is impossible to get Moksha without following Prapatti in some form or other. Bhakthi yoga is a severe discipline which involves incessant contemplation to God until the devotee is able to reach the final stage of awareness of God which is the same as lasting vision of God. The Alvars who were famous for their excellent Bhakthi experienced intense physical and mental pain when separated from God which is seen in their poetic outbursts.

Along with Bhakthi toga, Karma yoga and Jnana yoga are to be practiced. On the other hand Prapatti is a onetime self surrender with modesty at the feet of God. Total faith and acceptance of utter inability are to accept any other course. Unlike Bhakthi yoga it is a simpler path meant for ordinary people and keen to obtain absolution. As guaranteed by Lord Krishna accrued karma is destroyed in the life of such a person.

Even in Christianity and Islam there is the resigning of oneself to God. The Vaishnava Acharyas special contribution is establishing this doctrine as a genuine and a clear cut path to Moksha equal to Bhakthi and jnana yoga and backed by ecclesiastical approval and other sub-sects like Saivism in Hinduism.

Conclusion

Bhakthi and Prapatti even though they are not the same they are not opposed to each other. In Bhakthi there is always an element of resignation which includes a visible feature of Bhakthi. The control of one element or the other decides whether the path is Bhakthi or Prapatti. Bhakthi yoga requires karma yoga and jnana yoga where as Prapatti does not require them. The two paths are different in the sense that Bhakthi yoga requires Prapatti as a component for its beginning and suitable accomplishment.

The tradition in Indian thinking has acknowledged Moksha as the ultimate goal and the different philosophical sects have suggested different ways to achieve it. Ramanuja advocated Bhakthi Marga as the devotional path but shudras and women and a large section of Hindu society were intuitionally not allowed to achieve Moksha. Due to this discrimination, Ramanuja advocated a different way which was available to everyone and that was Prapatti. This was achieved due to intense love of God and by this the devotee would surrender himself to God and accept Him as his final goal and thus achieve Moksha.

Today people are living under tension and terribly dissatisfied and having a crazy character so Prapatti is very significant modern times. A man engaging in any enterprise is actually performing Prapatti. He is actually devoting his work to God and can practice Prapatti just as a labour engaging in labour work practice Prapatti. In today's world where man is too busy and does not get much time to practice Bhakthi, he can practice Prapatti anytime, anywhere by all with no discrimination. Hence all will obtain the same peace in giving up his happiness and unhappiness to God. Hence, Prapatti is logical for all believers of God.

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ECOTOURISM PROJECTS AND SUSTAINABLE TRIBAL DEVELOPMENT IN KERALA

***Balamuraly S.S.**

Abstract

Ecotourism is responsible travel to natural areas that conserves the environment and sustains the well being of local people.[1] The development of sustainable tourism necessitate the informed participation of all pertinent stakeholders, at diverse levels of decision making and furthermore, as local people are able to affect local development prospects, it is eventually need to appraise the impact of ecotourism on the tribal people and linking ecotourism with tribal development. This research paper is aimed at answering the questions; potentials of ecotourism projects in Kerala and sustainable tribal development , with the objectives of examining the impact of ecotourism on tribal development, role of SHG's, EDC's and NGOs in promoting ecotourism in tribal area and the factors which create impediment in linking tribal development and ecotourism. The study concludes that, tribal people can actively engaged in ecotourism projects in their locality and the eco tourism initiatives can be beneficial to local community in a significant manner and which needed a coordinated effort of all associate factions.

Key words : Tribal inhabitants, Ecotourism, Sustainable development, EDC and SHG, Community based ecotourism.

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Introduction

The southernmost State of India, Kerala is blessed with human development indicators at parity with the developed countries, makes Kerala the most sophisticated state in terms of social development[2]. Tourism is the one of the most important service sector which contributes much to the social progress. Kerala initiated tourism development programmes by establishing an international beach resort at Kovalam in 1976 with the patronage of the central government[3] . Tourism has been given industry status by Kerala since 1986[4]. Varied demographic traits and the resultant unique traditions and ethnicity inter alia forest and wild life heritage tags make Kerala one of the popular tourism hotspots in the world with 60 potential ecotourism destinations[5]. Most of the ecotourism sites in Kerala are in and around the forest area and are mostly occupied by local tribal communities. Focusing on the need for community benefits and participation in tourism, ecotourism models were conceived in the late 90's and the Responsible Tourism initiative was launched in 2007. The tourism contribute a total revenue (including direct & indirect) Rs:19037 crores during 2011, showing an increase of 9.74% over the last year's figure and Foreign exchange earnings for the year 2011 is Rs.4221.99 crores, which recorded an increase of 11.18 % over the previous years[6] . In fact most of the tourism destinations are located in hilly and tribal area but they are not benefited by these earnings and more than 50 percent local people in these destinations are remaining below poverty line, it shows that they are not benefited by this, hence there is need to study the impact of eco tourism projects in local people and how the eco tourism can be made benefited for the tribal or the local community development.

Ecotourism in Kerala-Potentials

Kerala is blessed with nature, by 9400 sq.km[7] of forest in the form of hills and valleys of the Western Ghats. The state has a population of about 33.39 million[8], (census 2011) of which 1.29% population is of tribes who live in forest tracts. The state has a long coastline of 580 kilometers. It has immense natural resources in the form of forty four major rivers and dense region of forests. The state contains a protected area 2324 sq. km. in two national parks and 12 wild life sanctuaries. The Western Ghats of Kerala with its tropical forest ecosystem providing a natural advantage for development of Ecotourism .Keeping this objective in mind the Kerala government has setup a separate ecotourism wing to give policy support for the development of the ecotourism destinations in the State. The products such as trekking, bird watching trails etc. are developed and operationalised through the constitution of Eco-development Committees / Participatory Forest Management Committees (Vana Samrakshna Samithi), thereby ensuring benefits from ecotourism to locals, but which will ultimately elicit support of local community. Kerala is the first state in the entire country to initiate such an attempt of identifying potential eco-tourism, Thenmala ecotourism India's first planned Ecotourism destination is, located at the foothills of Western Ghats in Kollam District. There after the tourism department has successfully implemented a number of popular eco-tourism projects by involving the local community, at 32 destinations[9]. The projects also have command to open opportunities to the local tribal youth, ethnic minorities and women and to share the benefits.

Sustainable Tribal Development through Eco tourism- An analysis

Tribal people are generally regarded as native groups still living in their homeland areas;"Tribal people are the existing descendants of the original people inhabiting a particular region or country"[10]. In Kerala indigenous/tribal people are not much involved in the tourism industry, and particularly with ecotourism, but they have a wide opportunity to participate in nature-based tourism activities. Ecotourism supplements a subsistence lifestyle and aids the transition to a cash economy for many tribal groups. Their culture and land are frequently the main product for ecotourism and many of these eco regions and products are still inhabited by marginalized Indigenous groups.

Study Approach and Discussions

Based on above background the study was conducted among host people and eco tourist agencies like EDCs, NGOs and officials of Tourism department and Forest department. For the purpose of study 90 sample including the Thiruvananthapuram-30 samples (2 eco destinations), Kollam-30 samples (2 eco destinations), Pathanamthitta-30 samples (2 eco destinations). Judgment sampling method was used for the study. A respondent from each zone was decided on the basis of active participation in tourism and related activities in the area. Interview schedule was used to collect primary data. The specific objectives of the study were the following.

1. To assess the impact of ecotourism on tribal development.
2. To study the role of EDC's, SHG's and NGOs in promoting Ecotourism in tribal area.
3. To find out the factors which create obstacles in linking tribal development and Ecotourism.

Sample Profile

Majority of the respondents surveyed were male. (Out of 60 samples selected 61.7 were male groups, and 38.3 were female). It reveals that male partaking is more. Out of the 30 officials selected 15 were Forest department, 15 were Tourism department. In education level 55 Per cent have schooling up to secondary, 26.7 Per cent have graduation and 18.3 Per cent of population was technically qualified. Most of the people in the eco project areas are aboriginal inhabitance in that neighborhood (78.3 Per cent) .Of the respondent selected 20 Per cent of respondents are EDC member, 20 Per cent are linked with the project as tourist guide, 25 Per cent are of VSS members, 15 Per cent of respondent are running shops, hotel in the destination and 20 Per cent are working as drivers in various vehicles at the destination. The responds show that above 45 Per cent of respondent are associated with as a member of voluntary organization. Based on the objectives and samples, the study was conducted and the following are the revelations of the study.

Impact of Ecotourism on Tribal Development

Data were collected from 30 officials in Trivandrum, Kollam and Pattanamthitta districts in order to assess the impact of ecotourism on local community .From the analysis it is revealed that, there was an increase in the income of respondents after becoming beneficiary of eco tourism. It is comprehensible from the collected information that registration of new business ventures, show that there is no improvement, after notification of area as ecotourism destination. Whereas it is clear from the research that ecotourism has a positive effect on job security, reduced the risk of seasonal employment, and increased the income from subsidiary employment by providing employment opportunities. But the influence of ecotourism on local people was not much effective, only a moderate influence can be consequent from the responds of the locals. It is evident that tribal members in eco tourism destinations are not much benefitted from the project. They are not satisfied with the existing system.

Changes in Economic Life of Local Inhabitants

Economic existence of an individual is mainly associated with, how they generate income and its impact on daily life. It is determined with a variety of factors such as job security, influence of working environment, seasonal employment etc. The eco tourism project is implemented by the policy makers to include the local inhabits in the benefits of sustainable development process.

Influence of ecotourism

The ecotourism projects were implemented for the sustainable development of the local people through participatory tourism development. The opinion of officials and locals on the influence of eco tourism about on local community disclose that, 26.67 Per cent (In total) of respondents is of opinion that the influence was positive, 40 Per cent is of (In total) the opinion that influence of ecotourism on local people was moderate and 33.33 Per cent of respondent (In total) opines that the Influence of eco tourism on local community was poor. It is clear from the analysis that the influence of ecotourism on local people was not much effective, only a moderate influence can be consequent from the responds of the locals and officials.

Role of SHG's, EDC's and NGOs in Promoting Ecotourism in Tribal Area

Self help group and Non government organization can play a very good role in linking the local people with the ecotourism. The resources which are not amicable to individual can made available by these group and provided to the local people, and can arrange various programmes and also engage in other income generating activities, but its effectiveness is mainly based on how they are associated with the SHGs and NGOs.

Table 1

Role of SHG/ NGO

District	SHG/ NGO Participation			Association with project		
	Not active	Moderately active	Highly active	Not active	Moderately active	Highly active
Trivandrum	9(45)	6(30)	5(25)	5(25)	11(55)	4(20)
Kollam	5(25)	10(50)	5(25)	6(30)	6(30)	8(40)
Pathanamthitta	5(25)	9(45)	6(30)	9(45)	6(30)	5(25)

Figures in the parentheses shows Percentage

Source: Field survey

Table 1 depicts level of participation of beneficiaries in self help groups. From the table it was clear that majority of respondents were actively participating in these organization. Table also point out that, the relationship between these agencies and ecotourism were not much associated.

Economic Activity by SHGs/NGOs

Data analysis shows that, 20 Per cent of SHGs are running Canteen, 31.7 Per cent were engaged in Handicraft works and 25 Per cent were engaged with Tourist huts and 23.33 Per cent were providing tourist Guide facility. It is observed from the study that in handicraft sector most of them are engaged for Income generation activities which are under taken by SHG/NGO.

Impediment in linking tribal development and Ecotourism

Barriers and constrains are common in human activities. In the tourism development also, there are some limiting factors which are particular to the destination, the success of achievement lies in the sense, how the local people or the people at the destination overcome the same and fruit fully use the available resources.

It is apparent from the data, that infrastructure and connectivity in eco tourism project area exist; only a moderate (Table 3) improvement can be noted. Basic amenities in eco tourism project area remained unchanged even after the declaration of area as eco project place. Out of the six major barriers identified lack of education is the most important factor, followed by Cultural/community barriers, financial support, Tourism industry knowledge, Marketing expertise and Lack of political interest. It is clear from the analysis that low literacy rates in destination pretense significant barrier in the development of eco tourism. Constraints in community based ecotourism activities are environmental problem highly influencing one, followed by Political problem, Economical background, Policy and regulatory issue, lack of local coordinators, Implementing authorities, basic infrastructure and marketing strategy. It is clear from the analysis that environmental problem in destination facade an important (Table 2) problem for the community based eco tourism in the destination.

Table 2

Constraints of linking Tribal Community and Ecotourism

Constraints	Rank
Environmental problem	I
Political problem	II
Economical background	III
Policy and regulatory issue	IV
Lack of local coordinators	V
Implementing authorities	VI
Basic infrastructure	VII
Marketing strategy	VIII

Source: Field survey

Table 3

Infrastructure and Connectivity

Districts	Infrastructure and Connectivity		
	Improved	No change	Not improved
Trivandrum	4(40)	3(30)	3(30)
Kollam	3(30)	4(40)	3(30)
Pathanamthitta	4(40)	3(30)	3(30)

Figures in the parenthesis shows Percentage

Source: Field survey

Infrastructures and Connectivity

The development of any area is mainly based on the availability of basic infrastructure like roads, Bridges, Shops etc. Thus infrastructure plays a significant role in the overall progress of a areas. It acts as a link between the undeveloped areas to developed areas.

Table 3 portrays the condition of infrastructure and conveyance facility to ecotourism project areas. 36.67 Per cent (In total) of respondents argue that their condition of the roads and bridges were improved after the area were declared as eco tourism project area, 33.33 Per cent says (In total) that there is no change in condition of roads and bridges 30 Per cent argues that (In total) there is deterioration in the conditions of infrastructure and other conveyance facility.

Conclusion

Tourism is the world's mainstream momentous service industry in terms of income, number of employee and its possessions on socio-economic development of a country. The main potential of this sustainable development of tourism practices is to distribute the benefits of tourism; reduce poverty and minimize adverse ecological impacts. It also aims at development of the local economy, revival and regeneration of tribal arts and crafts, preservation of culture and bringing awareness on how tourism benefits the local communities. By proper planning and implementation of policy; the indigenously availed resource can be used for income generation. By sustainable development we should focus on step by step approach i.e. growth plus development, we envisage step by step growth where ,once reach a particular positive level there should be less chance to come down, for making such a move there need a comprehensive action plan, which requires the empowerment of community members through local participation and control of tourism decision-making, employment and training opportunities and increased entrepreneurial activities by local people. Thus attain the sustainable development to tribal community.

The process of empowerment should involve;

- The authorities needs to organize programmes for establishing the host community conscious about the economic prospective of diverse tourism related business and employment in their area through a separate agency.
- Conduct career- oriented and vocational programmes for host neighborhood to furnish them to professionally knob the high acquiescent employment. For the same,Institutional tie ups for linking ecotourism with other forms of tourism should be initiated.
- Special financial assistance to micro, small and medium industry in the eco destination should be promoted. And should be ensuring that the benefits are reaching beneficiary community.

The paper reveals that moderate changes in the economies of tribal life can be improved through appropriate policies, education, training, partnerships and participation. Increased status and self esteem, lasting economic benefits, community development and tourism decision-making are key aspects of empowerment through tourism. Thus it is clear that local people are pertinent for ecotourism development and conservation of ecology as they are the offspring's of land and with their participation we can achieve the aim of sustainable development to tribal community in eco destination through ecotourism projects.

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THE KEY DRIVERS ON FINANCIAL POSITION IN PLANTATION SECTOR: AN ANALYSIS

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Abstract

The present study is a factor analytical investigator in order to find the key drivers for a strong financial position in the Public Sector Undertakings in plantation sector. The study was conducted on 4 public sector undertakings from the plantation sector of Kerala. The sample for the study consisted of 32 top, middle and lower level managers from these institutions. A rating scale was administered to the sample for collecting data. The technique of factor analysis was done in order to analyse data.

The study found that 'competence in marketplace', 'sustainable growth policy', 'performance efficiency', 'improved financial performance' and 'enhanced credibility. A concerted effort from all those concerned in achieving the above-said goals may transform these organisations' financial performance and will lead to a healthy balance sheet.

Keywords : Public Sector Undertakings, Plantation Sector, Key drivers to financial position, Factor Analysis

Introduction

Statement of Financial Position, also known as the Balance Sheet, presents the financial position of an entity at a given date. It is comprised of three main components: Assets, liabilities and equity. Business Dictionary defines financial position as "The state of and the

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relationships among the various financial data found on a firm's balance sheet" (www.businessdictionary.com/defintion/financial-position.html). For example, a company with fairly valued and relatively liquid assets, combined with a small amount of debt compared to owner's equity, is generally described as being in a strong financial position. Financial position is also termed as financial condition.

Financial position of a company mainly depends on the effectiveness of the business strategies adopted by a company. There are many key drivers to financial position. The present study is an attempt to factor analyse the key drivers to strong financial position in the Public Sector Undertakings in plantation sector. Four PSUs, namely, Oil Palm India Ltd (OPIL), The Rehabilitation Plantations Ltd (RPL), The Plantation Corporation of Kerala Ltd (PCK) and The State Farming Corporation of Kerala Ltd (SFCK) were selected for the study. It is hoped that by adopting these factors, these companies who are not in a good financial position can steer clear of the existing financial position and show a healthy balance sheet in the near future.

Objectives of the study

The major objective of the study is as follows:

1. To factor analyse the key drivers to a strong financial position.
2. To suggest suitable remedial measures based on the factor analysis.

Methodology

Survey method was adopted for the present study. The sample for the study comprised of 32 respondents in the top, middle and lower management level in the OPIL, RPL, PCK and SFCK. A rating scale consisting of 17 items which mentions the key drivers of a strong financial position was administered to the respondents. The respondents were asked to rate these key drivers on a five point scale, viz., strongly agree, agree, moderate, disagree and strongly disagree. The data collected using the rating scale was tabulated and factor analysis was done to find out the factors with significant loadings.

Analysis of Data

Factor analysis is a multivariate statistical method which is used for the analysis of correlation coefficients of a large number of variables. The factors are not eternal varieties; they merely serve to represent the fundamental underlying sources of variation under a specified set of conditions. This method reduces the original set of variables (whose interrelationships is presented in the form of Cronbach's alpha coefficients) into smaller number of variables, called factors, which are amenable to interpretation. According to the amount of loading on the different variables suitable names are given to the factors.

After obtaining the factors, they were tested for significance using Humphrey's Rule (Fruchter, 1967, pp.79-80) and only the significant factors were retained for final rotation. The significant factors were rotated and based on the rotated values of the factors, the rotated factors matrix for each group were prepared.

The details of the analysis are presented below:

Interpretation of Factors

As per Frutcher's (1967) theory, the following conventions are used for identifying the factors:

(1) Locate the group of variables on which the factor has the highest loadings.

(2) Locate group of variables in which the factor has the lowest loadings.

Table 1

Cronbach's Alpha Coefficients

Item No.	Corrected Item – Total Correlation	Cronbach Alpha Coefficient if Item deleted
1.	.603	.792
2.	.525	.798
3.	.484	.801
4.	.503	.800
5.	.632	.794
6.	.869	.771
7.	.130	.828
8.	-.253	.842
9.	.609	.792
10.	.134	.820
11.	.710	.793
12.	.390	.809
13.	-.266	.831
14.	.577	.798
15.	-.208	.835
16.	.745	.791
17.	.750	.779

Overall Cronbach's Alpha Coefficient = 0.799

(3) Examine the possibility of different factors becoming independent (because of the orthogonality associated with the factors).

(4) Treat factor loadings whose absolute value are greater than .30 as significant and neglect other factor loadings as not significant.

Negative loadings are considered to indicate the negative of what is represented by the variable in the present.

The rotated factor matrices were interpreted using standard procedures. The different variables with high loadings on the factor would give a clue to the nature of the factor. Also those variables on which there is low loadings can be of help in identifying the nature of the factors, since it is possible to identify this factor as being different from the content of these variables. Conventionally loadings less than 0.3 are not treated as significant and have ignored in naming factors.

The inter-correlation coefficients obtained for the 17 items are given in Table 1

The Cronbach's alpha coefficient of 0.799 shows that the items have high internal consistency. All the obtained coefficients if item deleted show that all the 17 items in the scale are highly intercorrelated.

Factor Loadings in Key Drivers on Financial Position

The 10 significant factors for Factor I that emerged from factor analysis with respect to the Key drivers on financial position are detailed below.

Factor I

This factor has significant loadings on the following variables:

1) Increases economic sustainability (.480)
2) Enhances company's reputation (.347)
3) Enhances marketing opportunity (.692)
4) Improves stakeholder relationships (.885)
5) Meet client requirements and expectations (.451)
6) Increases efficiency and productivity (.520)
7) Pressure from local community (.359)
8) Pressure from government (.448)
9) Pressures from supply chain and competitors (.860)
10) Increase in awareness (.647)

Table 2

Rotated Factor Matrix of Key Drivers to Financial Position

Aspects	Factor I	Factor II	Factor III	Factor IV	Factor V
1. Increases economic sustainability	.480	.526	-.496	.158	.341
2. Enhances company's reputation	.347	.154	-.400	.629	.442
3. Improves public relations	.257	.224	.094	.219	.693
4. Raises international standard and brand image	.078	.848	.054	.211	.131
5. Enhances marketing opportunity	.692	.310	-.343	.214	-.110
6. Improves stakeholder relationship	.885	.292	.018	.141	.265
7. Meet client requirements and expectations	.451	-.296	.728	.146	-.089
8. Avoids government regulations	-.095	.020	.510	.005	-.821
9. Improves environmental performance	.187	.836	.018	.340	-.041
10. Motivation from top management	.049	.189	.877	-.103	-.019
11. Increases efficiency and productivity	.520	.273	-.147	.723	-.051
12. Improves relationship with financial institutions	.010	.109	-.079	.929	.167
13. Avails relevant accreditations (e.g. quality, environment, etc.)	-.243	.093	.754	-.430	-.125
14. Pressures from local community	.359	.835	.086	-.235	.211
15. Pressures from government	.448	-.292	-.441	-.419	-.433
16. Pressures from supply chain and competitors	.860	.150	.204	.030	.233
17. Increase in awareness	.647	.132	.002	.476	.517
Variance	3.751	2.990	2.935	2.757	2.175
Percentage of Variance	22.07	17.59	17.27	16.22	12.80

The highest loadings on this factor are on the three variables, viz., 'Improves stakeholder relationships', 'Pressure from supply chain and competitors', 'Enhances marketing opportunity, 'Increase in awareness' and 'Increases efficiency and productivity'. Loading on other factors are significant but not so high. This factor can be termed as 'Competence in Marketplace'. This factor accounts for 22.07% of the total variance.

Factor II

This factor has significant loadings on the variables indicated below.

1) Increases economic sustainability (.526)
2) Raises international standard and brand image (.848)
3) Enhances marketing opportunity (.310)
4) Improves environmental performance (.836)
5) Pressures from local community (.835)

The highest loadings are on ‘Raises international standard and brand image’, ‘Improves environmental performance’ and ‘Pressures from local community’. Loadings on the other two factors are significant but no so high. This factor can be termed as ‘Sustainable Growth Policy’. This factor accounts for 17.59 per cent of the total variance.

Factor III

This factor has significant loadings on the variables indicated below.

1) Meet client requirements and expectations (.728)
2) Avoids government regulations (.510)
3) Motivation from top management (.877)
4) Avails relevant accreditations (e.g. quality, environment, etc.) (.754)

The highest loadings on this factor are on the three variables, viz., ‘Motivation from top management’, ‘Avails relevant accreditations (e.g. quality, environment, etc.)’, and ‘Meet client requirements and expectations’. Loading on the other variable is significant but not so high. This factor can be termed ‘Performance Efficiency’ factor. This factor accounts for 17.27% of the total variance.

Factor IV

This factor has significant loadings on the following variables:

1. Enhances company’s reputation (.629)
2. Increases efficiency and productivity (.723)
3. Improves relationship with financial institutions (.929)
4. Increase in awareness (.476)

The highest loadings on this factor are on three variables, viz., ‘Improves relationship with financial institutions’, ‘Increases efficiency and productivity’ and‘ Enhances Company’s reputation’. Loading on the other variables is significant but not so high. This factor can be termed as ‘Improved Financial Performance’. This factor accounts for 16.22% of the total variance.

Factor V

This factor has significant loadings on the following variables:

1. Enhances company's reputation (.442)
2. Improves public relations (.693)
3. Increase in awareness (.517)

From among the above three variables which have significant loading, the highest loading is for 'Improves public relations'. This factor can be termed as 'Enhanced Credibility'. This factor accounts for 12.80 per cent of the total variance.

Conclusion and Recommendations

The factor analysis of the key drivers to a strong financial position showed five factors which are 'Competence in marketplace', 'Sustainable growth policy', 'Performance efficiency', 'Improved financial performance' and 'Enhanced credibility. If these factors are implemented effectively, the financial position of public sector undertakings in the plantation sector can be enhanced considerably.

The organisations have to develop short-term and long-term corporate plans for sustainable development which not only enhance productivity but also improve international brand image.

Proper arrangements should be made for capacity building. Training should be to be made an integral part of organisational culture. At least, 10% of the employees should be trained every year and it should be designed based on a Training Need Assessment (TNA). Besides, motivation from top management is to be carried out to enhance the productivity of the remaining sections of the employees.

Induction of professionally trained managers, especially those who are adequate experience in plantation sector is important in enhancing the financial position of these organisations.

Merger of PSUs in the plantation sector will result in synergy of operation by polling of resources and it could reduce the operational cost considerably. Moreover, this process will create a monopoly in rubber plantation for these organisations and better and effective human and financial resources.

Last but not least, the management of these PSUs should take initiative to set up a Corporate Marketing Cell (CMC) for the plantation sector and this could jointly be sponsored by all PSUs in the plantation sector. This will enhance marketing/selling directly to consumers, price bargaining capacity and develop a common brand name.

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PERFORMANCE EVALUATION OF DEPOSITORIES IN INDIA: A COMPARATIVE STUDY OF NSDL AND CDSL

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Abstract:

Depository, in very simple terms, means a place where something is deposited for safekeeping. The principal function of depository is to dematerialize securities and enable their transactions in book-entry form. India has chosen the concept of multi-depositories and as such there may be more than one depository in operation. Presently, the two depositories, National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), have been registered with Securities and Exchange Board of India (SEBI). Depository is much like a bank and performs many activities that are similar to a bank. The securities are transferred by debiting the transferor's depository account and crediting the transferee's depository account.

The present study is an attempt to give an account of the functioning and benefits of National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and makes a comparative analysis of their performance in terms of number of beneficiary accounts, number of depository participants, number of companies available for DEMAT, DEMAT custody and number of depository participants locations. The comparison is made by analyzing the Average Annual Growth Rate of all variables. The comparative analysis of the performance of NSDL and CDSL

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shows that even though CDSL started its operations later than NSDL, it trails back NSDL in all major operations.

Keywords : Depository, Depository System, Depository Participants, Beneficiary accounts, Performance Evaluation.

Introduction

Capital markets world over are undergoing rapid transformation in terms of modernisation through technological up gradation, higher level of transparency through improved system of information dissemination and globalisation via increasing cross border transactions and cross- listing of companies. The transactions in secondary market are processed through three distinct phases, viz, trading, clearing and settlement. The stock exchange provides the trading facility to its members either through screen based or floor based system. The clearing corporation looks after the clearing operations. The clearing banks and depositories ensure settlement of funds and securities. Introduction of screen based on-line trading systems by the stock exchanges is one very important development taking place recently in Indian capital market contributing to higher liquidity and market efficiency. There are three main advantages of electronic trading over floor based trading as observed in India, viz, transparency, more efficient price discovery and reduction in transaction costs. In the screen based system, the trading ring is replaced by the computer screen and distant participants can trade with each other through the Computer network. For the smooth functioning of online trading, safe and quick settlement of securities i.e., debit or credit in investors account against buy/sell deals is important. For quick settlement of securities, transfer of ownership of securities by means of electronic book entry without the physical movement of securities is necessary.

One of the biggest problems faced by the Indian capital market has been the manual and paper based settlement system. Under this system, the clearing and settlement of transactions take place only with the use of paper work. The system of physical delivery of scrips poses many problems for the purchaser as well as the seller in the form of delayed settlements, long settlement periods, high cost of transactions, bad deliveries, theft, forgery, mutilation of certificates, delay in refund and remission of dividends, interest etc. To mitigate the costs and risks associated with physical delivery, it was found necessary to replace the old system of transfer and settlement with the new and modern system of depositories. A depository facilitates the electronic book entry transfer of securities and making the stock market transactions scrip less or paper free. Accordingly the Government of India enacted the Depositories Act in 1996 for the orderly growth and development of the Indian capital market.

Objectives of the Study

1) To study the functioning of Depositories in depository system
2) To study the benefits of NSDL and CDSL in depository system.
3) To compare the performance of NSDL and CDSL.

Methodology

The present study is of analytical nature, therefore the use is made of secondary data collected from websites of SEBI, NSDL and CDSL, publications and brochures of depository and depository participants, research papers/articles published in various journals/magazines/newspapers and annual reports of SEBI, NSDL and CDSL.

Meaning of Depository

In simple terms, a depository means a place were something is deposited for safekeeping. The depository is an organization which holds securities of a shareholder in an electronic form and facilitates the transfer of ownership of securities on the settlement dates. In India depositories are required to be registered with SEBI and are governed by the provisions of the Depositories Act, 1996 and regulations and byelaws framed for the depositories by the SEBI.

As per the Depository Act, 1996, "Depository means a company formed and registered under the companies Act, 1956 and which has been granted the certificate of registration under sub- section 1(A) of section 12 of the Securities and Exchange Board of India Act, 1992."

The Depository Act defines 'Depository' as "an organisation where securities of shareholders are held in the form of electronic accounts in the same way as banks hold money."

Depository system in India

In India the concept of multiple depositories has been adopted, given the fact that India has the largest number of shareholders in the world. It is reasonable to assume that dematerialization can take place at a faster pace if there are multiple depositories. It also creates a competitive environment which will be responsive to the user's interest and demands. At present the following two depositories are working in India. They are;

1) National Securities Depository Limited (NSDL)
2) Central Depository Services(India)Limited (CDSL)

The National Securities Depository Limited (NSDL)

Pioneering the concept of depositories and ushering in an era of paperless settlement of securities, NSDL was registered with SEBI on June 7, 1996 as the first depository in India, as a public limited company under the Companies Act, 1956 with the paid up capital of Rs.300 crore. The present ownership of NSDL is structured as UTI (41.9%), IDBI (39.10%), NSE (14.3%) and SBI (4.7%). The other shareholders of NSDL are City Bank, Standard Chartered Bank, HDFC Bank Ltd, HSBC, Dena Bank, Canara Bank and Deutsche Bank.

Objectives

The objectives for setting up the NSDL are as follows:

1. To speed up the trend of shifting the scrip less trading
2. To use innovative and flexible technology system to promote depository system
3. To ensure the safety and soundness of Indian capital market by developing settle-ment solutions that increase efficiency and minimize risks, and reduce costs and
4. To support the investors and brokers in the capital market of the country.

Depository system at NSDL

The depository system of NSDL consists of various activities carried out through various functionaries called business partners who include Depository Participants, issuing companies and their Registrars and Share transfer agents, clearing corporations, clearing houses of the exchanges. The NSDL is electronically linked to each of these business partners via a satellite link through Very Small Aperture Terminals (VSATs) or through leased lines. The entire integrated system is called NEST (National Electronic Settlement and Transfer System). The functions of various business partners are given below:

1. Depository Participant

An Investor has to open his demat account with the DP who may be a bank, financial institution, a broker or any entity eligible as per SEBI (Depositories and Participants) Regulations, 1996.

2. Issuing Companies / Registrars and Transfer agents

Securities issued by issuer who have entered into an agreement with NSDL are admitted in to the NSDL depository. NSDL is electronically linked to each issuer company and its R&T agent which facilitates dematerialization, daily reconciliation and corporate actions.

3. Clearing corporations/Clearing house

All the major clearing corporations and clearing houses of various stock exchanges of the country are electronically linked to the NSDL in order to facilitate settlement of trade done on the stock exchanges for dematerialized shares.

Central Depository Services (India) Limited (CDSL)

Central Depository Services (India) Limited commenced its operation during February 1999. It is promoted jointly by the BSE (65%), Bank of India (10%), State Bank of India (10%), Bank of Baroda (10%) and HDFC (5%). It is required to have a minimum capital of Rs.100 crore out of which Rs 65 crore has been contributed by the BSE.

Objectives

The objectives for setting up CDSL are as follows

1. To accelerate the pace of shift to scrip less trading
2. To make a major thrust in the individual investor's participation in the depository system and
3. To create a competitive environment which will be responsive to user's interest and would give the investing public a fair deal in terms of quality, choice and value of money.

Depository system at CDSL

As far as depository system is concerned, CDSL carries out its activities through various functionaries like as DPs, issuing companies and their R&T agents, clearing houses that are electronically connected to CDSL as same in the case of NSDL. The CDSL has introduced two options viz. easi and easiest based on the internet which empowers a demat account holder to manage his securities "any time any where' in an efficient and convenient manner with all in a "State-of-the-art secure environment".

Benefits

In the depository system, the ownership and transfer of securities takes place by means of electronic book entries. At the outset, this system rids the capital market of the dangers related to handling of paper. The benefits associated with the depository system vary from the perspectives of various parties participated in the stock market. The benefits to various parties are:

a) Benefits to Investors

The benefits to the investing public are:

- Reduction of risks associated with loss, mutilation, theft and forgery of physical scrip
- Greater liquidity from speedier settlement and reduction in delays in registration
- No bad deliveries & Nomination facility
- No stamp duty on transfer of securities
- Reduced transaction costs
- Electronic credit of IPO’s, rights and bonus
- Fungibility of dematerialised holdings
- Reduction in rate of interest on loans granted against dematerialised securities
- Holding investments in equity, debt and Government securities in a single account.

b) Benefits to Issuers

The main benefits to the issuers are:

- Improved efficiency of registrar and transfer agent functions
- Up to date knowledge of share holder’s names and addresses
- Better facilities for communication with shareholders
- Savings in issue costs
- Improved ability to attract international investors
- Better corporate image and awareness

c) Benefits to Intermediaries

The main benefits to the stock market intermediaries are:

- Greater profits from increased trading volumes
- Improved cash flows from not having funds tied up for long periods
- Opportunity for development of retail brokerage business

- Reduced transaction costs through greater efficiency
- Elimination of forgery and counterfeit & Less risky settlement
- Ability to arrange pledges without movement of physical scrip and further increase overall level of trading activity, liquidity and profits

d) Benefits to the Economy/Country

The depository system offers many benefits to the economy/country as a whole. The main benefits to the economy are;

- Greater transparency in the stock markets
- Increase confidence of investors
- Eliminates voluminous and cumbersome paper work in the stock market
- Integration of domestic stock market to world capital market
- Reduction of settlement risks and frauds
- Improved prospects for privatisation of public sector units by creating a conducive environment
- More liquid capital markets to promote economic growth

Comparative Study of NSDL and CDSL

The conclusions drawn regarding the performance of NSDL and CDSL in terms of various parameters are presented in the following sections:

Companies available for demat

Every company wants to reach its investors through a depository. More number of companies available for demat shows the exponential growth of the depository. Therefore, every depository tries to add a large number of securities to the list of securities to be settled only in demat form by all categories of investors. Table-1 shows the number of companies available for providing dematerialization facilities to their shareholders by signing agreement with the depositories.

As it is evident from the table, the number of companies available for demat shows an exponential growth in both NSDL and CDSL during the period of study. It is observed that there has been a positive growth in the number of companies available for dematerialization at NSDL since 2011-12. But there was a negative growth in the case of CDSL in 2012-13 and they moved into positive growth in the next year.

TABLE: 1

No. of Companies Live in NSDL and CDSL from 2004-05 to 2013-14

Year	NSDL		CDSL	
	Companies Live	Annual Growth Rate (%)	Companies Live	Annual Growth Rate (%)
2004-05	5,536	-	5,068	-
2005-06	6,022	8.78	5,479	8.11
2006-07	6,483	7.66	5,589	2.01
2007-08	7,354	13.44	5,943	6.33
2008-09	7,801	6.08	6,123	3.03
2009-10	8,124	4.14	6,801	11.07
2010-11	8,842	8.84	8,030	18.07
2011-12	9,741	10.17	9,928	23.64
2012-13	10,844	11.32	8,062	-18.80
2013-14	12,211	12.61	8,630	7.05
Average Annual Growth Rate (%)		**9.23**		**6.72**

Source: Calculated from the data available from SEBI, NSDL and CDSL

Number of Depository Participants

A depository participant is an agent of the depository. If an investor wants to avail the services offered by the depository, he has to open an account with the depository participant. The depository participant functions as a bridge between the depository and the beneficial owner. The number of participants helps to increase the business of depository. Therefore, every depository tries to increase the depository services across the country. The table-2 shows the number of depository participants registered under NSDL/CDSL.

TABLE: 2

No. of DPs Live in NSDL and CDSL from 2004-05 to 2013-14

Year	NSDL		CDSL	
	DPs Live	Annual Growth Rate (%)	DPs Live	Annual Growth Rate (%)
2004-05	216	-	254	-
2005-06	223	3.24	304	19.69
2006-07	240	7.62	358	17.76
2007-08	251	4.58	410	14.53
2008-09	275	9.56	461	12.44
2009-10	286	4.0	490	6.29
2010-11	293	2.45	544	11.02
2011-12	282	-3.75	566	4.04
2012-13	282	0	577	1.94
2013-14	278	-1.42	578	0.17
Average Annual Growth Rate (%)		**2.92**		**9.76**

Source: Calculated from the data available from SEBI, NSDL and CDSL

As the table -2 shows, the average number of depository participants has also increased during the period 2005-2014 in case of both NSDL and CDSL. It is observed that both ups and downs occur in the number of depository participants in NSDL and CDSL. There was negative growth (-3.75&-1.42) in the number of depository participants in the case of NSDL during the periods 2011-12 and 2013-14 respectively.

Number of locations served

Depository offers the unique facility for the depository participants to extend the services directly through their branch network, in order to reach the investors even in remote areas. The table-3 shows the number of locations served by depository participants registered under NSDL/CDSL.

TABLE: 3

No. of DPs Locations in NSDL and CDSL from 2004-05 to 2013-14

Year	NSDL		CDSL	
	DPs Locations	Annual Growth Rate (%)	DPs Locations	Annual Growth Rate (%)
2004-05	2,819	-	1,530	-
2005-06	3,017	7.02	2,577	68.43
2006-07	5,599	85.58	4,178	62.13
2007-08	7,204	28.67	6,372	52.51
2008-09	8,777	21.84	6,934	8.82
2009-10	11,170	27.26	8,590	23.88
2010-11	12,767	14.30	10,052	17.02
2011-12	14,033	9.92	10,644	5.89
2012-13	14,641	4.33	12,601	18.39
2013-14	14,444	-1.35	11,381	-9.68
Average Annual Growth Rate (%)		**21.95**		**27.49**

Source: Calculated from the data available from SEBI, NSDL and CDSL

As it is evident from table-3, there is an increase in number of locations covered during the period 2005-14 in both NSDL and CDSL, except in 2013-14. There was a huge hike in the number of DP locations (85.58%) in 2006-07 at NSDL and (68.43%) at CDSL in 2005-06. There was negative growth in the number of DP locations at NSDL and CDSL in 2013-14 with -1.35 and -9.68 respectively.

Demat custody

This is also one of the important criteria to measure the performance of a depository. A depository can increase their demat custody by increasing its clients and number of

TABLE: 4

Quantity of Securities in Demat form at NSDL and CDSL from 2004-05 to 2013-14

Year	NSDL		CDSL	
	Demat Quantity (securities in crore)	Annual Growth Rate (%)	Demat Quantity (securities in crore)	Annual Growth Rate (%)
2004-05	12,866	-	1,908	-
2005-06	17,472	35.80	2,722	42.66
2006-07	20,270	16.01	3,125	14.81
2007-08	23,690	16.87	4,982	59.42
2008-09	28,287	19.40	7,082	42.15
2009-10	35,114	24.13	7,795	10.07
2010-11	47,130	34.22	10,531	35.10
2011-12	57,980	23.02	13,357	26.84
2012-13	68,648	18.40	15,179	13.64
2013-14	79,550	15.88	17,731	16.81
Average Annual Growth Rate (%)		**22.64**		**29.06**

Source: Calculated from the data available from SEBI, NSDL and CDSL

securities dematerialized. The table-4 shows the quantity of securities in demat form at NSDL and CDSL.

Table-4 shows that the demat custody held in both the depositories witnessed a tremendous growth during the period of study. There was a positive growth in quantity of dematerialized securities in both the depositories from the period 2004-05 to 2013-14. There was more than half percentage (59.42%) growth in quantity of dematerialized securities at CDSL during the period 2007-08.

Value of dematerialized stock

The higher value of demat stock shows the higher growth of the depository. Therefore, every depository wants to increase its value of dematerialised stock with the help of increase in the number of participants and the number of accounts of the investors. The table-5 shows the value of dematerialized stock of NSDL and CDSL.

The value of dematerialized stock has increased in both NSDL and CDSL during the period of study, as it is shown in table-5. There was a huge hike in the value of dematerialized stock during 2005-06 and 2009-10 at NSDL and more than hundred percentage growth at CDSL during 2007-08. But there was negative growth at NSDL in 2008-09. In the case of CDSL, it was in 2008-09, 2011-12 and 2012-13.

TABLE: 5

Value of Securities in Demat form at NSDL and CDSL from 2004-05 to 2013-14

Year	NSDL		CDSL	
	Demat Value (in crore)	Annual Growth Rate (%)	Demat Value (in crore)	Annual Growth Rate (%)
2004-05	16,38,316	-	1,20,959	-
2005-06	30,05,100	83.43	2,35,829	94.97
2006-07	35,98,800	19.76	2,83,136	20.06
2007-08	52,19,700	45.04	5,90,039	108.39
2008-09	31,10,300	-40.41	4,39,703	-25.48
2009-10	56,17,842	80.62	8,38,928	90.79
2010-11	66,07,900	17.62	10,81,417	28.90
2011-12	71,32,300	7.94	10,20,569	-5.63
2012-13	76,79,027	7.67	9,85,038	-3.48
2013-14	89,39,900	16.42	10,87,603	10.41
Average Annual Growth Rate (%)		**26.45**		**35.44**

Source: Calculated from the data available from SEBI, NSDL and CDSL

Number of clients

Income of the depository is dependent on the number of clients. Therefore, every depository tries to increase its number of clients in all the segments of the market. The table-6 shows the number of beneficial owner accounts opened with both the depositories.

TABLE: 6

No. of Client Accounts at NSDL and CDSL from 2004-05 to 2013-14

Year	NSDL		CDSL	
	No. of Client Accounts (in Lakh)	Annual Growth Rate (%)	No. of Client Accounts (in Lakh)	Annual Growth Rate (%)
2004-05	63.01	-	10.11	-
2005-06	75.60	19.98	15.51	53.41
2006-07	79.03	4.54	23.68	52.68
2007-08	93.72	18.59	47.98	102.62
2008-09	97.0	3.50	55.27	15.19
2009-10	105.8	9.07	65.86	19.16
2010-11	115.4	9.07	74.79	13.56
2011-12	120.5	4.42	79.17	5.86
2012-13	126.9	5.31	83.27	5.18
2013-14	130.6	2.92	87.77	5.40
Average Annual Growth Rate (%)		**8.6**		**30.34**

Source: Calculated from the data available from SEBI, NSDL and CDSL

From table-6, we can understand that like other parameters, the number of clients has also increased at both NSDL and CDSL during the period of study. In the case of CDSL, there was high positive growth in 2005-06(53.41%), 2006-07(52.68%) and 2007-08(102.62%). During the last three years, the growth rate in both the depositories is low as compared to the earlier periods.

Comparative analysis of NSDL AND CDSL

In table 7, a comparative analysis on the performance of NSDL and CDSL has been made. It has been done by analyzing the Annual Average Growth Rate of parameters like number of companies available for demat, number of clients, number of depository participants, number of locations served, value of dematerialized stock and demat custody.

TABLE: 7

Comparative Analysis of NSDL and CDSL from 2004-05 to 2013-14

Sl.No.	Parameters	Average Annual Growth Rate (%)	
		NSDL	CDSL
1.	Companies Live	9.23	6.72
2.	DPs Live	2.92	9.76
3.	DPs Locations	21.95	27.49
4.	Demat Quantity	22.64	29.06
5.	Demat Value	26.45	35.44
6.	No.of Client Accounts	8.6	30.34

Source: Calculated from the data available from SEBI, NSDL and CDSL

The table shows that CDSL perform well in all respects except in the case of companies available for demat. In the case of companies available for demat, the Average Annual Growth Rate is higher at NSDL (9.23%) than at CDSL (6.72). The table shows that even though CDSL started its operations on July 1999 as against NSDL which started its operations on November 1996, it trails back NSDL in all the major operations of depositories.

Conclusion

As a part of capital market reforms in line with global practice, the Depository System was introduced in India with the promulgation of the Depositories Ordinance on September 1995. In order to bring a competitive environment for the benefit of stake holders, India has chosen the concept of multi – depositories and as such there may be more than one depository in operation. Presently, two depositories, National Securities Depository Ltd. (NSDL) and Central Depository Service Ltd. (CDSL), have been registered with SEBI. The comparative analysis of the performance of NSDL and CDSL shows that even though

CDSL started its operations later than NSDL, it trails back NSDL in all major operations. This is mainly due to the fact that CDSL has introduced various changes on its depository system in order to face stiff competition from NSDL. Another reason is that NSDL started to divert its concentration on other areas of operation like PAN Card Service, New Pension Scheme fund management, UID service provider etc.

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ENTREPRENEURSHIP DEVELOPMENT IN KERALA: SCHEME FOR SUSTAINABLE GROWTH

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Abstract

Entrepreneurship being an intangible factor is the moving force and development is the consequence. It has an important role in the context of a developing nation like India which is confronted with major socio- economic problems. India is being attacked by baffling problems of over population, unemployment, poverty and the like. Entrepreneurship is consistently equated with the establishment and management of small business enterprises and setting up these units is the solution to these baffling problems. This study mainly aims at identifying the problems of entrepreneurship in Kerala and to frame a scheme for tackling those problems.

Introduction

An entrepreneur is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and outcomes. Entrepreneurship can be described as a process of action an entrepreneur undertakes to establish his enterprise. It is the ability to create and build something from practically nothing. Entrepreneurship is not a combination of some stray incidents. It is an outcome of complex socio economic, psychological, technological, legal and other factors. Entrepreneurship ranges in scale from solo projects to major undertakings creating many job opportunities.

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Economic development essentially means a process of upward change whereby the real per capita income of a country increases over a period of time and entrepreneurship has an important role to play in the economic development of a country. It is now a widely accepted fact that active and enthusiastic entrepreneurs can only explore the potentials of the country's availability of resources such as labour, capital and technology. Entrepreneurs are called creative destroyers of tradition because entrepreneurship is inextricably linked to innovation and growth and entrepreneurs are agents of change and they use innovation as a tool. They are always looking for an opportunity to offer a better product, a better service, a better process and a better programme. Once they accomplish this existing product or service or process or programme becomes obsolete. Thus they act as creative destroyers of tradition. Through this the resources which were lying unutilized will be brought into efficient usage there by contributing to the flow of cash, by opening new markets or increasing the demand in the existing markets. This drive to be innovative contributes to the wealth generation.

Need for Entrepreneurship Development

Most economists agree that entrepreneurship is essential to the vitality of any economy, developed or developing. Entrepreneurs create new businesses, generating jobs for themselves and those they employ. In many cases, entrepreneurial activity increases competition and, with technological or operational changes, it can increase productivity as well. Entrepreneurs give security to other people; they are the generators of social welfare. Entrepreneurs are responsible for the commercial introduction of many new products and services, and for opening up new markets. A look at recent history shows that entrepreneurs were essential to many of the most significant innovations Entrepreneurship is basically concerned with creating wealth through production of goods and services. This results in a process of upward change whereby the real per capita income of a country rises overtime or in other words economic development takes place. Thus entrepreneurial development is the key to economic development. In fact it is one of the most critical inputs in the economic development of a region. It speeds up the process of activating factors of production leading to a higher rate of economic growth, dispersal of economic activities and development of backward regions. If a region is unable to throw up a sufficient number of entrepreneurs then alien entrepreneurs usually step in to provide goods and services needed by the people. However the profits earned by these entrepreneurs are usually not ploughed back but repatriated to their place of origin. As a result development in that region cannot take place. Entrepreneurship begets and also injects entrepreneurship bystarting a chain reaction when the entrepreneur continuously tries to improve the quality of existing goods and services and adds new ones. E.g. when computers came into the market there was continuous improvement in the models, their functions etc. like first generation computers, personal computers, laptops, palmtops etc. Not only had this fostered the development of the software industry, computer education institutes, computer maintenance and stationery units etc. but also other industries like banking, railways, education, travel, films, medical and legal transcriptions, business process outsourcing [BPOs] etc. In this manner by harnessing the entrepreneurial talent a society comes out of traditional lethargy to modern industrial culture. Population is one of the major reasons common to all developing countries that lead to growing unemployment. Through self employment we can reduce the unemployment rate. Monopoly in trade, industry and business activities is the commonest evil in most of the developing countries. Planned efforts for encouraging and supporting self employment among the youth go a long way in weakening the tendency of monopoly holdings since many self employed people start manufacturing goods and services which otherwise remain prerogatives of a selected few. Self employment offers an excellent opportunity to harness youth vigor. The recent phenomenon of increasing unemployment is largely due to their extensive dependence on wage/salary, employment resulting in decline and wastage of youth vigor. In the long run self employment also helps in developing self confidence among the youth, which is usually lacking in developing countries. Hence India needs entrepreneurs to capitalize on new opportunities and to create wealth and new jobs.

By recognizing all these merits of entrepreneurship governments all over the world have realized the significance of small entrepreneurial firm in the economic and social welfare of the nation. In India a number of institutions like Entrepreneurship Development Institute of India (EDII) have been formulated which involves in rolling out a number of long term and short term courses focused on entrepreneurial skills. Government simplifies the administrative burden for setting up of new enterprises and also provides tax incentives and subsidies for technological up gradation in small ventures.

Problems that Hinders Entrepreneurship Growth in Kerala

Kerala is an industrially backward state. The State government is taking various steps to promote active participation in this sector. But entrepreneurial success is not visible. There are many reasons for this condition. One of the important reasons is lack of an entrepreneurial class. The trade and the commerce of the state were originally in the hands of outsiders who migrated to Kerala for business purposes. Later on Christians and Muslims entered the field of business. Majority of the people of Kerala shows no interest in trade and commerce. Further adequate funds are not being channelized into entrepreneurialactivities. A considerable portion of capital is being utilized for non-productive purposes. For example, people spend much of their savings in constructing houses. This tendency is very prominent in Malabar. People working in the Middle East are interested in acquiring landed property and gold with their savings. Another cause for the state's poor entrepreneurship is the large amount of capital flowing out of state. Apart from this there is basically a mismatch between entrepreneurs and the organization they mooted. The entrepreneurs are lacking interest and their cultural barriers also hinder the growth of entrepreneurs in our country. Entrepreneurial failure may be also because, a business custom is not prevailing in Kerala along with lack of experienced management, lack of experienced manpower, poor financial management, lack of business linkages, weak marketing efforts, lack of information and short term outlook of entrepreneurs. Hence most of the people prefer salaried jobs because of all these problems. This will not lead to economic growth.

Hence we have to sow the seeds of self employment from the school/college level itself. They have to inform about various self employment opportunities available and how to establish their own enterprise .There are a significant number of students who have valuable entrepreneurial ideas which do not germinate and grow to frution, for want of the necessary environment and support. Incubators have to be designed to accelerate the successful development of technological innovation and job creation through an array of business support resources and services. For encouraging student entrepreneurship Government has put forward Student Entrepreneurship Scheme which provides grace marks, attendance, setting up of business incubators, providing assistance for equity to newly started business, provide different kinds of tax benefits and subsidies and other valuable services for improving the attitude of students towards entrepreneurship. This is because the Government of Kerala recognizes that it is imperative for growth of Kerala to support home grown companies through a specific incentive for student start up companies.

Objectives of the study

The study has been done with the following specific objectives:

1. To identify the problems that hinder entrepreneurship growth in Kerala.

2. To frame a scheme for remedying the problems of entrepreneurship development to attain a sustained growth.

Methodology

The study is descriptive and analytical in nature. Both primary and secondary data is used for the study. Primary data were collected by administering an interview schedule among 50 entrepreneurs. Simple random sampling method was used for selecting the respondents.

Major Observations

Majority of the respondents divert their working capital finance for other purposes. It will lead to shortage of fund. It makes them to borrow funds from outside sources. It will take the unit on the path of sickness. Another problem faced by the majority of the respondents is that of marketing. They depend upon the middleman because they want to avoid packaging, transportation, advertisement and sales promotion. They remain reticent and complacent even if the middleman sell their product in their own brand name and generate higher profits than the producer. Managerial incompetence is another problem faced by the respondents. Young entrepreneurs start their enterprise with romantic ideas. They keep high overhead cost, do not mind borrowing at prohibitively high rate of interest especially during the initial years. There is basically a mismatch between entrepreneurs and the organization they mooted. Another major hindrance faced by the respondents is problems with financial institutions regarding apply of loans and availing of funds. Unreasonable and unrealistic conditions related to security, guarantee and provisions of records imposed by the institutions further tend to aggravate the problem. Sometimes the delay in the sanctioning of loan goes beyond a point of repair which results in sickness. Labour problem is another problem which is faced by the majority of respondents. In the present situation most of the laborers are from other states. Even though their wages are comparatively low, there is no security regarding their availability. This will hinder the work and will lead to heavy loss. Another problem faced by majority of respondents is recoveries from sales. They do not have a well established system to collect the receivables. It will lead to bad debts and to the path of sickness. Lack of proper wastage disposal system is another main issue facing by majority of the respondents.

Scheme for Tackling the Issue

Sickness is a gradual process which may take 5 to 7 years to erode the capital and deteriorate the business financially beyond cure. The government and financial institutions should make arrangements for monitoring and detecting sickness at an early stage. Better would be to identify those promoters who show unrealistic projections at the time of initial set up stages. Those who show lack of initiative, lack of innovation, greediness to take advantage of liberal concessions and subsidies should not be allowed to set up a unit. An integrated approach should be adopted for avoiding the mismatch between entrepreneurs and the oraganisation they mooted. The government should set up a screening committee which will make recommendations from time to time regarding taking over the unit from management, merger of sick unit into a healthy unit and constituting new board of directors. Proper encouragement and assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remunerative prices. Hence, middlemen can be avoided and rural entrepreneurs derive the benefits of enterprise. Common production-cum-marketing centers should be set up with modern infrastructure facilities. Thus, proper education, comprehensive training, setting up of separate financial institutions, development of marketing co-operatives to a large extent help the entrepreneurs to flourish in India.

Conclusion

Entrepreneur is a key figure in economic progress of India. Entrepreneurship is the way of converting developing country into developed nation. Entrepreneurship is the key to removal of rural poverty in India. Therefore, there should be more stress on integrated rural development programs. The problem is that most of the youth do not think of entrepreneurship as the career option. Therefore, the youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance. There should be efficient regulated market and government should also lend its helping hand in this context.

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ROLE OF ADVERTISEMENTS IN THE BUYING BEHAVIOUR OF TEENAGERS

***Ruby S.**

Abstract

Advertising has developed itself into a modern format to meet the changing needs of the market and the society. To be more precise, advertising provided the ready answer helping to raise the consumption pattern of products and thereby bring down the per unit cost of the product. Different media started emerging as mutual competitors for advertising and its revenue. Had there been no advertising, the consumers would have to rely on any information for the process of decision making for purchase and judiciously choosing products from competitive brands. Is advertising deceptive? Does it create stereo types? Does it cause people to buy things that really don't need? Whether people get satisfaction from this compelling and buying? To what extent the teaser ads influence in buying? These several questions have to be answered.

Key Words: Advertising, Teenage Shopping, Buying Behaviour

Introduction

Advertising, basically a tool for dissemination of information and persuasion has attracted much attention today. In this age of media boom, it is practically impossible to underrate the impact and significance of advertising in informing, guiding, and persuading every single person exposed to it. Advertising covers almost every are of thought, process and action. Advertising is considered to be a highly sophisticated communication force and

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a powerful marketing tool. Related to behavioral science and marketing discipline, advertising has developed itself into a creative science including knowledge about the psyche of the people and of the technologies involved in the creative production and media utilization. To make best useof this vital force one has to appreciate the nature, utility and techniques involved in its various operational stages.

The concept of advertising has under gone a sea change in tune with the development of the areas it is basically related to. The changing social, political and economic orders have also contributed to the appreciation and utilization of advertising as a vital communication tool. Advertising can be defined as the means by which we make known what we have to sell or what we want to buy.

Advertising by virtue of its persuasive qualities and by its attempt to inform and motivate, no doubt, is in a position to create definite Impact on the consumers in particular and society in general. As the markets grow larger and the number of customers increased the importance of attracting them grew. The lack of personally attracting customers becomes enormous and more expensive. Advertisements are more economical in reaching large number of consumers and informing them of the products availability .These methods are useful for informing and reminding.

Statement of the Problem

Advertising has both forward and backward linkages in the process of satisfaction across the entire needs. The function of advertising is to make the potential audience aware of the existence of the product, service or idea which would help them fulfills their needs a differential benefits in competitive situations. Competition in the consumer markets has increased by leaps and bounds in view of the globalization, liberalization and privatization of the Indian economy. Growth of transportation facilities, advent of radio followed by television and improvement in printing technology had combined to completely re-orient the advertising scene. Product medium not only became more sophisticated to reproduce attractive advertisements, it also found an initial partner in radio and subsequently in film and television for communicating message. This competitive motive brought rapid changes and innovations in advertising. This was added the growth of modern advertising agency system which gradually emerged as an institution and started professionalizing the advertising business.

Now-a-days, teenagers are considered by many marketers as the most vulnerable group as they often patronize products with novelty and creativity. Most of the brands today are targeted at youth market and linked to its emotions, feelings, and behavior. Since the advent of TV, it has become the major media for advertisements and many firms prefer to advertise their products through TV as it has wider viewers. On an average; teenagers spend two to three hours a day for watching television. With the emergence of worldwide web, teenagers have started using the internet and browse through various websites of their own choice. Many questions arise about advertisements, such as, Is advertising deceptive? Does it create conformity? Does it create insecurity in order to sell goods? Does it cause people to buy things that they really don't need? There are several ways to research consumer's behavior, likes and dislikes. It is not by accident that teenagers and young adults are targeted by advertisers, especially since their purchasing power as a group exceeds that of any other consumer group. Not only have advertisers learned to identify specific products that appeal to teens, but they have also found that the "want" of the customer be turned into a "need" which ultimately appeals to a vast majority of teenagers. In one of the advertisement in Vogue magazine, It is advertised that "Future Perfect anti-Wrinkle radiance Moisturizer SPF". This advertisement is appealing to the consumer because it stresses the importance of remaining young by the use of this product. This advertisement then goes further to stress that, "The Past is forgiven, the present is improved and the future will be perfect." Thus advertisers tried to trap the minds of teenagers by using different suitable strategies to attract them.

Objectives of the study

The primary objective of the study is to study the effectiveness of advertisement on buying behavior of teenagers and the specific objectives are:

- To study the attitude towards advertisement and most preferred media by teenagers
- To examine the influence of different advertisements on their buying behavior including teaser ads.
- To measure the effectiveness by measuring their awareness, liking, preference, conviction and purchase decisions.
- To assess the motives and factors affecting buying decisions

Methodology of the study

The study has been carried out through a sample of 120 teenagers of Kollam District by using purposive sampling method. For collecting the primary data, a questionnaire has been designed and administered among the selected teenagers. Reports, official records, books, journals, news papers and unpublished works were extensively used as secondary data for enriching the study.

Results and Discussions

Teenagers are conscious towards certain factors while buying. 93 percent of the selected teenagers are more conscious about price and quality while buying, but at the

Table 1

Influence of Advertisement in Buying

Influence	Frequencies	Percentage
Yes	120	100
No	---	---
Total	**120**	**100**

Source: Primary Data

same time they are conscious towards advertising and status .Even though majority are conscious towards price and quality, all are having the same opinion that advertisement influence their buying.(Table 1)

About 55 Percent are more influenced by product advertisement and 45 percent teenagers like to enjoy celebrity advertisement. Nobody is having much interest in institutional advertisements. Sharukh khan, Amitabh Bachan ,Sachin tendulkar, Manju Warrier And Aiswarya Rai are the celebrities who are having much influence on them. Teenagers get product related information from various media sources as can be seen from table 2 as many as 70 percent teenagers get their information through television commercials, around16 percent from newspapers and magazines and another 6 percent from radio, billboards and through internet advertisement. Nobody relies on direct mail. TV advertisements are their main source of information**.** It is true that television as an audio visual media provides more information to teenagers and leaves permanent impact. It can also be seen from the table that only 2 percent of the sample seek information from internet advertisement. Teenagers watch and listen to TV programmes during their leisure time with some intermittent intervals. Table 3 shows that 88 percent of teenagers watch TV programmes regularly. There is, however only 5 percent of the teenagers who watch roadside hoardings or displays at shops and only 35 percent of the respondents who are regularly radio listeners.

Table 2

Spread of different media among teenagers (In Percentages)

Media	Regular	Occasional	Never	Total
Newspapers/Magazines	80	20	---	100
Television	88	12	---	100
Radio	35	53	15	100
Billboards/hoardings	5	60	35	100
Direct Mail	---	35	65	100
Internet advertisement	8	38	54	100

Source: Primary Data

Teenagers enjoy various commercials as per their choice and preference. They evince keen interest in some of the product as advertisements while they dislike the advertisements on certain other products. They remember certain products due to their advertisement immediately after viewing the product. 55 percent of the teenagers like the advertisements on textiles while they find very attractive. 10 percent like the commercials on food products. They are the important decision makers when it comes to purchasing food items like ice creams, soft drinks, snacks etc. About 35 percent are interested to view advertisements on cosmetics and ornaments. The study revealed that nobody is having much interest in advertisements on home appliances and magazines. Advertisement on mobile phones, cellular service etc has attracted 4 percent of the respondents.

Table 3

Advertisement Liked by Teenagers

Ads	Frequencies	Percentage
Basic accessories & Home appliances	---	---
Food Items	12	10
Textiles	66	55
Ornaments	18	15
Magazines	---	---
Cosmetics	20	16
Others	4	4
Total	**120**	**100**

Source: Primary Data

The extent of influence of advertisement on the buying behavior of teenagers shows that 60 percent of the respondents are of the opinion that advertisements did sometimes evoke their desires in buying a product. For buying an advertised brand, Teenagers often ask their parents to buy for them. Only 8 percent said that they desired to buy a product immediately after they saw the ad, another 20 percent opined that advertisements rarely influence them to buy a product and 12 percent of the respondents stated that advertisements never influence them while buying a product.

Teaser ads do not reveal full information about the product or company, consisting of unfinished ad profile. In order to position the product, most companies prefer to use teaser ads. 60 % of the respondents felt that product selection based on teaser ads is due to attractiveness and interesting factors. Thirty respondents seemed to believe that teaser ads are highly memorable and so product selection become easy, but 15 % of the respondents opined that innovativeness cause teaser ad products much influence among buyers.

Table 4

Reasons for using Teaser Ads for Product Selection

Reasons for influence of Teaser Ads	Frequencies	Percentage
Attractive and Interesting	72	60
Highly memorable	30	25
Innovation	18	15
Total	**120**	**100**

Source: Primary Data

Table 5

Influence of Advertisements on Buying Behavior of Teenagers

Particulars of Influence	Frequencies	Percentage
Often	9	8
Sometimes	72	60
Rarely	24	20
Never	15	12
Total	**120**	**100**

Source: Primary Data

45 percent of teenagers pressurize their parents to purchase some branded products, 5 percent never pester their parents to have the advertised product. Around 50 percent responded that slogans, trade mark, reputation, appearance everything will influence effectiveness of advertisement. 22 percent are of the opinion that only company reputation will influence and 18 percent is favorable for appearance, 8 percent prefer slogans to 15 percent of trade marks. About 73 percent opined that they will buy more due to the influence of strong advertisement. While 27 percent have the opinion that buying behavior remains more or less the same as before, and not much impact on buying habits. Due to the impact of advertisement, people often neglects price and 55 percent of the teenagers opined that there will be too much prefer on the celebrity than the quality and price. Most of the respondents are remembering the company name, product and wordings in the advertisement. They responded that if the advertisement is innovative and interesting, they will prefer to learn more and try to have the product, but they are not concerned about information, humour, or attention seeking. The buying decision is based on the repeated exposure of the 'ad' and its content which will lead to storage of memory and its recall. They prefer to learn about product, style of presentation, message content, celebrity, brand ambassador, music, slogan etc before purchasing a product. An attempt has been made in the study to find out the different variables related to the impact of advertisements on buying behavior of teenagers.

Conclusion

The study highlights the diffusion of different media among teens, their knowledge, liking, preference, purchasing decisions etc. It is revealed that most of the teenagers like to watch TV. Among the channels, music channel, star plus, star gold etc are more popular. The marketing manager should keep this in mind while preparing and releasing advertisement copy in TV. Radio has least approach to this age group. Most of the teens recall advertisements of textiles, ornaments and cosmetics. Celebrity advertisement should be designed in such a way to attract the teenagers. It should be kept in mind that they like to enjoy advertisements which gives much novelty as well as information. Slogans can also play a very good influence on the minds of teenagers. As the teenagers play a key role in their household buying decisions, they should be given proper attention while releasing an advertisement copy. The marketers should keep in mind all these issues while designing an advertisement copy for their products.

Before launching an advertisement plan the media planner should know the advertisement efforts of competitors, it gives proper idea about competitor's advertising strategy and helps to understand the loopholes which can be exploited to the advantage of advertiser. The basic character of advertising message, its tone, style of presentation etc should be considered properly by the advertiser while planning an advertisement copy which is especially designed for the target group of teenagers. Then only the expectations will be fully achieved in this competitive pressure arena.

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CONFLICT BETWEEN MARTHANDA VARMA AND THE DUTCH

***Santhosh Kumar L.**

The Dutch East India Company commenced its active involvement in Travancore during the early years of the reign of Marthanda Varma (1729-58 A.D.), the architect of modern Travancore.[1] At the time of his accession, the kingdom was almost in a state of anarchy. The power of the king was very nominal. The real power of the state was in the hands of eight powerful Nair houses called Ettuvittil Pillamars.[2] In 1729 A.D. Anizham Tirunal Marthanda Varma became the king of Travancore after the death of his uncle Rama Varma, As soon as Rama Varma died, his sons, popularly known as the Kunju Thampi and Pappu Thampi claimed the throne as his lawful heirs, and appealed to the Nayak of Trichinopoly for his assistance.[3]

At that time the Dutch were able to maintain their political domination practically unchallenged in the central region but they encountered stiff opposition from Travancore. The lessons learnt by the Portuguese were followed by the Dutch.[4] Holland was eager to advance its trade on the coasts of India at the expense of the English.[5] The Dutch made a lot of complaints at one time against Jesuit missionaries and Portuguese adventures for enlisting the support of local rulers through intrigues.[6] But after the decline of the Portuguese power the Dutch excelled their rivals in adopting questionable tactics at the expense of every power except themselves.[7] They still had immense influence in the Far East, and Ceylon offered them great facilities as a naval base. The Dutch Company had a regular establishment to bring all influential persons within the ambit of their intricate diplomacy. The Rani of Attingal had entered into transactions with European powers like the Dutch

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English and Danes without consulting the rulers of Travancore.[8] Marthanda Varma believed that these independent arrangements were prejudice to the interests of Travancore. Therefore he decided to assume the direct control over the administration of the principality of Attingal.

The Dutch found themselves in the position of Portuguese after their expulsion.[9] They held the coastal towns and controlled most of the pepper producing regions. The officials of the Dutch East India Company held the view that their expensive establishment could be maintained only by monopoly of contracts of trade with local rulers.[10]

On April 14, 1729 A.D. a letter from the viceroy of Goa, Yoan De Saldan Ha De Gama, complaining of the Company having issued passes to native vessels not subject to the Company, maintaining that the king of Portugal had the right to do so.[11] It was resolved not to answer this letter since it only contained bombastic compliments but nevertheless to send it to Batavia and to obtain a copy of treaties between Holland and Portugal concerning these matters.[12]

The Dutch did all within their power to disturb the trade of the English East India Company.[13] On September 23, 1729 A.D. the servant of the English East India Company at Tellicherry complained to the Court of Directors of the Company that the Dutch used threats, bribes and promises to persude the prince Regent to trouble the English East India Company.[14] The Dutch protested in public against the Company's linguistic interpreter who sent his son to the Prince Regent in the service of the English East India Company.[15] The Dutch also threatened to destroy the linguist and his whole family if the English East India Company's people were not withdrawn from the place.[16]

The house built for the entertainment of the English men at the linguist's expense was pulled down immediately.[17] The harassment by the Dutch affected the trade of the English East India Company. The English factors complained that their settlement had become prey to the encroachment of the Dutch East India Company.[18] They urged that their superiors in Bombay had to take effective measures to put down an immediate step to the progress of these lawless and encroaching people to make themselves sole masters of pepper trade of this coast.[19] When Marthanda Varma became ruler of Travancore the country was plunged in to confusion. It was with the help of English East India Company that he was able to establish law and order in the country.[20]

Marthanda Varma initiated vigorous action against the pretenders; all the rebel leaders like Ettuvittil Pillamars Nair Madambimars, Yogakkars and Madurai Nayaks were captured and sternly dealt with.[21] The properties of the Pillamars were confiscated and the women and children of both the Thampi's were sold as slaves to the fisherman on the coast in 1730 A.D. The Dutch East India Company was also disappointed to see the bad state of affairs in the kingdom of Cochin.[22] The rulers who occupied the throne were indifferent and incapable. The suppression of the subordinate principalities necessitated Dutch interference which strained their relations with the rulers of Cochin.[23] The Dutch keenly watched these developments with great causation. The Dutch Commander Jacob de Jong sent a letter to the King Marthanda Varma asking him to keep away from interference and remedy of the dispute was over the question of adopting a heir to the throne of Desinganadu or Quilon.[24] Envious of the growth of Travancore, the prince of Desinganadu adopted a prince from the family of Kayamkulam in 1731 A.D. The unusual adoption of a male member from a different dynasty was viewed by Marthanda Varma as a challenge to his authority.[25] The prince of Desinganadu further provoked Marthanda Varma by occupying East Kallada, a piece of territory of Travancore lying near Quilon. The forces of Travancore marched against Quilon.[26] The prince of Quilon was defeated and he sued for peace. According to the terms of the treaty the prince of Quilon cancelled adoption of the prince from Kayamkulam.[27] The fort of the prince of Quilon was raced to the ground and East Kallada was returned to Travancore. Prince of Quilon was sent to Trivandrum and was forced to stay there.[28] The Dutch commander Adrianmaten directed the Dutch Resident at Kayamkulam to watch the proceedings of Travancore.[29] The Resident replied that he would examine carefully the designs of the King of Travancore against the prince of Quilon and other rulers and report promptly whatever might happen between them.[30] On October 26, 1730 A.D the commander Ja Cob De Jong is deposed from his office owing to his imprudent and tyrannical conduct especially towards the native kings and princes.[31]

The Yoyakkars, Ettuvittil Pillamar, Nair Madambimar and Madurai Nayaks questioned the authority of Travancore who remained the supreme authorities of the Padmanabha temple refused to handover to the Thampis the accumulated treasures of the Lord.[32] Marthanda Varma sent his able and trusted servant, Ramayyan Dalawa, to Azhagappan to present his case.[33] Ramayyan Dalawa accomplished his mission so successfully that Azhagappan declared in favour of Marthanda Varma, and after advising the Thampis to be loyal to their king returned to Trichinopoly. But the Thampis continued their intrigues; Marthanda Varma seized and executed them.[34] He believed that independent arrangements were prejudicial to the interests of Travancore. He decided to assume the direct control of the administration of the princely state of Attingal. Marthanda Varma next entered into conflict with Unni Kerala Varma, the prince of Desinganadu.[35] The main cause of the dispute was over the question of adopting an heir to the throne of Desinganadu. Envious at the growth of Travancore, the prince of Desinganadu adopted a prince by forming an alliance with the King of Kayamkulam in 1731 A.D.[36] The tyrannized conduct of Malabar Command and policy of interference in the internal affairs of the native states made it unpopular and the enemy of local rulers. The Supreme Government at Batavia observed the confusion, restlessness and resentment Jacob de Jong through his impolitic actions especially in his relations with the princely rulers, did not serve the best interests of the Company. The Protestant Church Council disapproved some of the novelties introduced in the Church services.[37] The Syrian Bishop, who had complained about the interference of the Jesuits and Carmelites among his Christians, obtained protection of Government against those invasions.[38]

According to Diary Records of 1731 A.D concerning the cessation of differences between the second prince of Mangatty and Cartadawil and settlement of affairs of Paroor, where the new succession was objected.[39] The commander J De Jong moved to Cranganore to settle the quarrel between the Raja of Cartadawil and his adopted nephew, the second prince of Mangatty.[40] An agreement was made and the second prince on the condition of being that the sister of the prince should be the Queen of Mangatty.[41]

In 1732 A.D. Marthanda Varma imprisoned the Elayadam princes and princesses at Trivandrum and occupied their lands. The acquisition of Elayadathu swarupam and Peritally doubled the dominions of Travancore.[42] The Malabar kings and princes had to settle the question of adoption in Mangatty and Paroor to force of the Cochin to give up Inamaka to the Company and forced the first Aynicutty, Nambeddu to make restitution to the Zamorin. Robert W. Hendrix was sent from Batavia to report on the management, trade, fortifications and Company on the Malabar Coast.[43] This is also a narrative of troubles in Magnatty and Paroor arising from the system of adoption and of the unfounded claim of Cochin to the possession of Inamaka which belonged to the Company.

Marthanda Varma decided to make simultaneous attacks on Quilon and Kayamkulam in 1733A.D.[44] His attention was turned to the kingdom of Maruthukulangara, a disputed succession to the throne rocked the stock. The King of Kayamkulam claimed that he was the lawful heir of Maruthukulangara and he was adopted in a proper way. Marthanda Varma intervened and sent a large force to Maruthukulangara and appointed princes as the Queen of Marthukulangara.[45] The King of Kayamkulam viewed the proceedings of Marthanda Varma with grave concern. He took initiative to form an alliance with the object of freeing the King of Quilon and reinstate him on the throne. The King of Travancore launched a counter move against Kayamkulam.[46] He sent Narayanakutty Annavy to Purakkad and Tekkumkur to seek assistance against Kaymkulam. These rulers did not give a definite answer to the proposal of Marthanda Varma. The messenger was directed to apprise the Dutch Commander of the insolence and hospitality of the King of Travancore and the designs he cherished against his kingdom. The King of Kayamkulam sent another messenger to the Dutch Commander again to give an account of fresh hostile moves of Travancore.[47]

On April 28, 1733 A.D. letters from the second prince of Mangatty informing that the Raja of Cartadawil on the advice of the King of Cochin, and in order to take revenge, had collected his men and ordered to shoot at the men of the second prince, at the same time during the affray, using insulting language against the Prince and the Company.[48] Resolved to send some persons with the principal interpreter to Mangatty to cause a cessation of hostilities; however if they refuse, to leave them alone, not ceasing meanwhile to assist the party of the prince with advice. On June 16, 1733 A.D. considering that all the troubles between Cartadawil and the second prince arose from the fact there was no proper person adopted in that country. It was resolved to insist on the King of Cochin to push the matter and thus put an end to all differences.[49] On June 28, 1733 A.D. Raja of Cartadawil and the second prince at a meeting agreed to comply with the decision of arbitration to be issued by the King of Cochin and the Company. On July 7, 1733 A.D. the report of the Commissioners nominated to carry out the terms of the treaty of peace made between the king and second prince of Mangatty in the presence of the Commander and the King of Cochin.[50] On July 8, 1733 A.D. the articles drawn from pacification of the affairs of Mangatty were signed by Cartadawil, but the prince objected to his sister not being appointed sovereign too. However after much difficulty, he was induced to sign articles. On August 17, 1733 A.D. the Callastrian Prince Regent of Chirakkal, was busy building fortress on Mount Cartan. The servants objected it as its bullets might fall near their fort in the Bay.[51] He replied that it was all owing to the Canarese resolved to protest against the prince as well as against the Canara Seleader Regenade.

The King of Travancore decided to attack Kayamkulam in October 1733 A.D, the ruler sent a messenger Eswar Pattar by name to Cochin.[52] The messenger was directed to apprise the Dutch Commander of the insolence and hostility of the King of Travancore and the designs he cherished against his kingdom.[53] The King of Kayamkulam sent another messenger to the Dutch Commander against the account of fresh hostile moves towards Travancore. The messenger informed Commander Adriaan Maten that the king of Travancore brought a host of enemies against this chief who was ready to take up arms against him.[54] When many marched against Kayamkulam it would not be possible for the ruler to withstand the attack. Therefore the messenger requested the Dutch Commander to contact the king of Cochin and inform the nature of assistance he could offer in the situation. The Dutch commander Adriaan Maten refused to interfere in this affair stating that it was the creation of the king.[55] Therefore Travancore was directed to tackle the situation himself. The commander asked him to seek the help of the prince of Nedumangad. Thus the Dutch were unable to see the danger and their position and power in the expansion of Travancore.[56] They let off a golden opportunity to intervene in the dispute between Kayamkulam and Travancore. While confronting the king of Kayamkulam, Marthanda

Varma's attention was diverted towards Nedummangad and Elayadathu Swarupam.[57] The land produced great quantities of pepper, ginger, cardamom, cotton and various kinds of valuable wood. The Dutch East India Company made monopoly with the rulers of these kingdoms.

In 1734 A.D. Marthanda Varma effectively prevented the combination of their forces by seeing Nedumangad and Kottarakkara which were both under the rule of the Elayadathu swarupam branch.[58] A large army was put into the field. The English at Anjengo and the French at Mahe supplied the Maharaja with the necessary arms and ammunitions. The Maharaja marched against Kayamkulam and several battles were fought, but without any decisive result.[59] At last the Raja of Kayamkulam, who commanded his army in person, was killed. The Dutch Commander Adriaan Maten of Cochin wrote to the king to make restitution of all the cargo of a large Dutch ship from Persia which because of a raging storm was driven ashore near Mangalore and had on board the Chief of Dutch factory Ispaham and his family all of whom perished.[60]

The states and principalities on the Coast viewed the expansion of Travancore with apprehension.[61] The King of Kayamkulam fortified his frontiers and put his kingdom in a good state of defence. The Malabar Command also consequent on the movement of the Travancore forces resolved to send the forces to their fort at Quilon. The alarmed rulers of Cochin, Purakkad, Vadakkumkur and Kayamkulam formed an alliance to confront Travancore.[62] They secretly informed the prince of Quilon their support if he could escape from his capture. The prince managed to escape from Trivandrum and reached Quilon.[63] The King of Kayamkulam aided the prince of Quilon to organize the defence of his kingdom. The Travancore forces commanded by Dalawa Arumukam Pillai marched against Quilon. The attack was repulsed. Reinforcements from Trivandrum strengthened the striking power of the forces of Travancore.[64] But the forces of Travancore could not overpower the combined armies of Quilon and Kayamkulam. Marthanda Varma was compelled to withdraw his forces from there. The successful resistance against the forces of Travancore encouraged the King of Quilon to attack and conquer Eastern Kallada and Mavelikkara, the territories belonging to the king of Travancore. He also invested Nedumpuram, the residence of Attingal Princess. She took asylum in a *sanketam.*

Marthanda Varma strengthened and reorganized his forces and on April 18, 1734 A.D. he marched against Quilon and Kayamkulam and reached Kunnattur.[65] The forces of Kayamkulam arrested his progress and fought on 23rd and 26th of April two well contested battles. The Travancore forces suffered heavy loss and they retreated. On May 3, 1734 A.D. the Raja of Travancore and the Raja of Kayamkulam have attacked each other.[66] On May 4, 1734 A.D. the forces of Travancore and Kayamkulam entered the contests causing heavy losses on each side. Travancore tried to broke through the line of Raja of Kayamkulam to proceed from Kunnathur to Poybally, but he was beaten back by the Raja and Signaty. On May 13, 1734 A.D. Callaray is taken by Travancore and the forces occupied Kallada from Quilon.[67] A well contested battle was fought between the forces of Travancore and Kayamkulam. The King of Kayamkulam was slain in the fierce battle of on June 1, 1734 A.D. On June 5, 1734 A.D. the King of Signatly refused to come to any agreement with Travancore, alleging that, according to Malabar custom, he is to avenge the death of his uncle, the late King of Kayamkulam, by driving Travancore back into his country, or else to die himself with his issue and leave Kayamkulam to Travancore.[68]

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SYSTEMATIC LOGISTICS OUTSOURCING FOR MSMEs IN KERALA

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Abstract

Micro Small and Medium Enterprise's (MSME) in India are developing themselves to compete in the global market. A lot of social problems are faced by these organizations in terms of end product cost and its responsiveness to the end customer request. One of the major concerns is that MSME's do not have a proper logistics network. Outsourcing of Logistics in MSME's gives a new and innovative ways to improve supply chain management, reduce overall cost and to improve the social outlook of the whole business process. This paper highlights the use of logistics outsourcing for MSME's and the benefits it can provide for the companies. Also this paper provides a systematic approach in logistics process which adds to the development of these organizations towards societal expectations and global competitions.

Keywords: MSME; Logistics process; Systematic logistics outsourcing.

Introduction

Economic development of a country is directly related to the level ofindustrial growth. India has also been striving to develop the country's industrial base since independence. The expansion of industrial sector also leads to improvement in the general standard of living. Micro Small and Medium Enterprises (MSME) have played a key role in planned

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development with its advantages of low investment and high potential for employment generation. The development of MSMEs is being given due importance by the government. There are some major problems faced by MSMEs, among which the non existence of a proper logistics system is a crucial factor.

A proper logistics management systems aims at achieving global optimization within a defined supply chain network. Supply Chain consists of different functions: logistics, inventory, purchasing, and procurement, production, planning, intra-and inter-organizational relationships and performance measures. An efficient supply chain effectively integrates suppliers, manufacturers, warehouses, and stores, so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time, in order to minimize system wide cost while satisfying service requirements(Simchi-Levi et.al 2000).

In the current economic context, logistics management is emerging as a new opportunity for improving supply chain performance by emphasizing on key activities such as warehousing, transportation, and distribution. This is driven by heightened competitive pressure on a global scale, increased environmental concerns and new business models implementation. Collaboration between partners is a very popular subject in logistics * research. The essence of logistics management lies in the process of resource sharing and collaborative decision making. The aim of this paper is to elaborate the existing conditions prevailing in MSMEs in Kerala and to highlight the importance of outsourcing of logistics in this sector. The paper also attempts to study the possibility of creating a logistics network system especially for MSMEs.

MSMEs in Kerala: Current Scenario

Kerala is a small state having 1.2 per cent of the total geographical area of the country and accommodates 3.1 per cent of its population. Kerala possess 10.5 per cent of the total MSME units in the country and ranks third next to Uttar Pradesh (12 per cent) and Gujarat (11.3 per cent) (Susmitha 2014).

According to Micro, Small and Medium Enterprises Development(MSMED) Act 2006, the micro, small and medium enterprises (MSMEs) are classified into two classes, namely, manufacturing enterprises that are engaged in the manufacture or productionof goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 and service enterprises. As per statistics (2012) there are about 11,079 registered MSMEs in Kerala.

An analysis of the industries of Kerala indicates that some important structural changes have resulted in stagnancy in the MSME sector. Apart from this the service sector and organized manufacturing had some gains. The analysis, however, shows that, inter sectoral linkages that are characteristic of developed capitalism, are not relevant in the context of Kerala. The service is relatively of poor quality.

Therefore, the manufacturing opportunities for the micro and small units, emerging from the growth of the services sector, also are limited.

Table: 1

Registered MSMEs in Kerala from 2005 to 2012

YEAR-WISE DETAILS OF MSME UNITS REGISTERED IN KERALA DURING THE PERIOD 2005-06 TO 2011-12			
YEAR	NUMBER OF MSMEs	TOTAL INVESTMENT (MILLION RUPEE)	VALUE OF GOODS AND SERVICES PRODUCED (MILLION RUPEE)
2005-06	5626	2117	10,076.8
2006-07	1849	2449.4	7157.5
2007-08	11,186	18,976.031	58,810.013
2008-09	8451	5659.483	13,215.538
2009-10	9322	7304.634	25,589.46
2010-11	10,882	14,536.553	47,866.981
2011-12	11,079	19,064.275	58,498.535

(Source: Economic Survey of India)

In areas where the service sector has relatively low -value addition and where the manufacturing sector is practically very weak, the conventional developmental approaches lead to relatively poor results. When the companies operate in the local market with a small size of employment, and lower level of technology, the MSME entrepreneur's operate on the verge of wage labour. In most cases the entrepreneur himself performs many of the functions of the firm, thereby limiting the opportunities for specialization, innovation and growth. Due these reasons the growth and development in the MSME sector is almost stalled and it requires adopting drastic changes to gain economic and financial growth in the sector.

Logistics Management in MSMEs

Logistics management is especially challenging for MSMEs. However, most of the studies and discussions have been on large Enterprises (LEs). Only a few articles in the SME business literature address the supply chain and logistics management (SCLM) issues and, moreover, their findings have been inconsistent and especially overlooked which have been the unique characteristics of MSMEs (Brau et al. 2006).

The main reasons for these are

- Fewer financial resources, longer cash-to-cash cycles, no ability to implement strategic initiatives
- Demonstration of short-term profit and loss impact is difficult for many SCM initiatives.
- Lack of time for management to implement changes

Despite the substantial benefits of SCM implementation in large Enterprises (LE), it is also clear that SCLM implementation has costs, hazards and challenges regardless of company size. Arend and Wisner (2005) stated that SMEs are not able to achieve the benefits and often face irresolvable challenges when implementing SCLM practices. Further, their study indicated that SCLM implementation negatively affects MSME performance because MSMEs do not implement SCM with the same focus on physical proximity to partners, on improving the chain's performance, and on extending the chain; MSMEs do not appear to implement SCM as deeply as LEs do. Without such deep involvement in the supply chain, MSMEs receive fewer benefits from the partnership. Moreover, MSMEs must often follow norms fixed by the buyer. Wagner et al. (2003) found that LEs have the resources and technical budgets to implement e-business and e-supply strategies, while MSMEs continued to be challenged by resource limitations.

Töyli et al. (2008) brought insights on the suitability of SCLM for MSMEs by studying the links between SCLM performance and financial performance in over 400 Finnish MSMEs; they were unable to find statistically significant differences in terms of profitability and growth between firms performing well with respect to SCM and other firms in the same industry. According them, this was because MSMEs might still be far from the productive frontier, which should thus potentially allow them to simultaneously reduce costs and increase service levels. Furthermore, their findings suggest that SCLM may just be starting to gain more attention among SMEs in Finland, and thus it might be relatively easy for MSMEs to gain a competitive advantage by focusing more on SCLM performance.

Thus, MSMEs and SCLM are a poor fit when SMEs have a truly independent choice, but a better fit when the choice is forced by a key partner (Arend and Wisner, 2005). Hence it seems evident that MSMEs need assistance in implementing SCLM practices. The challenge is that MSMEs are not interesting customers for global logistics providers and thus seemingly lack the required business potential (Hemilä, 2007). The author also states that logistics-service models are needed to attempt to bridge the gap between the customer and the logistics service providers called for new logistics services for Finnish SMEs in the manufacturing industry.

Logistics Outsourcing and its Importance

Logistics is one of the common functions that companies usually outsource. From different literature it is found that logistics outsourcing involves the use of external specialized companies –third party logistics (3PL) companies – to perform entire logistics function or selected part within that function, which have been performed by the company internally. It can be traditional logistics functions such as in and outbound transportation, warehousing as well as other services such as reverse logistics and information systems. But still, 3PL typically specialize in integrated transportation and warehousing services that can be scaled and modified according to customer's requirements in much efficient manner with higher quality (Hilletofth and Hilmola, 2010). In literature different terms are used for logistics outsourcing such as logistics alliance, logistics partnership, contract services, 3PL buying etc and different scholars define logistics outsourcing in different ways. Andersson (1997) provides a very basic definition of logistics outsourcing: "a generic term for buying logistics services (e.g. transportation and warehousing services), in any kind of relationship with a producer of logistics services". According to Lieb (1992) logistics outsourcing is ''the use of external companies to perform logistics functions that have traditionally been performed within an organization. The functions performed by the third party can encompass the entire logistics process or selected activities within that process." In general all definitions convey the same i.e. use of external specialized logistics services providing companies to make logistics function more beneficial and competitive for the company.

Benefits of Logistics Outsourcing

Major benefits of logistics outsourcing can be categorized into three, as corporate benefits, operational benefits, and informational benefits.

Corporate Benefits

- Ability to divest non-core activities without divesting control.
- Improves cash flow and return on assets.
- Release of Capital and Senior Management resources to concentrate on core activities.
- A distribution system that adds value to the manufacturing and marketing operations.
- A strategic partnership with a company whose core activity is logistics.
- A platform to enable alliances with retailers to be built through POS data back to client.

- The flexibility to respond quickly to changing market trends without major disruptions to distribution operations.

Operational Benefits

- Flexibility to increase output throughput for peak periods.
- Defined service levels through Key Performance Indicators (KPIs).
- Reduces labour risks.
- Complex picking tasks managed more efficiently through the application of technology.
- Productivity gains through application of technology.
- Freight Management services including scan packing can be managed better by a specialist.
- Economies of scale through sharing resources with others.
- Local presence for international companies.

Information Benefits

- Real time integration of distribution systems into 'host' system leading to accurate and timely data reporting.
- Operational Key Performance Indicators (KPIs) easily captured and reported.
- Activity based benchmarking.
- Total logistics costs are clearly identifie (*www.supply-linq.com.au*).

Logistics Outsourcing in MSMEs in Kerala – Present Practice

From a general survey conducted among few MSMEs in Kerala it is found that they do not have any proper strategy or policy for outsourcing but they do understand the concept of logistics outsourcing and are using third party logistics (3PL's) providers to fulfill their requirement. However, regarding logistics outsourcing as a process, these MSMEs have no or very limited knowledge and understanding, and none of these MSMEs are performing logistics outsourcing as a process. These MSMEs do consider some suggested aspects of logistics outsourcing process but these aspects are not performed in a systematic manner. In MSMEs these aspects are separately performed by different departments and are not integrated with each other as it should be, to develop a logistics outsourcing process. For example upper management decides what to outsource and to whom outsource, accounts and finance department evaluate and control the cost of outsourcing and sales people check the performance of 3PLs.The process of logistics outsourcing is to be done in a systematic way so as to improve the performance of the MSMEs.

Systematic Process Developed for Implementation of Logistic Outsourcing

In a developing state like Kerala where there are more than 10,000 registered MSME's, there need to be a systematic procedure for logistics process which would enhance and increase the efficiency of MSME's. Various studies and literatures suggest that logistics outsourcing is a process and it should be implemented and evaluated as a process. By considering it as a process companies will be able to manage it in a better way so as to get better outcome from logistics outsourcing by increasing the efficiency of this process. Literature also refers it as a very important strategic decision and advice companies to make an outsourcing strategy, develop a policy and implement it step by step systematically. From the analysis of different studies and survey conducted it is found that following are the most important steps or aspects companies should consider in their logistics outsourcing process:

- Identify Need of Logistics Outsourcing
- Objectives of Logistics Outsourcing
- Evaluation and Selection of 3PL
- Outsourcing Contract
- Performance Measurement
- Relationship Building with 3PL
- Ongoing Review and Continuous Improvement

1. *Identify Need of Logistics Outsourcing*

In almost all registered MSMEs in Kerala is using logistics outsourcing to solve their problems. It was identified that there are two main problems that make MSMEs to use outsourcing: limited resources and lack of expertise in logistics functions. Both are classical reason for logistics outsourcing. These MSMEs are fully aware about their need of logistics outsourcing but for them it is not classical “make or buy” decision because their financial limitation usually does not allow them to consider keeping outsourced function in-house as an option.

2. *Objectives of Logistics Outsourcing*

Most MSMEs in Kerala have two very traditional objectives of logistics outsourcing: reduction of logistics cost and avail best services. According to literature companies should define their subjective purpose of outsourcing into clear and measurable objectives but in Kerala all MSMEs have subjective purpose/goals of outsourcing such as minimize the cost or avail best services and because of these subjective goals these MSMEs have a weak criteria to evaluate the performance of their service providers.

3. *Evaluation and Selection of 3PL*

In most MSMEs this aspect is considered when the company goes first time for outsourcing or renews the contract with their 3PL. MSMEs should develop a cross-functional team to make selection criteria and the evaluation of 3PL should be done on the basis of these criteria. Interestingly, this is the least considered aspect of logistics outsourcing because of long term working relationship of MSMEs with their 3PLs.In the survey it was found that most MSMEs are still working with their first time selected 3PLs. In most MSMEs this decision were made by top management directly and they just used general evaluation and selection criteria such as cost, quality of services, reputation etc. without formal evaluation and selection process.

4. *Outsourcing Contract*

It was found that majority of MSMEs in Kerala does not involve in long-term contract with their 3PLs. Some of them have no contract with its 3PL whereas some others just have one year general contract that they renew each year. A very few companies use some detailed contract including all general clauses like date of validity, responsibilities of both parties, termination before end date etc. They also renew it each year after have an internal departmental meeting. But they also consider it a formality not a mode of security.

5. *Relationship Building with 3PL*

All MSMEs that use 3PLs have very good working relationship with their 3PLs. They have confidence and trust on each other and regularly communicate at different level and jointly work to improve the performance of logistics function and solve the problems if they have any. But their needs and objective of outsourcing; and the duration and nature of contract clearly show the level of their relationship is more tactical rather than strategic partnership. In this relationship MSMEs are the dominating party and try to maximize the benefits in this relationship.

6. *Performance Measurement*

The main objectives of all MSEMs are low cost logistics function and high service level; therefore all MSMEs use almost similar performance measure to evaluate the performance of their 3PLs: price of their services and on-time delivery. However for some companies quick response and safe delivery of goods are also important performance measures. But these companies should also develop standards to evaluate actual performance of 3PLs. Unfortunately, most of the MSMEs do not have standards to evaluate performance of 3PLs. Usually price difference from past invoices and complaints from customers are used to check the performance of 3PLs.The future of outsourcing depends upon the outcome of this aspect , whether the company need to seek an alternate solution, replace the 3PL provider, bring the services back in-house, or renew the logistics outsourcing contract but in some MSMEs performance measurement is only use for controlling purpose.

7. *Ongoing Review and Continuous Improvement*

The ongoing review provides needed changes and improvement in outsourcing strategy and in the overall process of outsourcing. But in the studies done most of the MSMEs do not conduct review with the intention of needed changes or improvement. If they face any problem in their current operation then changes are brought in current system. It is should be done as a very important strategic decision and the companies can adopt an outsourcing strategy, develop a policy and implement it step by step systematically.

Conclusion

Logistics outsourcing is a process and it should be implemented and evaluated as a process for achieving better social outlook and benefit. By considering it as a process companies will be able to manage the logistics process in a better way and as a result, it would yield better outcome from logistics outsourcing thereby increasing the efficiency of companies. Lack of understanding about logistics outsourcing as a process, limitation of resources and lack of interest of top management are found to be the main reasons for differences in the practices of MSMEs regarding logistics outsourcing process. As a possibility for future research a study of relation between logistics outsourcing process and partnership i.e. is it beneficial for companies as well as society to develop a logistics outsourcing network for MSMEs alone which would enable them for better and economical logistics activities.

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BEACH TOURISM AND COASTAL CONSERVATION IN KERALA

Syamnath R.S.*

Abstract

Kerala is one of the most visited tourist destination in India for both Indians and non-Indians. Its unique culture and tradition, coupled with its varied demography, has made Kerala one of the most popular tourist destinations in the world. Travelling for pleasure is tourism, and based on the pleasure derived and also on objects of the tourists, tourism can be of different forms. Beaches constitute the leading tourist destinations in Kerala. Beach tourism embraces the full range of tourism leisure and recreational activities taking place in the coastal zone and offshore coastal waters. Clean water, healthy coastal habitats and a safe, secure and enjoyable environment are clearly fundamental to successful beach tourism. But Kerala's beaches and coasts are facing a great threat of uncontrollable pollution and degradation due to population growth, urbanization, and improper waste disposal. A proper conservatory measure for safeguarding the beaches is necessary for further development of tourism industry as well as future generation. This paper aims to examine how far the Kerala beach tourism is enjoying a healthy coastal environment. The present paper covers the major coastal tourist destinations in Kerala. All stakeholders including public and tourists together have to handlethe conservation of the beaches and coasts for a better and healthy future for tourism industry.

Key words : Kerala tourism, Beach tourism, Coastal issues, Coastal conservation, Public awareness.

Introduction

Kerala – God's own country in the parlance of tourism – is one of the smallest states in India, covering merely 1.3 percent of the total area of the country. Flanked by Karnataka on the north and Tamil Nadu to the east, Kerala is sandwiched between the Western

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Ghats on the east and Arabian Sea on the west. Based on the physical feature, the state can be divided into three natural divisions namely – the sandy coastal region with its extensive coconut groves, paddy field, backwaters and sea, the middle region made up of fertile reddish hills and the valley that grow most of the Kerala agricultural crops, and the mountainous region of peaks, extensive ridges and ravines of the western Ghats, where sandal wood, tea, coffee, rubber and most of Kerala's exotic spices are grown.

Kerala is one of the most visited tourism destinations in India for both Indians and non-Indians. Its unique culture and traditions, coupled with its varied demography, has made Kerala one of the most popular tourist destinations in the world. The forests, rivers, streams, lakes, sea, hills, mountains, valleys and a wide array of natural assets make Kerala more beautiful and attract tourists from every corner of the globe. Growing at a rate of 13.31%, the tourism industry is a major contributor to the state's economy. Tourism industry offers an interesting opportunity to investors, human resources, government and public directly and indirectly. Kerala is regarded as one of the destinations with highest brand recall and became a global super brand.

Objectives

The broad objective of the study is to identify how far Kerala beach tourism is enjoying a healthy and sustainable coastal environment.

The specific objectives include:

1. To identify the major coastal problems, threats and pollutionsin beach tourism that Kerala coasts face
2. To suggest various remedial measures to preserve Kerala coasts to enrich beach tourism

Methodology

This study is exploratory in nature. The study covers the main beach tourist destinations in Kerala such as Thiruvananthapuram, Alappuzha, Ernakulum and Trissur. The basic data needed for the study include primary and secondary data. Primary data is collected by way of observation of and conversations with the tourist stakeholders including management, staffs, beach merchants, tourists and public. Secondary data is collected from the existing studies, organization records, journals, brochures and websites.

Beach Tourism

Travelling for a pleasure is tourism, and based on the pleasure derived and the objects of tourists, tourism is further categorised as Health Tourism, Sports Tourism, Adventure Tourism, Heritage Tourism, Business Tourism, Beach Tourism, Eco-Tourism, Social and Cultural Tourism, Rural Tourism, Farm Tourism, Monsoon Tourism, etc.

Beaches are the leading tourist destinations. India is one nation with vast and beautiful beaches and is all set to promote beach tourism in large scale. The sandy beaches in Goa and Kerala are acclaimed as the best tourist destinations all over the world. Majority of the foreign tourists to Kerala prefer beachside accommodation. Beach tourism concept is mainly to develop the vast coastal area owned by some nations and to promote it as separate area of tourism. Beach tourism and recreation comprise the largest and fastest growing sector. Beach tourism embraces the full range of tourism, leisure and recreationally oriented activities that take place in the coastal zone and the offshore coastal waters (Chawla 2004). Clean water, healthy coastal habitats and a safe and secure and enjoyable environment are clearly fundamental to successful beach tourism.

Beaches in Kerala are spread along the 550-km Arabian Sea coastline. Most popular tourist beaches in Kerala coast are Alappuzha, Chavakkad, Cherai, Fort Kochi beach, Kappad beach, Kollam beach, Kovalam beach, Marari beach, Meenkunnu beach, Muzhappilangad beach, Nattika beach, Payyambalam beach, Poovar beach, Snehatheeram beach, Shangumughom beach, Thekkumbhagam-Kappil beach, Thirumullavaram beach, Varkala beach, etc.

Even though the growth of beach tourism is high, Kerala beaches are facing an uncontrollable threat of pollution and degradation, which may affect tourism as well as marine diversity and coastal ecosystem. The degradation of coastal area hinders the growth rate of tourism industry. Sustainable tourism depends on clean, hygienic and healthy environment. A clean, hygienic, unpolluted and healthy environment will act as a catalyst to promote the growth of tourism.

Coastal Pollution and Eco-Problems

Main reason for coastal degradation is rapid population growth and unscientific urbanisation. Coastal pollution is a major problem. Coastal pollution affects not only the seas and beaches, but also the rest of the earth. The coastal sandy beach system is home to hundreds of species of plants and animals that are dependent upon the beaches, dunes and near shore waters for all or part of their lives. While marine plants and animals are the most immediate victims of sea pollution, animals higher up the food chain that feed on marine life (including humans) are not spared. The toxic substances eventually get to these higher order animals as they consume poisoned sea food. In addition, toxic substances washed up shores also destroy beaches.

The dumping of untreated or under-treated sewage into the seas and oceans is still taking place. Sewage released into sea is untreated. This is because there are still many cities that have ineffective, little or no sewage treatment. As the population continues to grow beyond the capacity of available sewage treatment facilities, the problem will only worsen. Cities are not the only source of sewage pollution affecting the seas. Sewage discharged from ships and other large vessels sailing the seas also contribute. Human sewage largely consists of excrement from toilet-flushing, waste water from bathing, laundry, dishwashing and kitchen garbage disposal. The discharge of sewage sludge into the sea has devastating effects on the coastal environment.

Most of the rivers ultimately join the ocean. The pollutants which these rivers carry from their drainage basins are finally poured into the sea. These include sewage sludge, industrial effluents, synthetic detergents, agrochemicals, solid wastes, plastics, heavy metals, etc. This may adversely affect the life of marine ecosystem and these substances washed up shores destroy beaches and shores.

Driving vehicles, motor cycles and bicycles on the beach and shore for fun and adventure is likely to harm beaches. Beaches are fragile, and the shells, grasses and animals that inhabit beaches can be crushed and destroyed under the weight of vehicles.

The unscientific way of fishing by throwing crushed poisonous seeds and by the use of explosive devices causing heavy sounds may threaten and degrade the marine ecosystem. The water will be contaminated and poisoned which may lead to the death of fishes, algae and other marine organisms. The dead creatures will be washed up the shores and pollute the sandy beaches.

The accumulation of plastic bags and bottles and thermocol on the beaches or in the water causes a major threat to coastal sustenance and development. The use of plastics day by day is rapidly increasing and these are not biodegradable. The presence of plastics in the coastal area may degrade the soil fertility as well as may badly impact upon the biological characteristics. The birds, marine animals and fish can die by swallowing or getting entangled in plastics.

Sand mining has become an anti-environmental practice. Sand has become a very important mineral for the expansion of society. Not only is it used for manufacturing glass but more so for making concrete, filling roads and for construction industry in general. Sand mining is a direct cause of erosion, and also impacts the local wildlife. For example, sea turtles depend on sandy beaches for their nesting. As a result of erosion the beaches will be engulfed by the sea, thus beaches become shorter and adversely affect the tourism industry.

The oil spills in sea water as a result of oil leaks from vessels and the fishing boats is a major pollution. The oil that floats on the surface of the water also blocks out sunlight and prevents oxygen from dissolving in the water. Marine plants in the water, in the absence of sunlight, are unable to photosynthesize and produce oxygen. Marine life in the water beneath the oil pool loses access to oxygen and suffocates to death. The water will be contaminated and the wastes will be washed off to the beaches and also make the beaches oily and greasy.

In festivals and celebrations there is a practice of conducting fireworks and crackers on beaches. Fireworks are being organised to attract the tourists.The animals, creatures, and plants of the beach soil lose life and such practices are likely to degrade the beach. This will also cause noise and air pollution.

Organising functions, events and festivals on beaches with campfire in the sea shores may make the occasion joyful and memorable. At the same time it will cause great threat to the coastal ecosystem. Certain animals and plants that the soil contains may burn out and loose life because of the extreme heat.

Leaving unusable fishing nets, lines and hooks on the beaches is an unfair practice. The fishing nets and lines are non-biodegradable plastics and can strangle marine animals. Hooks cam injure other mammals as well as humans walking on the shore.

Burying of dead pet and domestic animals in the sandy beaches is a common practice found in Kerala. Burying of the dead animals on the beach is easy compared with dry or wet land. It is a major problem which hinders costal conservation. The buried animals will come out with the waves and tides and will lead to contamination of water, soil and air.

Dumping the poultry and butchery wastes in the sea water or in the coast is found in several coastal areas. It is a severe issue which makes the land, water and air polluted. The wastes in the sea are washed back onto the beaches and make a severe problem to the tourists.

Even though the literacy rate of Kerala is high, urinating and excreting human waste on the shore, beaches and coastal land constitute a major issue to the beach tourism. This practice will degrade the dignity of human being, society and the reputation of the sovereign Nation.

Unscientific construction of building and infrastructure on coastal area violating the Coastal Regulatory Zone Act (CRZ) is a major challenge to the sustainability of the coastal area. This may affect the coastal ecosystem as well as the natural environment. Certain coastal animals, plants or biodiversity may be reduced and got extinct by such construction.

Coastal Conservation for Sustainable Beach Tourism

Healthy and sustainable beach tourism requires attractive, safe, functional and recreational beaches, clean coastal water, and healthy coastal ecosystems producing abundant fish and wildlife (Chawla 2004). Providing a safe, secure and healthy environment to the tourist is one of the fundamental obligations of the state. To fulfil and achieve those obligations all stakeholders including the public and tourists have to handle the issue jointly.

To conserve and preserve the water, beaches, coasts and the marine environment for a healthy future, cooperation of every individual is necessary. By alleviating and nullifying the threats and problems faced by Kerala coasts, a healthy environment leading to sustainable tourism can be developed. To preserve beaches and coasts free from trashes and plastics, trash boxes has to be installed with proper awareness and indications to motivate the public and tourists to use it. The trashes and plastics that beach contained can be picked up and deposited in the trash boxes, and later disposed of. Dumbing of sewage being a major threat to beach tourism, proper machinery or mechanism has to be developed and followed to treat the sewage before beingreleased in ocean. Avoid dumping and throwing sewages, plastics, solid wastes, etc. to rivers, streams, ponds and drains, which finally join the ocean. These pollutants present in rivers, ponds and drains that finally reach the sea cause pollution and degradation.

Regulations have to be legislated toimpose restrictions against conducting fireworks and the use of crackers on the beach for celebrations and festivals. Prior permission has to be obtained from the pollution control authority to organise functions, events and festivals in coastal area and on beach. Unscientific ways of fishing by poisoning and using explosives should be prevented. The water will be contaminated and poisoned which may take poison into the food chain and also lead to the destruction of immense wealth of seafood.

Regulate and restrict the unscientific constructions of buildings and infrastructure on coastal area, to preserve the coasts, coastal animals and coastal ecosystem. Construct public toilets and comfort stations for the public and tourists and encourage them to use it, to preserve the beaches unpolluted. Prevent the beaches and coastal area from dumping poultry and butchery waste and burying dead animals on the shore and beaches

The tourism department or the government can appoint tourism volunteers or tourism police to monitor coastal areas and beaches from pollution and degradation. This will create a fear in the mind of the polluters and public to create nuisance. This will safeguard the tourists, and create a sense of security in the mind of tourists. Closed circuit televisions (CCTV) have to be installed in heavy tourist traffic areas for the security of the travellers.

Public awareness about environment is at a stage of infancy. Of late, some awareness has taken place related to environmental degradation, pollution, conservation, etc., but incomplete knowledge or ignorance about many aspects has often led to misconceptions. There is immense need for environmental awareness. It is to be created through formal and informal education to all sections of the society. Everyone needs to understand it because ‘environment belongs to all’ and ‘every individual matters’ when it comes to conservation and protection of environment. The following measures and steps can be useful for raising environmental awareness among different sections of the society through: (1) Education of students: such education should be imparted to the students, right from childhood. These environment studies are now being incorporated at all stages in school, college as per the directives of the Supreme Court. (2) Mass media: media can play an important role in educating the mass through articles, rallies, campaigns, street plays, TV serials, etc. This will appeal all age groups at the same time. (3) Awakening planners, decision makers and leaders: it is very important to give these classes of people necessary orientation and training through specially organised workshops and training programmes.

Jointly working with various initiatives, movements and schemes enacted by international, national and state level authorities to preserve environment may also be of help. Various initiatives such as 'Go-Green', 'Green Earth', 'Swachh Bharat', 'Clean Kerala', 'ShuchitvaKeralam', etc. will enrich the nature to preserve harmony.

Conclusion

Maintaining a healthy coastal area, having clean water, unpolluted beaches, and healthy marine and coastal ecosystem will strengthen Kerala's tourism. A healthy, safe and comfortable environment may recall the tourists and create Kerala memorable. Presently Kerala is facing a great threat of competition with other states and other countries. The unique cultural tradition, heritage, climate, and varied demography along with healthy coastal area and unpolluted environment will help nourish Kerala to compete with its competitors. Creating and preserving a healthy environment will aid to increase the demand of Kerala tourism in the global world.

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IMPACT OF SWITCHING COST ON CONSUMERS IN INDIAN CELLULAR MOBILE SERVICES

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Abstract

Indian cellular mobile network is the second largest in the world with a customer base of 924mn with a wireless teledensity of 74.2. After the introduction of mobile number portability on 20th January 2011, till August 2014, over 14% of the customers (130 million) switched their service providers. There are various factors which affect consumer switching decisions. This article provides a conceptual analysis of the impact of switching cost on consumer switching decisions in cellular mobile services in India.

Keywords: Cellular Mobile Service, Mobile Number Portability (MNP), Switching costs, Customer retention, Consumer switching

Introduction

In 1992 Telecommunication sector in India was liberalized to bridge the gap through government spending & to provide additional resources for the nation's telecom target. In 1994, License for providing cellular mobile services granted by the government of India for the Metropolitan cites of Delhi, Mumbai, Kolkata & Chennai. Cellular mobile services were started in India during August 1995. Indian cellular mobile service has shown phenomenal growth over the past 12 years. The number of subscribers went up from 13mn at the end of 2002 to 924mn in August 2014 (fig. 1). Today India is the second largest mobile network in the world with customer base of 873mn and a wireless teledensity of 74%.

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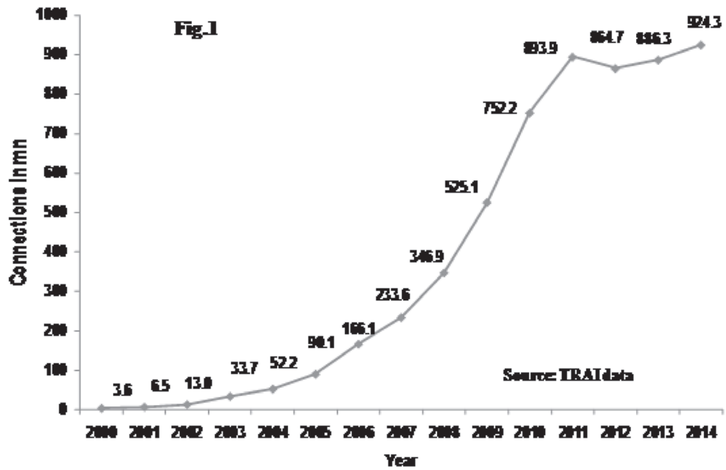


India's mobile service sector is hyper competitive with the presence of 13 operators with the lowest call tariffs in the world. It is nearly saturated accounting for approximately 75% of India's population. The introduction of Mobile Number Portability (MNP) in January 2011, a facility that allows the customers to switch their service provider without changing their numbers, made this sector even more competitive. After the introduction of MNP, till August 2014, over 140 million (14%) customers switched their service provider all over India. Pan-India operator wise cumulative net MNP status is shown in fig2. which shows that most of the operators are net losers in customer base. So MNP has triggered the customer's propensity for rapidly switching service providers which places significant challenges on customer retention for the mobile service providers in India.

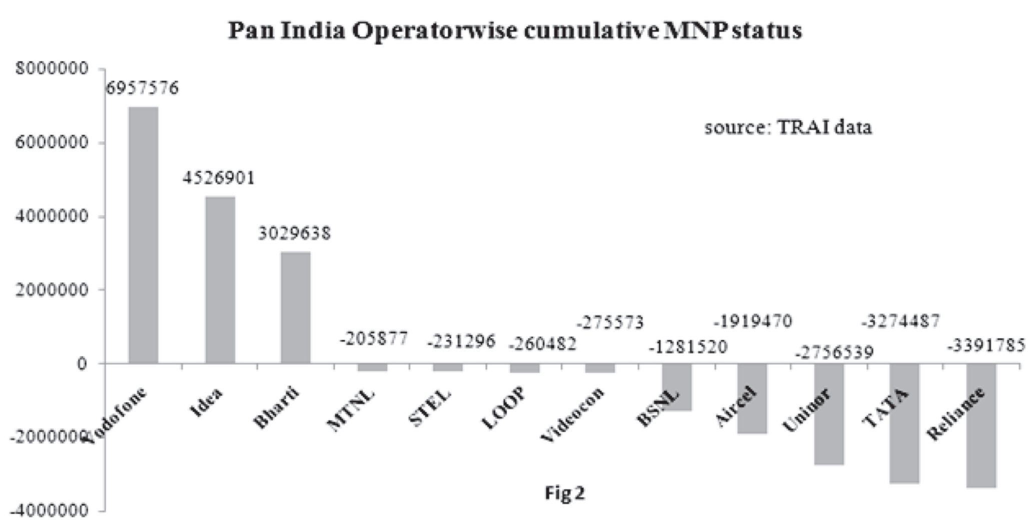


Fig 2

Indian mobile service market is continued to be dominated by prepaid subscribers which accounted for more than 95% of the total mobile subscriber base. Prepaid customers are price sensitive, low spend and enjoying freedom of no commitments or contracts which presents a greater challenge to Service providers. Further, due to intense competition, the Average Revenue per user (ARPU) has come down from Rs.434 in 2005 to Rs.119 in 2014. With the increase in operational expenses, license fees etc, and reduction in ARPU, operators find it difficult to be profitable.

Empirical studies reveals that it costs more to acquire new customers than to retain existing ones. Further, customer churn lowers future revenue streams and reduces profitability of mobile operators. So it is very important for firms to arrest customer churn. There are various factors which affect customer switching decisions. Switching cost is one of the major factors affecting consumer switching decisions. This study is aimed at building a conceptual model on the impact of 'switching cost' on consumer switching decisions.

Objectives of the study

1. To analyse various factors contributing to switching cost in cellular mobile services in India
2. To analyse the impact of switching cost in Indian mobile consumer switching decisions
3. To propose a theoretical model on the impact of switching cost on consumer switching decisions.

Literature review

Switching cost is defined as the onetime costs that customers associate with the process of switching from one provider to another (Porter, 1980). According to Jackson (1985), it is the sum of economic, psychological and physical costs. Switching costs include not only those that can be measured in monetary terms but also the psychological effect of becoming a customer of a new firm, and the time and effort involved in buying new brand (Klemperer, 1995; Kim et al., 2003).

Several empirical studies provide evidence for the presence of switching costs in a range of industries, such as banking loans, credit cards, electricity, airlines, computer software, television and others (Farrell and Klemperer 2004, 2006). But it varies across firms (Chen and Hitt 2002).Switching costs affect competition intensity, attractiveness of entry and market structure. (Klemperer,1987). Most studies indicate that sufficiently high switching costs create market power (Knittel 1997). Switching costs have a critical impact on choices of consumers and strategies of firms in many industries. Mobile telephony is an example of industry, in which consumers are believed to have high switching costs.

In mobile service sector there are a number of critical costs that must be considered when switching. These includes the costs of informing others of the change (friends, colleagues and business associates), the cost of acquiring new lines, cost associated with breaking long standing relationships with a service provider, cost of learning any new procedures in dealing with the new service provider, cost of finding new service provider with comparable or higher value than the existing firm, time and psychological effort of facing uncertainty with the new service provider etc (Oyeniyi et.al, 2009; Dick and Basu, 1994)

Literature review supports three basic types of switching costs viz (1) Procedural switching costs (2) Financial or economic costs and (3) Psychological costs

(1) Procedural switching costs: Procedural switching cost stems from the process of buyer decision-making and the customer's implementation of the decision. The five-stage process entails need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour. For example, a customer contemplating switching should ideally evaluate alternative operators with regard to different criteria, such as technology, features, coverage area, billing procedures, customer support service, value added services etc. (Aydin et.al, 2005). For proper decision making or to reduce uncertainty while switching the service provider, consumers have to gather information about various other available networks which is termed as 'search cost' (Fornell 1992, Kim et.al, 2004). Generally customers consider it as a hassle as it involves a lot of time and effort (Jones et al. 2007, Burnham et.al, 2003). But it can be reduced by providing consumers with comprehensive information about all services, which are available on the market. TRAI (Telecom Regulatory Authority of India) sets guidelines for informing customers about products and service tariffs. Another procedural switching cost is the 'learning costs'. Learning costs are the effort and time spent to reach an operating level of knowledge of special characteristics of a new product that allows consumer to use this product with the same ease as the old one (Langus et.al, 2008). So learning costs involves learning about products, services, procedures, transactions, proprietary systems etc (De Wulf et al., 2001).

(2) Financial switching costs: It involves the loss of financially quantifiable resources (Burnham et.al, 2003). It is also called as economic costs (Jackson,1985; Heide & Seiss 1995). Kim et.al,2004, refer it as the 'move-in cost' which is the economic cost involved in switching to a new service provider, such as cost of replacing mobile device, Subscription fee for new membership such as cost of new SIM, security deposit, activation charges, initial recharges etc. According to Klemperer (1995), there is a need for compatibility with the existing equipment before switching to a new service provider, which is termed as 'compatibility cost'. For eg. if a customer wants to switch from GSM (Global System for Mobile communication) based mobile service to CDMA (Code Division Multiple Access) based mobile service or vice versa, the customer has to change the handset type. Some operators tend to lock handsets to be used exclusively within own network thereby preventing consumers from switching to another network after getting a subsidized handset (Klemperer, 1995). Further, the money already paid to the previous service provider, such as the installation/ activation charges, SIM cost, connection fee etc will be lost while switching service providers. This is termed as 'sunk cost'(Guiltinan, 1989, Aydin et.al, 2005). In addition to this switching may involve loosing accumulated reward points, credits, discounts or other unique benefits which is termed as 'benefit loss costs' (Burnham et.al, 2003).

(3) Psychological cost: According to Aydin et.al, 2005, psychological cost is a perceived cost stemming from social bonds that form in the course of time and the uncertainty and risk associated with switching to an unfamiliar brand (for eg. uncertainty of billing, uncertainty of quality etc). Jones et al., 2007, termed the potential loss of personal relationships which the consumer developed over a period of time with the firm and its employees as 'social switching costs'. Burnham et.al, 2003 termed the psychological or emotional discomfort due to the loss of identity and the breaking of bonds as 'relational switching costs'. While cancelling service contract with an existing service provider, customer perceives loss in social status termed as 'social cost' and performance termed as 'performance loss cost' (Kim et.al, 2004).

Customer switching costs have received recognition as having a potential influence on customer loyalty, retention, and commitment (Burnham et.al, 2003, Jones et.al, 2007).These costs were found to be negatively correlated to consumers' intention to switch service providers (Burnham et.al, 2003) as increase in switching cost would result in higher risk and burden on the customer (Morgan and Hunt, 1994). Switching costs can be used to complement customer retention strategies as it helps to overcome fluctuations in service quality (Jones et.al, 2000). Switching costs even directly influences customers' sensitivity to price level (Jones et al., 2002, Burnham et al., 2003). So the switching costs acts as a constraint, preventing customers from freely switching to other service providers. (Ahn et.al 2006)

Hypotheses and Structural Model

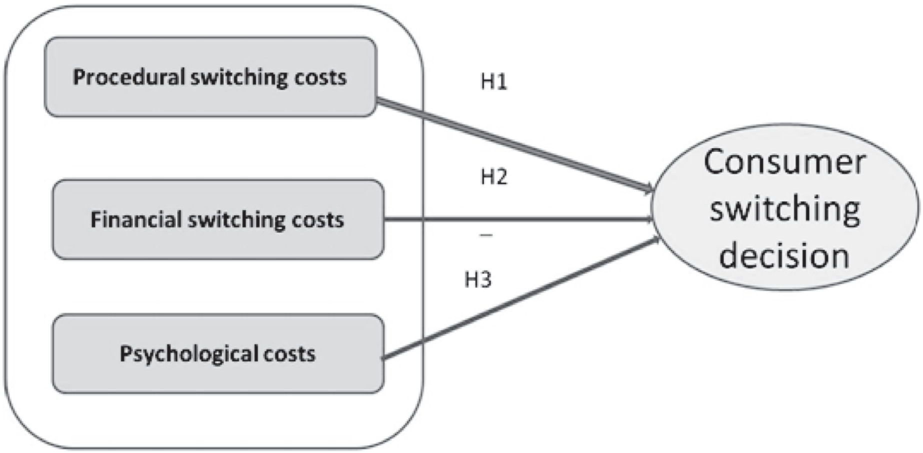
Literature review reveals that there are three basic types of switching costs viz Procedural, Financial and Psychological switching costs and that these acts as a barrier in switching from one service provider to the other. Accordingly, the following hypotheses are proposed

H1: **Procedural switching costs** negatively influences consumer switching decisions in cellular mobile services

H2: **Financial switching costs** negatively influences consumer switching decisions in cellular mobile services

H3: **Psychological costs** negatively influences consumer switching decisions in cellular mobile services

Based on the above hypotheses, the following theoretical model is proposed



Conclusions & future research

This conceptual study focuses on building theory on the impact of switching cost on consumer switching decisions. From the literature review, it is found that there are three distinct types of switching costs viz Procedural, Financial and Psychological switching costs. Though switching costs is present in most of the industries, it is prominent in cellular mobile services. Introduction of MNP helped in reducing switching costs (especially procedural switching costs) which leads to churn in customer base for most of the operators in Indian cellular mobile service sector. But operators can increase other forms of switching costs such as financial and psychological switching costs there by arresting the churn of the customers. The proposed theoretical model can be tested empirically. Findings from the empirical study can be used by managers in developing customer retention strategies. Though the study proposed in cellular mobile services, it can be extended to other service sectors too.

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NATURE AS SOURCE AND PROTECTOR OF CULTURE - A STUDY BASED ON ‘LUKAS SANFTMÜTIGERKNECHT’ OF SIEGFRIED LENZ

***Sreekumar K.N.**

Abstract:

Siegfried Lenz, the famous post war German writer reveals Mother Nature as foundation for the formation and protection of human culture. The use of images in his short story ‘Lukas Sanftmütiger Knecht’ (‘Luka, gentle Servant’)illuminates the clarity of Lenz’s understanding of human greediness and the onslaught ofmodern recklessness, like invasions,on our planet. The background is the British invasion of Kenya where modern culture tyrannises the silent external nature of Kenya and its tribal culture. The consequences follow.

Nature is an elusive word. It has manifold meanings in different contexts. The word ‘Nature’ represents all kind of organic and inorganic forms which are available in the universe. Though Nature has been widely employed in the literary world, the study on the relationship between nature and the contents of literature has been studied systematically onlysince the eighteenth century. According to C.S Lewis, the novelist, poet and literary critic, the eighteenth century produces an “enormous shrinkage” in the term ‘nature[1].

The elements in Nature are always employed by creative writers to emphasise the central theme of their literary works. Siegfried Lenz, one of the most popular post-war

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German writers, successfully applies the natural elements as a method to exemplify human feelings which cannot be disclosed concretely. This method has also made an aesthetic effect which attracts its readers. The present paper attempts to highlight this idea with an investigation of his short story 'Lukas Sanftmütiger Knecht' ('Luka, gentle Servant')and explains how natural elements are engaged in it to project human feelings on external nature and to regain the essence of existence in the case of the inner nature of a particular tribal community.

Lenz alludes the natural elements as a protective source of the tribal culture in Kenya in this short story. He always uses natural elements as dominant aspects in his stories and novels to explain his intricate thoughts about the characters. The reader is presented with a vivid picture with all the details like in a photograph.

Lukas Sanftmütiger Knecht was written during Lenz's visit to Kenyaat the time of the Mou[2] agitation against the British in Kenya. In this short story Lenz3depicts the story of Kikuyus in Kenya. The Kikuyus were silent and obedient as silent as nature when the British cameto Kenya to conquer it. The colonial imperialism destroyed the whole external nature of Kenyan hills together with the internal nature of the primitive Kikuyus tribes.

Lukas, 'Sanftmütiger Knecht' the simple obedient Kikuyus, was a servant of a British farmer more than fourteen years. He was extremely silent and obedient regarding the political issues related to the emancipation of Kikuyus from their own very old rituals and so-called cultural transformation of Kikuyus into modern civilization.

Ich erinnerte mich der Zeit,die ich mit Lukas verlebt hatte, er war erst vor zwei Tagen verschwunden; Ich dachte anseinen schweigenden Stolz und an seine Neigung, das Leben zukomplizieren. Ich blickte auf die Männer und dachte an ihre rituellen Hinrichtungen, und mir fiel ein, dass sie einst ihre Diebe mit trockenen Blättern umwickelt und (...) : ein Kikuju hat mehr Phantasie als alle Weißen in Kenia, aber seine Phantasie ist grausam. Wir haben versucht, sie von ihrer natürlichen Grausamkeit abzubringen, aber dadurch haben wir sie ärmer gemacht. (...) Ich brauchte nur in ihre Gesichter zu sehen,um das zu verstehen; in ihrenGesichtern lag der Durst nach ihrem Land und das Heimweh nach ihrer alten Seele.

(I thought back over the time I had spent with Lucas— he had disappeared only-two days before. I contemplated his silent pride and his inclination to complicatelife. A Kikuyu has more imagination than all the whites in Kenya, but his imagination is cruel. We tried to wean them from their natural cruelty, but in the process we made them poorer. I needed only to look into their faces to understand that. Their thirst for their land and the longing for their former souls shone in their faces, in all their faces, illumined by the flickering light of the fire.)

The Kikuyus tribes had assimilated their very old rituals from the nature itself. Cruelty was their hall mark, exemplified in the short story by the case of a notorious thief in their community. He may be burnt with dried leaves and kept to die. Their magic, incantations and orgies had traditional cultural roots which they got from their soil, the Mother Nature.

Nature was a real source for the formulation of the primitive, rich-in-rituals and unheard manifold customs of Kikuyus. All these, they got it from the external nature. Now they have lost it together with their external nature due to the invasion of the so–called modern civilization. It suffocated them - this keeping away from their own rituals and getting accustomed to the imparted modern culture4. The British completely transformed Kikuyus, just the way they changed the beauty and purity of external nature of Kenya through fire to further modern cultivation.

At last, Kikuyus were unable to exist due to the alienation imposed on them from their own rituals and culture by the British. Under the leadership of Luka, Kikuyus annihilated the imperialists and set to free the tribes. Luka gave the ultimatum to his old British boss to return his farm house before the sundown next day, who is the only sub sister in the invader's group, in order to rescue his family. Luka intimates his boss that he should rescue his wife and daughter before he sets fire to the farm. All others were killed by the Panga –Messer (knife) of Kikuyus which was used to cut the grass for their cows and to kill their own disobedient people of their customs. All the rituals of Kikuyus were un-civilized for the British. In the face of twenty gaunt Kikuyus reflects only a sort of condescension and pity toward the British. He (Luka) is able to understand how the colonialists have made them to intolerable to his culture. Luka understands how the colonialists have made them intolerable to their culture.

Sie setzten sich auf die Erde, siehielten das Messer im Schloß, sie schwiegen, und ihr Schweigen waralt wie das Schweigen dieses Landes, ich kannte es, ich hatte es seit sechsundvierzig Jahren ausgehalten: als wir aus England gekommen waren, hatte uns dieses Land mit Schweigen empfangen, es hatte geschwiegen, als wir Häuser bauten und den Boden absteckten, es hatte geschwiegen, als wir säten und als wir ernteten, es hatte zu allem geschwiegen.Wirhättenwissenmüssen, daßeseinmalsprechenwürde

(They sat down on the ground, holding their knives in their laps, and were silent — their silence was as ancient as the silence of this land. I was familiar with it, I had endured it for forty-six years. When we arrived from England this land received us with silence, it had remained silent when we built houses and staked out the land, silent when we sowed and harvested — it had responded to everything with silence. We should have known that one day it would speak)

The above lines show the author's affinity towards the land of Kenya. He (the British farmer) lived here and had entrenched himself so much into the system that, he realises that forty six years had passed by since his arrival to Kenya. The land received him with silence. It remained silent when they cultivated the land and constructed houses on the land. Every act of his was received by silence. The Kikuyus protested against the British colonization. They sat down with their knives on their lap silently on the land. This silence is compared to the same silence he felt when he first visited Kenya. He sums it up by saying that he should have realised that the land would speak. So aesthetically compared!

The British farmer started to move to his farm house, which is more than 20 miles away. On the way he faces difficulties which were brought by the real external nature of Kenya, as if it uses this moment to punish the imperialist. Lenz portrays the nature as a vibrant source of impediments for delay of his arrival at his farm house. Lenz narrates…

Ich hörte fernen Donner und sah zum Horizont, sah auf, als ob im Donner Rettung für mich läge, der Donner wiederholte sich nicht, ich sah nur das Feuer im Gras, das gegen die Berge lief. Der Mond kam hervor, sein Bild zerlief auf dem trägen Wasser des Flusses, der Fluß gluckste am anderen Ufer, es drang bis zu uns herüber.

(I heard thunder in the distance and looked up at the horizon as though the thunder might rescue me, but the thunder did not recur, I saw only the fire in the grass moving toward the mountains. The moon came out, its reflection spreading in the languid waters of the river, and we could hear the river gurgling on the other side. Everything was quiet in the bamboo)

"Der Bambus stand dicht, ich konnte kaum vorwärts kommen, ich mußte mich zwischen den einzelnen Rohren hindurchzwängen, es war hoffnungslos. Ich blieb stehen und sah zurück; die Männer waren verschwunden, das Feuer brannte nicht mehr, ich war allein."

(The bamboo was so dense that I could hardly get through, I had to squeeze past each stalk, it was hopeless. The ground, too, was dangerous, covered with leaves and branches right up to the stalks, and I couldn't see where I was stepping. Over and over I sank in up to my hips and fell forward, I wasn't getting anywhere. I stopped and looked back. The men were gone, the fire was out, I was alone.)

Ohne Waffen und ohne Feuer war die Nacht gefährlich, ich spürte es, die Nacht war ein wenig zu still, ein wenig zu sanft, das war nicht gut, und ich kämpfte mich durch Bambusstauden und Schlingpflanzen wieder zum Fluß zurück

(Without a weapon and without fire, night was dangerous, I could feel it — the night was a little too calm, a little too gentle, and that was not good, so I struggled through the bamboo stalks and the creeping plants back down to the river.)

Ich sah leuchtende Blumen am Ufer, ihre Schönheit brannte sich zu Tode, ich sah sie mitunter mannshoch in der Dunkelheit brennen, auf einem Baum oder mitten in einem Strauch, flammende Todesblumen, unter denen der Leopard wartete.

("I saw shimmering flowers along the shore, their beauty consuming itself in death, sometimes I saw them six feet high, glowing in the darkness, on a tree or in the middle of a bush, flaming flowers of death under which the leopard was waiting.)

The nature shows its real violent resistance when he moves to his farm house. He was unable to walk in the darkness of the nature, cloudy atmosphere prevents the moon light, and waves in the river are so strong to wade across the river. The turbulent river (Schwarze Fluss) is there in front of him. And fluttering sounds of the bamboos forest frightened him. Natural elements work as a wall around him in order to hinder his journey. Here, Lenz is successful in expressing the real value of nature5- protecting its essence of survival from the external forces perpetually disturbing the equilibrium of the universe. Lenz says that nature has a mechanism6 to protect itself when there is an invasion by an external force. It will retain its equilibrium by unleashing vibrant actions against these forces.

Kenya was absolutely a new land for the British. Whereas, for Luka and Kikuyus it is their own land and its external nature is very well known to them. Rather their inner beauty has evolved from this very external environment. When Luka's boss arrived at his farm house, he could smell the ashes of the catastrophe. He knew that this was conspired by his own servant 'Luka'. His farm no longer existed as it was destroyed by fire. He felt the cold ashes, pressed his hands against his chest, raised his head unable to bear the sight of his farm –in fact, Luka's farm. He was completely distressed. Finally, Kikuyus were emancipated from the colonial imperialism and tried to regain their own old rituals and culture. The external nature of Kenya was silent when the British conquered it, but its long enmity has an edge when it tried to come back to its original form.

Finally, we find in the story how Lenz depicts the role of 'Nature' helping Kikuyus to evictthe invaders from its territory, retaining it culture and rituals by protecting it.

Fanny, the wife of the boss, could assimilate the essence of this land. She had the wisdom to lead a calm life in the middle of these deep frightening silent natures. The author stresses that we will be able to lead a tranquil and peaceful life only if we enjoy the niceties of nature and be in harmony with it. Or else, life can turn out to be a place for hatred and turbulence.

This problem is very relevant in this modern era and many writers irrespective of place, language and genre tend to address this issue. We can connect this story with the human onslaught of the twenty first century on nature using lethal human technologies and its impacts. In this modern era, we live with the proud of tyranny and destruction towards the silence of ‘Nature’ by means of the product of impeccable and precise lethal technologies7. As we see, the British destroyed the purity of the nature of Kenya along with the simplicity and virtue of tribal culture. For, the modern product of greedy human brain- the lethal technology- has unleashed the gush of mass lethal gases8 and the adverse by-product of heavy industries against the existence of the mother of all beings.

As the tribal finally started to annihilate the invaders of their culture and existence, the mother of all beings of all times – the Mother Nature9 - started to resist by maintaining its eco- equilibrium and protecting all sorts of organisms by unleashing T-sunamies, Kathrian, Global warming and various sorts of natural calamities and diseases10.

Through this short story, Lenz has made an attempt to remind us of the impact of the destruction of nature and its aftermath. It may lead to crucial adverse impacts on human beings who want to survive on the earth. Looking into the bitter experiences of the farmer from the tribes and the external nature of Kenya, the humanity knows that it is on the threshold of a threat to its existence and in future it has to face wrath of the nature like the British in Kenya.

Notes and References:

1) Marlene Piskorik, Nature and Landscape in The “Danzig Trilogy” of Guenter Grass: 1979, Cornel University, Michigan, USA.

2) The Mau Mau movement of Kenya was a nationalist armed peasant revolt against the British colonial state, its policies, and its local supporters in 1952. The overwhelming majority of the Mau Mau fighters and of their supporters, who formed the “passive wing,” came from the Kikuyu ethnic group in Central Province.

3) Lenz Siegfried, Die Erzaehlungen: 2006, Hoffmann und Campe, Hamburg.

4) Stoehr R Ingo, German Literature of the Twentieth Century from Aestheticism to Postmodernism: 2001, Camden House, New York.

5) A History of German Literature from the beginnings to the present day, translated by Clare Krojzl: 1991, Routledge, London.

6) Marlene Piskorik, Nature and Landscape in The “Danzig Trilogy” of Guenter Grass: 1979, Cornel University, Michigan, USA.

7) As we have seen in the short story of Lenz, the famous Malayalam writer O.V Vijayan in his short story, “Renuka” gives the warning of the nuclear weapons which can annihilate the humanity. The glittering chemical particles of ghosts, approaching the hut of Purendran, are attracted by his wife who is standing outside the hut. Finally, the chemical particles of ghosts swallow her. Later, Purendran reminds his daughter about the loss

of her mother when she tries to tell him about the attraction of the glittering chemicals of ghosts on the sky.In this story, Vijayan tries to tell the destructive nature of nuclear weapons which once swallowed Hiroshima and Nagasaki in the Second World War. The trees are capable to withstand more than human being against the chemicals. The writer emphasises the need to protect the nature and environment in order to protect the mother planet.

8) O V Vijayante Kadhakal: 2000, Edited by Asha Menon, D C books, Kottayam.

9) In this context, we are compelled to compare the writings of Lenz to the modern world scenario where nature is viewed with a different facet. We can compare James Cameron's movie Avatar. Avatar is without doubt the most epic piece of environmental advocacy ever captured on celluloid. After depleting the natural resources on the planet of the Earth, the human beings try to move to Pandora in search of energy source 'Unobtanium'. Pandora is inhibited by Navi, sapient humanoids that live in harmony with nature and worship a goddess called Eywa. A giant arboreal called 'Home tree' which stands above the richest deposit of 'Unobtanium' in Pandora. In spite of the knowledge that destroying the Home tree, Navi sacred site, could damage the biological neural network, the invaders try to attack on it. This attempt leads to clash with native Navi and the attack on the Tree of Souls leads to awake the Pandoran wild life to support the native tribal in the fight against the external invaders. Toruk, dragon like bird predator could damage all human war-planes and destroys it completely. Finally, the Ewya, Tree Souls defeats the invaders by unleashing its forces of wild animals and birds. In this story, as we have seen in the short story of Lenz, the director of the film shows the interconnected life of Pandoran Navi to their external environment which is deeply influenced in the formation of their culture and life. Avatar exemplifies a message of warning to the humanity how to handle the nature and its natural resources with tenderness and passion.

10) Krebs Angelika, Ethics of Nature: 1961, Walter de Gruyter, Berlin. ●

A PANORAMA OF PUBLIC DISTRIBUTION SYSTEM AND FOOD SECURITY IN KERALA

***Santhi Jose**

Abstract

The sustainable agricultural practice has a social responsibility to achieve the main goals of food security and supply safe food, thus helping the people in the society as a whole to lead a healthy life. Unfortunately, the agriculture sector in Kerala is lacking this power to do so. Kerala now has become a food dependent state. This paper is an attempt to analyse the current agricultural practices in Kerala that lead to the deplorable plight of depending on other states for her food.

Introduction

The concept of food security has evolved, developed, multiplied and diversified since the First World Food Conference of 1974[1]. There are close to 200 different definitions of the term, but the essence of all the definitions is similar. According to the Food and Agriculture Organisation, food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life[2]. M. S. Swaminathan has defined Sustainable food security as physical, economic, social and ecological access to balanced diets and safe drinking water, to enable every individual to lead a productive and healthy life in perpetuity[3].

Food availability is a necessary condition for food security. Ensuring food availability ought to be an issue of great importance and challenge for a state like Kerala because

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Kerala has always been a food deficit state. Food security for the people has remained, therefore, a matter of immense concern for all successive governments. Attempts were made to increase the production of rice through investment in irrigation, supply of subsidised inputs and diffusion of high-yielding varieties. However, these attempts to augment domestic rice production did not succeed. Large-scale conversion of paddy lands into cash crop fields has been taking place and consequently, the production of paddy has been declining unprecedentedly. Tapioca, which is the major cereal substitute, has also shown a decline in area and production. Thus, the food and agricultural scenario in the State clearly indicates that the region has been increasingly resorting to production of cash crops for the Indian and international markets, while importing rice and other essentials for internal consumption[4].

During the past three decades, the agricultural sector of Kerala has undergone wide-ranging changes in terms of ownership of land, cropping pattern, cultivation practices, productivity and intensity of cultivation. In earlier periods, the choice of cropping pattern was guided by agronomic considerations and consumption needs of farmers, but now it seems that market forces mainly determine the emerging trend[5]. One of the important features of the agricultural sector of Kerala in recent years has been the shift, taking place in the cropping pattern in favour of commercial crops far away from the food crops. The proportion of area under rice and tapioca, the two staple food crops of the state and all other food grains has fallen and that under cash crops such as rubber, coffee, and cardamom has been registering substantial increase[6].

Kerala now produces less than 15% of its food grain requirements, down from over 50% just before Kerala launched its remarkable land reforms[7]. Consequently, dependence of Kerala on other States for rice increased tremendously. More than 80% of the rice required in Kerala is being imported from her neighbouring states[8].

Engulfed within a vortex of population growth, economic instability and climate change, food security presents a formidable challenge for Kerala.

Rice-based farming system and cattle rearing are inter-dependent activities. Sharp decline in the area under rice reduced the availability of straw, which, in turn led to reduction in the number of draught animals and working bullocks in the farm sector. This development led to decline in the availability of farmyard manure and breakdown of the traditional farming sector[9]. Total milk production in the State, which was 24.20 lakh tonnes in 2003 declined to 21.11 lakh tonnes in 2004 though registered marginal increase in the subsequent years (It rose to 24.51 lakh tones in 2008 and to 25.37 lakh tonnes in 2009), the gap between requirement and production continues to remain unfavourable. The gap between the production and requirement of egg is also increasing at an alarming rate.

Concerted efforts of the State to increase the egg production have begun to show signs of improvement. Egg production, which was 1379 Million numbers in 2007 increased to 1510 M. Nos in 2008 and to 1633 M. Nos. in 2009; an increase of 8 percent over 2008.Though meat production is increasing over the years, it cannot cater to the demand fully. A wide gap exists between the requirement and production of animal products and we are greatly dependent on our neighbouring states for supply. It shows that a comprehensive strategy needs to be put in place to augment production of major livestock products in the state[10].

Kerala is highly deficient in its requirement of vegetables. Out of the total requirement of vegetables of 8.18 lakh tones, it hardly produces 3.47 lakh tones or 42 % only. Fifty Eight percent of the total availability is accounted for by the neighbouring states. If the requirement is worked based on ICMR norms, the state requires as much as 24.11 lakh tones. In that case, its production is hardly 14 percent of the total requirement, excluding imports from neighbouring states and exports to Gulf[11].

In the case of fruits, the state produces 69.22 percent of the total requirement with 30.78 percent flowing from neighbouring states. As per ICMR norms, the total requirement of the state works out to 13 lakh tons while the state produces hardly around 6.07 lakh tones or 46.69 percent only. The decline of vegetable cultivation and a growing import bill is only a symbol of Kerala's food dependency. Kerala is considered as a consumer state as it imports almost all fruits and vegetables from the neighbouring states[12].

If its neighbouring states sneeze, Kerala catches a cold. That is how when bad weather or blight damage crops in Tamil Nadu, Karnataka and Andhra Pradesh, Kerala becomes hard pressed to the source of food[13]. This food dependency is not only creating great threat to the availability of food, but also to the food security of our state as a whole.

With the gap between production and requirement of food widening every year, Kerala's food scene is turning gloomy. The steeping increase in food prices is the result of the state's large dependence on other states. With the increase of transportation cost, the people of Kerala are forced to pay higher prices to food commodities. It is due to this dependency that there has been an unprecedented hike in the price of food commodities in Kerala. The following Table is illustrative of the clear picture of this trend in the rise of price during the past four decades in Kerala:

Food price play an important role in the well-being of the poor. Poor consumers spend a large budget share on food. Thus, the level of food price is an important determinant of their purchasing power. Even relatively small price changes for food staples may seriously influence the ability of the poor to meet their basic needs, including nutritional requirements[14]. While the better-off sections in the state are able to take care of their food grain requirements through the open market, a large section of the population, both absolutely poor and nearly poor, have come to depend on the PDS for a major part of their food grain

Average Retail Price of Essential Commodities in Kerala during 1980 - 2011

Sl.No	Commodities	Unit	1980	1990	2000	2011
1	Rice (Red)	Kg	2.58	9.78	13.34	26.52
2	Green gram	Kg	5.42	21.54	26.11	71.80
3	Black gram	Kg	3.95	27.30	42.57	75.27
4	Red gram	Kg	4.04	15.06	19.88	44.43
5	Dhal (Tur)	Kg	6.11	33.03	29.35	72.48
6	Milk (Cow's) Lr	Lr.	2.79	9.75	12.93	23.86
7	Egg(Hen'sNadan)	Dozen	5.80	14.21	29.14	52.30
8	Sugar	Kg	7.30	12.60	15.19	30.36
9	Tapioca	Kg	0.66	3.52	5.68	14.78
10	Banana	Kg	2.62	8.29	13.21	25.72

Source: Department of Economics and Statistics

requirements[15]. The provision of food at subsidised price through the PDS aims at providing food security to the poor[16]. The PDS in this context has emerged as an important institutional intervention for maintaining food security.

Kerala's public distribution system has behind it a unique history of people's struggle, which began during the Second World War. During the war, following the imposition of Japanese rule in the countries from which India was then importing rice, a crisis arose in all parts of Kerala, leading to mass action by peasant organisations, trade unions and other people's movements[17]. In Malabar, even in the 1940s, only about 45 per cent of the food grains were domestically produced, and imports from Burma constituted a significant part of consumption. Between 1911-14 and 1923-26, imports of grain, pulses and flour at the Calicut port increased by 165 per cent; during the same period, exports of coconut, coir, spices, tea and rubber also increased considerably[18]. With the advent of World War II, food import from Burma was stopped completely. Overall, the rice imports at the Calicut port fell from an annual average of 32,000 tonnes in 1938-40 to just 13,000 tonnes in 1941.There was a huge increase in the hoarding of grains and price of rice increased manifold[19]. In British Malabar, during the famine of 1942 almost one percent of the population died from hunger and epidemic disease[20]. The food movement in Malabar demanded the distribution of paddy stored in the godowns of landlords to hungry peasants and labourers, who were suffering from severe food shortage. The activists of the peasant movement forcibly entered the godowns of the landlords, confiscated paddy and distributed it to the poor through the Producers and Consumers Co-operatives (PCCs), which were essentially ration shops. Finally, in October 1944, the government in Malabar officially introduced rationing.

In Travancore and Cochin too, food shortage was acute during the War and famine conditions had developed in many regions. The coir belt in Ampalapuzha and Sherthallai taluks was most severely affected due to the disruption of coir exports and limited food cultivation in the sandy tracts. The price of a meal in Alleppy town increased four-fold from 0.09 paisa to 0.38 paisa during the War. The severe labour unrest resulted in massive agitations in August 1942. The Travancore government was forced to respond by issuing subsidized rice to 14 hotels in Alleppy and Sherthallai to provide subsidized meals to workers. The coupons for the meals were distributed from the trade union offices. Interestingly, the workers voluntarily set apart a portion of the coupons for the starving labour households in the countryside. Ultimately, in 1943, a skeletal rationing system was introduced in both Travancore and Cochin, possibly the first of its kind in India[21]. Significantly, after the war and in the early years of independence, while the public distribution system was dismantled in most of the Madras presidency, continuing mass action ensured that the system was not abolished in Kerala. .

After Independence, following the establishment of the first communist government in Kerala, the central Government constituted a single southern food zone of the four states of Kerala, Madras, Andhra and Mysore as part of its efforts to streamline food supplies. Andhra had surplus production, and this was expected to cater to the needs of Kerala, where deficit was extreme, as well as Tamil Nadu and Mysore. Free trade was allowed within the zone, exports from it were banned and the Centre fixed ceilings on the rates at which the stocks could be sold. However, without an arrangement to ensure adequate supplies at ceiling rates, the system was doomed to fail. Stockholders in surplus Andhra refused to sell at rates fixed by the Centre. Therefore, despite setting up a system of about 6,000 fair price shops to distribute rice to people below a particular level of income and locality-based committees to monitor the system, the State Government could not ensure uninterrupted supply. With profits rising, private trade flourished and the public distribution system struggled for supplies[22]. In 1964, during an extended period of President's rule, when food stopped coming to the State and food price shot up, the Congress party found itself at the receiving end of a statewide people's protest movement. The southern food zone was abolished by then and the Chief Ministers' meeting in New Delhi on October 26, 1964 decided to introduce a system of "informal rationing" in Kerala from November 1,1964. This was to “ensure an equitable distribution of the available supplies at a specified price." The Centre undertook to supply grain to the PDS in Kerala, and it was agreed "it would not be generally necessary for the State Government to procure any quota directly from other States"[23].

PDS is operated under the joint responsibility of the central and State Governments. The central Government bears the responsibility of procurement, storage, transportation and bulk allocation of food grains at subsidised prices, while the responsibility of distribution to consumers through FPS, rests with the state Government. Thus, the public distribution system ensures availability of essential commodities like wheat, sugar, rice, edible oils, and kerosene to the consumers, through a network of outlets of fair price shops.

The PDS as it operated earlier had been criticised for its failure to serve the population below the poverty line. Therefore, based on the recommendations of the chief minister's conference held in July 1996, an effort was made to streamline the PDS, through the introduction of the Targeted Public Distribution System (TPDS), in June 1997. This system follows a two-tier subsidised pricing structure for families below poverty line (BPL) and for those above poverty line (APL). BPL population get rice and wheat at a much lower price, whereas APL population is supplied at a price, which is much higher and closer to the economic cost[24]. The main flaw is that in the approved list of BPL families (targeted beneficiaries) certain 'non eligible beneficiaries' are found place whereas the 'real' eligible beneficiaries have been left out. There are complaints that persons having political patronage have found a place in BPL list. A large number of the very poor are in the APL category and are thus denied 'physical' accesses to their right for subsidized food grains from PDS. Two more schemes were introduced in PDS later on, one in 2000, the Antyodaya Anna Yogana Scheme (AAY), which provides rice and wheat at very nominal price to the poorest of the poor, and the other Annapurna Scheme, introduced in 2001 that provides monthly free rice for those above the age of 65 years who are not getting any pension[25].

Kerala, of course, does better than most other Indian states in providing food through one of the best PDS in India and in the world. The PDS in this context has emerged as an important institutional intervention for maintaining food security. However, doubts have been expressed about the effectiveness and sustainability of PDS due to reductions in food subsidy and enhancement of the issue price of food grains as part of the ongoing reform process in the country[26]. Add to these, the not-so-easily predictable dynamics of India's centre-state and interregional politics and Kerala's position as a small state with relatively weak bargaining power (often ruled by political parties different from those at the centre) mounts Kerala's vulnerability in regard to its food security. Indeed, this vulnerability was made clearly visible in 2008 when the rice allocation from the central pool was cut by as much as 80%, a harbinger of what can happen in the future[27]. The concern now in Kerala is whether the current central policies will lead to the dismantling of India's most successful public distribution system and its replacement by one that threatens the food security of its people[28].

The drastic shift in the policy of public distribution system is attributed to the negative impacts of the neoliberal policy of LPG, which is beyond the scope of this paper that warrants more meticulous analysis.

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