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CORPORATE SOCIAL RESPONSIBILITIES OF PUBLIC SECTOR BANKS IN INDIA

VIKAS CHOUDHARY; SUMAN TANDON

Introduction

Corporate social responsibility is the continuing commitment by business to achieve commercial success in ways that honor ethical values, address legal issues and contribute to economic development while improving the quality of the workforce and their families as well as the local community and society at large. Indeed, the idea of social responsibility is not new to this age; rather it has been around as long as businesses have existed. Sometimes it comes in the shape of caring owners who provided housing, paid the workers who are off due to sickness or otherwise in form of attempts made to provide ease and comfort to the employees lot. Although many such voluntary social measures have become legal requirements, a number of business leaders have gone further ahead by utilizing their wealth to improve the living conditions of many people in the society. Simultaneously, a shift is already occurring from traditional philanthropy to wholesome community development among the more progressive of the companies. Financial System is the most important institutional and functional vehicle for economic transformation of any country. Banking sector is reckoned as a hub and barometer of the financial system. As a pillar of the economy, this sector plays a predominant role in the economic development of the country. Thus the banking sector has been playing a significant role as growth facilitator. In recent years corporate social responsibility has become an important issue at global level. The concept of corporate social responsibility recognizes as commitment of an organization to operate in a socially responsible manner. It takes into consideration the social and environmental implications of corporate financial decisions. It is also associated with corporate governance and ethical business procedure.

Review of Literature

While studying the literature of corporate social responsibility in developing countries only a few studies are available in this regards. A survey was conducted by Business Community Foundation for TERI (Tata Energy and Research Institute) - Europe during the year 2001-02 and reported that a large portion of giant companies were engaged in CSR activities.
Another Survey was conducted jointly by Confederation of Indian Industry (CII), UNDP, British Council and Price Water & House Coopers (PWC) in 2002, which reported that all most all the companies under the study recognize the importance of CSR and believed that the passive philanthropy was no longer sufficient.

The study conducted by Chahoud et al., 2007 revealed that corporate social responsibility in India, is still characterized mainly by philanthropic and community development activities and Indian companies and stakeholders have begun to adopt some aspects of the mainstream agenda, such as the integration of CSR into their business processes and engagement in multi-stakeholder dialogues.

Recognizing the importance of CSR, the Ministry of Corporate Affairs, Government of India, has recently (2009) brought out a set of voluntary guidelines on CSR for corporate sector. These CSR guidelines pertain to areas, such as, care for all stakeholders, ethical functioning, respect for

CASE STUDY 3: UNION BANK OF INDIA

MAJOR CSR AREAS	KEY OBSERVATIONS

(a)

CASE STUDY 5: PUNJAB NATIONAL BANK

MAJOR CSR AREAS	KEY OBSERVATIONS
(a) PNB Farmer Welfare Trust (b) Farmers Training Centers (c) Model Villages (d) PNB century Rural Development Trust (e) PNB Swarozgar Vikas Santhan	PNB regards Corporate Social Responsibility (CSR) as an investment in society and in its own future. The aim of the bank is to create social capital. The Bank has its own report on CSR but fails to publish global standard CSR report. Moreover, no fund is earmarked for pursuing CSR activities. The thrust of the bank on CSR revolves around in sustainability, social investment, education and health. The bank establishes two TRUST for the rural development and to foster financially inclusive growth in the economy. In addition, the Bank has laid emphasis on capacity building and training of intermediaries. The Bank has also set up Rural Development and Self Employment Training Institute (RUDSETI) as per the direction of the Ministry of Rural Development. Adoption of villages for

CASE STUDY 7: BANK OF BORODA

MAJOR CSR AREAS	KEY OBSERVATIONS
(a) Rural development. (b) Women's empowerment. (c) Vocational training. (d) Community Welfare. (e) Physically Challenged. (f) Poverty Eradication.	The Bank has a well-knit principle on CSR and a long vision to empower the community through socio-economic development of underprivileged and weaker sections of society. No separate report on CSR except a brief statement on CG report. Again, no fixed budget allocated for CSR spending. Establishment of large number of rural consultancy centre is the unique feature of the bank CSR policy. Another significant contribution of the Bank is the adoption of village for their all round development. The Bank has also set up Rural Development and Self Employment Training Institute (RUDSETI) as per the direction of the Ministry of Rural Development.

5. Conclusion

The Banks under study have recognized their responsibility towards the society and are making their contribution in the field of employment generation, education, health care, farmer training, women welfare and women empowerment. We suggest that banks should disclose the amount spent on CSR activities in their annual reports. Along with financial reporting, non financial reporting should become amendatory for the banks for social, economic and environmental betterment of the society.

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SOCIAL PROGRESS AND CORPORATE SOCIAL RESPONSIBILITY

SARABJOT KAUR; VIJAYA WADHWA

Introduction

Corporate social responsibility also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business is becoming an increasingly important activity in national and international businesses. In the era of globalization both domestic and multinational business organizations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe.

CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered as stakeholders. Corporate social responsibility is represented by the contributions undertaken by companies to society through its core business activities, its social investment and philanthropy programs and its engagement in public policy.

The precise nature of CSR is understood in different ways, with differences in understanding or representation of the concept related to different paradigms and concerns. It is generally agreed that CSR involves corporations voluntarily exceeding their legal duties to take account of social, economic and environmental impacts of their operations. For example, the European Commission defines CSR as: "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" (European Multistakeholder Forum on CSR, 2004: 3)

The UK Corporate Responsibility Bill (2002) suggests that corporations should "take all reasonable steps to minimize any negative environmental, social and economic impacts" (Article 7b). These definitions tend to emphasize the avoidance of harm, based on the notion of a shared responsibility towards 'stakeholders' and the

achievement of sustainability, whereas for others, CSR necessarily entails actively seeking to achieve positive change.

In recent years CSR has become a fundamental business practice and has gained much attention from chief executives, chairmen, boards of directors and executive management teams of larger international companies. They understand that a strong CSR program is an essential element in achieving good business practices and effective leadership. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules, and business models. To understand and enhance current efforts, the most socially responsible organizations continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges.

Organizations have developed a variety of strategies for dealing with this intersection of societal needs, the natural environment, and corresponding business imperatives.

Literature review

Since the company is operating in a society, it cannot stay away from the social issues. **Prahlad & Porter (2003)** hold the view that business should not only have concern for their shareholders and employees but it is imperative for them to take care of society at large. Business is influencing the society in many ways and hence the organizations need to address the issues which are influencing the society negatively. Business should work for improving the standard of living of people and ensure social stability and security.

Werther Jr & Chandler (2005) explained that with the increasing impact of business on society, the range of stakeholders whose concerns a company needs to address has fluctuated from a narrow view of owners to a broader range of constituents including employees and customers.

Hawkins (2006) suggested that the society provides both customers and resources to fulfill the business objectives of the corporate companies. The basic question at the heart of the CSR is as old as the business itself, such as what is a business and what contribution does it make to society.

Hartman, Rubin, and Dhanda (2007) highlighted the fact that European Union companies rely more heavily on language or the theories of citizenship, corporate accountability, or moral commitment and have a leading role in the CSR movement as a sustainable development opportunity.

Visser et al, (2008) said that globalization has tremendously amplified corporate power-shrinking the state and making the global corporation arguably the most powerful of our modern institutions. In fact in some countries the corporate companies are even powerful than the governments itself as they contribute a lot towards the development of the economy. So such companies can do a lot for raising the levels of the poor in that country. Poor countries always welcome big corporate companies to their soil in order to attract foreign investment and to boost their economy.

Blowfield & Murray (2008) emphasized the importance of corporate responsibility by highlighting that companies play important roles in public policies not only in countries where standard of governance is low, but also in countries in which the international governance mechanisms are low.

Hopkins (2008) views corporate as effective contributor in economic and social well being of a nation and regards CSR as a platform for corporations to be involved in economic development and wellbeing of disadvantaged people.
Businesses thus need to understand the importance of social responsiveness and sustainable development in order to ensure their long run survival in the market.

- **Evolution Of CSR Concept: A Model Based Approach**

Various models that explain the evolution of the concept of corporate social responsibility are as follows:

Classical Model:

The Classical Model argues that society is best served by a variety of institutions, each of which serves a particular function. The primary function of corporations should be economic rather than social. The primary goal of the corporation should be to maximize profit and the primary obligation of managers is to act in the interest of their shareholders while not breaking the law. In addition, profitable corporations benefit society through job and wealth creation. However, it does not follow that corporations will fail to strengthen the economy if they also engage in social activities and promote ethical values like human rights. (James Brummer, 1991)

Stakeholder Model:

Whereas the Classical Model argues that the ethical responsibility of a corporation is to earn a profit and to obey the law, the Stakeholder Model has a more complex approach. In addition to earning a profit, this model includes consideration of the impact upon major stakeholders when making a decision.

The arguments in favor of this model provide some examples of the broader ethical framework. On the one hand, many theorists make consequentialist arguments (i.e. arguments based on consequences or outcomes).Freeman (1984) suggested that the managers who respond to stakeholders concerns make their firms more powerful and resilient to attack from outside groups.

Other theorists make deontological arguments (i.e. arguments that describe duty).The argument for human rights lies within this concept of duty. The workers have rights to fair treatment and respect, such as fair pay or access to sufficient information and resources to perform their work. Thus, the firm has a duty to respect the rights of their stakeholders.

Social Demandingness model:

The Social Demandingness Theory (Brummer, 1991) says that the corporation exists to carry out the demands of the broad public. Unlike the Stakeholder theory, this theory maintains that management is directly responsible to the general public.

A foundational idea is that, since business depends on society for its existence and growth, business should integrate social demands and expectations into its activities so that they operate in accordance with the prevailing social values. Executives should make decisions that promote the welfare of the general public as set out by these expectations. The firms should create a congenial working environment in which employees can work up to their optimum capacity and can contribute in a more fruitful manner towards the organization. According to this model, corporations are seen as common property. They are responsible to serve the general public and the general public is also responsible to uphold the corporation.

Apart from the models suggested above, corporate should also aim at addressing major issues like poverty and global health. The company should promote social projects. Companies may assume the role of a 'social activist' by following a more comprehensive approach to solve the problems of society and maintaining high ethical standards of operations.

CSR and Social Progress

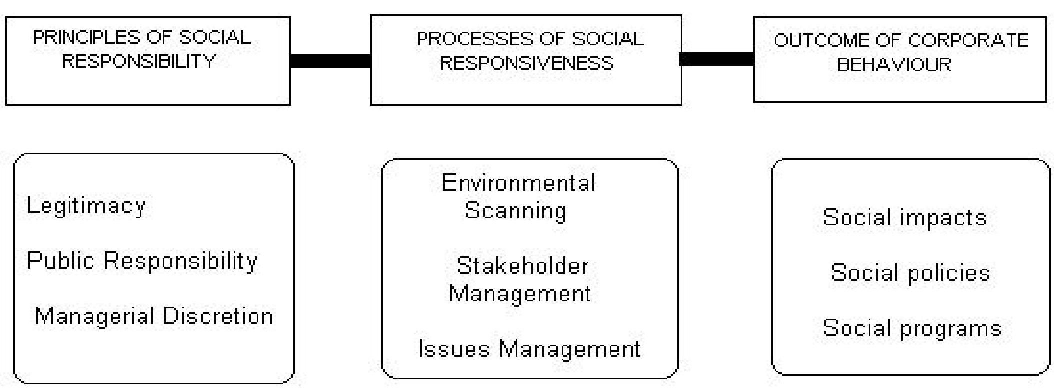
The concept of social progress has long been considered important. Social progress has traditionally been measured in terms of economic indicators meaning thereby that more the economic progress more the societal well being. Only during the past four

decades has social progress been measured by including factors beyond the economic indicators of the GDP and average income.

The World Bank and United Nations Development program (UNDP) both emphasize that "the goals of development are to improve the lives of human beings, and so the success of development programs must be assessed in human rather than strictly economic terms…the purpose of development is to offer people more options" (The Futurist, 1990).

Business is the cornerstone of prosperity in society. Companies create the resources that permit social development and welfare. Business corporations contribute towards the development of any economy. Companies improve their resources by developing materials and ideas. Profitability results when customers are prepared to pay more for goods and services than it costs to produce them. Corporations around the world use the resources of the country where they operate. Only profitable companies are sustainable in the long term and capable of creating goods, services, processes, return on capital, work opportunities and a tax base. Hence, companies' basic commercial operations bring opportunities for society. Holmes **(**1976**),** in a study of executive attitudes to social responsibility, finds that the strongest response was that 'in addition to making a profit, business should help to solve social problems whether or not business helps to create those problems even if there is probably no short-run or long-run profit potential'.

Wood (1991) developed a complete model of corporate social performance. This builds upon the issues of corporate social responsibility and corporate social responsiveness to include measurement



Source: Adapted from Woods, 1991, 'Corporate Social Performance Revisited'

The Wood model is effectively a normative model of a framework in which to assess corporate social performance – inherent in this model is an assumption that such behavior is, in part, motivated by the interests of the firm and from the perspective of the firm. Woods gave sample outcomes of acting as per the three step model which are summarized in Table1. He states that adopting the principles of social responsibility at the institutional, organizational and managerial level can be instrumental in achieving the desired social outcomes with respect to economic, legal, ethical and discretionary aspects.

Corporate Social Policy: Sample Outcomes of Acting on CSR Principles Within CSR Domains

	CSR PRINCIPLES		
Domains	Social Legitimacy (Institutional)	Public Responsibility (Organizational)	Managerial Discretion (Individual)
Economic	Produce goods & services, provide jobs, create wealth for shareholders.	Price goods & services to reflect true production costs by incorporating all externalities.	Produce ecologically sound products, use low-polluting technologies, cut costs with recycling.
Legal	Obey laws and regulations. Don't lobby for or expect privileged positions in public policy.	Work for public policies representing enlightened self-interest.	Take advantage of regulatory requirements to innovate in products or technologies.
Ethical	Follow fundamental ethical principles (e.g., honesty in product labeling).	Provide full and accurate product use information, to enhance user safety beyond legal requirements.	Target product use information to specific markets (e.g., children, foreign speakers) and promote as a product advantage.
Discretionary	Act as a good citizen in all matters beyond law and ethical rules. Return a portion of revenues to the community.	Invest the firm's charitable resources in social problems related to the firm's primary and secondary involvements with society.	Choose charitable investments that actually pay off in social problem solving (i.e., apply an effectiveness criterion).

Table 1: Corporate Social Policy: Sample Outcomes Of Acting On CSR Principles Within CSR Domains

Source: Wood, Donna J., Oct, 1991.

Logan, D., Roy, D., & Regelbrugge, L. (1997) in their work titled '*Global corporate citizenship - rationale and strategies*' gave a three level hierarchy to explain the contribution of business towards the society:-

The business can be helpful in creating employment opportunities, skills and knowledge dissemination by way of education and training. Businesses may open commercial loan and credit facilities for its supply chain members. Operational activities of business should focus on sustainable development. Sustainability in this sense can mean a variety of things – ecological sustainability, social sustainability or even sustained economic growth. Whilst the design of products and services has the greatest impact on the sustainability of a business the everyday operations also have a large impact. Operational practices can be improved or utilized for increased sustainability.

Conclusion

The words of Kofi Annan, the then UN Secretary-General shed light on the significance of the social responsiveness of businesses

"We have to choose between a global market driven only by calculations of short-term profit, and one which has human face. Between a world which condemns a quarter of the human race to starvation and squalor, and one which offers everyone at least a chance of prosperity, in a healthy environment. Between a selfish and free-for-all in which we ignore the fate of the losers, and a future in which the strong and successful accept their responsibilities, showing global vision and leadership."

Thus companies should consider the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as the environment. This is seen to extend beyond the statutory obligation to comply with legislation as organizations are voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. If a company chooses to follow the way of CSR, it will integrate ethical concerns in its activities and in its interaction with all the stakeholders. Prior to corporate social responsibility lies the work of preparing the society for the same, which should be the joint efforts of corporate, non-governmental organizations and definitely the monitoring authority, that is the government. Such concerted efforts can expectedly produce the desired results. Thus a functional relationship should exist between the corporate and the society with proper and effective governance in place to ensure compliance.

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CORPORATE SOCIAL RESPONSIBILITY: A BUSINESS CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

VIKAS CHOUDHARY; PREETI SEHGAL CHAWLA

Introduction

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. Ethically or responsible means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The natural environment is a stakeholder. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation. CSR therefore means the ethical behavior of business towards its constituencies or stakeholders.
What then is the right way to look at CSR as an investment - particularly given that it frequently involves intangible and less quantifiable domains? The bottom line is that a prudent business may tend to regard CSR in the same way it treats most investment decisions. It would be inclined to use the same systematic approach to assess the anticipated benefits and related revenues relative to the costs that it employs for investment proposals. A rigorous and systematic approach to CSR investment is likely to yield the most positive results for both the business and society as it is likely to demonstrate the most efficient allocation of resources from the perspective of both the firm and society. There are many different areas where a firm can invest to develop CSR attributes (e.g. human resource management, environmental protection, health and safety, community involvement, etc.). Investment decisions on CSR need to take account of various factors and parameters as well as the anticipated cost and benefit stream to be produced by the investment.

In market economies, the primary purpose of companies is to maximize shareholder value (e.g. economic profit, share price and dividends) bound by legal/regulatory obligations which address specific social and environmental issues. For this, companies pursue competitive strategies which rely upon and develop relationships between the corporation and its stakeholders.

Another Word for CSR is Investment

The term "Corporate Social Responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholder, meaning those on whom an organization's activities have an impact. It was used to describe corporate owners beyond shareholders. Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations. CSR also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business.

CSR is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR.

Since the early 1990's, corporate responsibility issues including the social obligations of corporations have attained prominence in political and business debate. This is mainly in response to corporate scandals but also due to the realization that development centered only on economic growth paradigms is unsustainable and therefore there is a need for a more pro-active role by states, companies and

communities in a development process aimed at balancing economic growth with environmental sustainability and social cohesion.

CSR and corporate sustainability represent the way companies achieve enhanced ethical standards and a balance of economic, environmental and social imperatives addressing the concerns and expectations of their stakeholders. Corporate governance reflects the way companies address legal responsibilities and therefore provides the foundations upon which CSR and corporate sustainability practices can be built to enhance responsible business operations.

Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. These elements of CSR are frequently interconnected and interdependent, and apply to firms wherever they operate.

Since businesses play a pivotal role in job and wealth creation in society, CSR is a central management concern. It positions companies to both proactively manage risks and take advantage of opportunities, especially with respect to their corporate reputation and broad engagement of stakeholders. The latter can include shareholders, employees, customers, communities, suppliers, governments, non-governmental organizations, international organizations and others affected by a company's activities.

Objectives

1 To know why CSR is important.
2 To establish a relationship of CSR with Sustainable Development

Literature Review

Chung (1987) suggests that: "Business firms operate in a society that offers them the opportunity to make profits. In return, they have the obligation to serve societal needs. This obligation is called social responsibility".
Peach (1987) claims that corporations are an integral part of society and they therefore need to consider their corporate behavior as part of their role in society. The impact that corporations have on society has been likened to the effect of a stone dropping into a pond **(Harrison, 1997)** that goes through three levels during the drop process.
In many cases, these companies were able to create win–win situations by "greening" the environment and enhancing their competitive advantage in the process **(Elkington, 1994)**. Over time, sustainability, as it has come to be called, has become

a multidimensional concept that extends beyond environmental protection to economic development and social equity **(Gladwin *et al.*, 1995).**
Accounting researchers in an attempt to understand what factors have contributed to the recent interests in CSR as we know it in the twenty-first century have classified the reasons under five perspectives. These are: agency theory (which views the relationship that subsists between the managers and owners of a corporate entity as that of agents and principals); legitimacy theory, (which postulates that corporate actions are legitimate, desirable and proper with some connotation of social benefits); political economy of accounting theory (which describes society as operating under a series of social contracts between members of society and society itself; stakeholder theory (which assumes that in order for corporate entities in a society to survive and prosper over a period of time; those entities must have good relationships with its critical stakeholders); and self-justification and advancement of corporate interest theory (which states that corporate actions are self-focused) **(Gray et al., 1995, 1996; Guthrie and Parker, 1990; Patten, 1992; Roberts, 1992, Tilt and Symes, 1999; Maltby, 2004).** This study reveals that all the five perspectives are capable of being used to classify the factors which have heightened interests in the area in recent times.

Theaker (2001) supports the view that an organization that is socially responsible recognizes its duties and responsibilities towards the wider community, and contributes to the common good that benefits both the company and its society.

Vogl (2003) has also argued that four factors can be identified as contributing to the recent trends in corporate entities around the world embarking on socially responsible behaviors. The four factors are: tightening regulatory pressures, changing demographics, pressure from non-governmental organizations (NGOs) and the increased necessity for greater transparency. This therefore explains why the following are happening in the world around us today.

Brønn and Brønn (2003) have pointed out, the role of corporations is currently undergoing an important transformation as stakeholders develop and modify their perceptions of the place and responsibilities of such organizations in society. These perceptions stem both from stimuli in the world at large and from those within corporations. About 250 companies worldwide currently implement corporate social responsibility (CSR) policies **(Hollender, 2004)**. Whatever the term used to refer to CSR – be it corporate responsibility, social performance, corporate citizenship or corporate governance – the responsibility of business has become central to the agendas of corporations, governments, supranational organizations, such civil society groups as non-governmental organizations (NGOs) and community-based organizations (CBOs), and the global general public.

Why has CSR become important?

Many factors and influences, including the following, have led to increasing attention being devoted to CSR:

- Globalization with its attendant focus on cross-border trade, multinational enterprises and global supply chains is increasingly raising CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things.
- Governments and intergovernmental bodies, such as the United Nations, the Organization for Economic Co-operation and Development and the International Labour Organization have developed compacts, declarations, guidelines, principles and other instruments that outline social norms for acceptable conduct.
- Advances in communications technology, such as the Internet, cellular phones and personal digital assistants, are making it easier to track corporate activities and disseminate information about them. Non-governmental organizations now regularly draw attention through their websites to business practices they view as problematic.
- Consumers and investors are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues.
- Numerous serious and high-profile breaches of corporate ethics have contributed to elevated public mistrust of corporations and highlighted the need for improved corporate governance, transparency, accountability and ethical standards.
- Citizens in many countries are making it clear that corporations should meet standards of social and environmental care, no matter where they operate.
- There is increasing awareness of the limits of government legislative and regulatory initiatives to effectively capture all the issues that corporate social responsibility addresses.
- Businesses are recognizing that adopting an effective approach to CSR can reduce risk of business disruptions, open up new opportunities, and enhance brand and company reputation.

Approaches of CSR

A more common approach of CSR is **philanthropy**. This includes monetary donations and aid given to local organizations and impoverished communities in developing countries. Some organizations do not like this approach as it does not help build on the skills of the local people, whereas community-based development generally leads to more sustainable development.

Another approach to CSR is **to incorporate the CSR strategy directly into the business strategy of an organization**. For instance, procurement of Fair Trade tea and coffee has been adopted by various businesses including KPMG. Its CSR manager commented, "Fair trade fits very strongly into our commitment to our communities.

Another approach is **garnering increasing corporate responsibility interest**. This is called Creating Shared Value, or CSV. The shared value model is based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy. Many approaches to CSR pit businesses against society, emphasizing the costs and limitations of compliance with externally imposed social and environmental standards. CSV acknowledges trade-offs between short-term profitability and social or environmental goals, but focuses more on the opportunities for competitive advantage from building a social value proposition into corporate strategy.

Many companies use the strategy of benchmarking to compete within their respective industries in CSR policy, implementation, and effectiveness. Benchmarking involves reviewing competitor CSR initiatives, as well as measuring and evaluating the impact that those policies have on society and the environment, and how customers perceive competitor CSR strategy. After a comprehensive study of competitor strategy and an internal policy review performed, a comparison can be drawn and a strategy developed for competition with CSR initiatives.

Benefits of CSR:

The scale and nature of the benefits of CSR for an organization can vary depending on the nature of the enterprise, and are difficult to quantify, though there is a large body of literature exhorting business to adopt measures beyond financial ones However, businesses may not be looking at short-run financial returns when developing their CSR strategy. The key potential benefits for firms implementing CSR include:

- **Better anticipation and management of an ever-expanding spectrum of risk**. Effectively managing social, environmental, legal, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm's impact is one way of anticipating and managing risk.
- **Improved reputation management.** Organizations that perform well with regard to CSR can build reputation, while those that perform poorly can damage brand and company value when exposed. This is particularly important for organizations with high-value retail brands, which are often the focus of media, activist and consumer pressure. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for companies that do not have direct retail exposure through brands, their reputation as a supply chain partner -- both good and bad -- for addressing CSR issues can make the difference between a business opportunity positively realized and an uphill climb to respectability.
- **Enhanced ability to recruit, develop and retain staff**. This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as “family-friendly” policies. It can also be the indirect result of programs and activities that improve employee morale and loyalty. Employees become champions of a company for which they are proud to work.
- **Improved competitiveness and market positioning**. This can result from organizational, process and product differentiation and innovation. Good CSR practices can also lead to better access to new markets. For example, a firm may become certified to environmental and social standards so it can become a supplier to particular retailers.

- **Enhanced operational efficiencies and cost savings.** These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement. For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams (wood chips into particle board, for example) and for system-wide reductions in energy use.
- **Improved ability to attract and build effective and efficient supply chain relationships**. Like-minded companies can form profitable long-term business relationships. Larger firms can stimulate smaller firms with whom they do business to implement a CSR approach. For example, some large automakers insist their suppliers be certified to environmental management systems standards. Similarly, some large apparel retailers require their suppliers to comply with worker codes and standards.
- **Enhanced ability to address change.** A company with its "ear to the ground" through regular stakeholder dialogue is in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur.
- **More robust "social license" to operate in the community**. Improved citizen and stakeholder understanding of the firm and its objectives and activities translate into improved stakeholder relations. This, in turn, may evolve into more robust and enduring public, private and civil society alliances (all of which relate closely to CSR reputation, as discussed above).
- **Access to capital.** Financial institutions are increasingly incorporating social and environmental criteria into their assessment of projects. When making decisions about where to place their money, investors are looking for indicators of effective CSR management.
- **Improved relations with regulators**. In a number of jurisdictions, governments have expedited approval processes for firms that have undertaken social and environmental activities beyond those required by regulation.

As these points suggest, businesses are beginning to recognize that their corporate reputation is closely connected to how well they consider the effects of their activities on those with whom they interact. As a result, reputation is an invaluable, albeit largely intangible, corporate asset that must be managed as carefully as any other.
Firms typically put a CSR approach in place for more than just economic reasons. In many cases, it is also due to moral principles, belief that it is the right thing to do and concern for the welfare of present and future generations that spur a firm to consider its responsibilities.

Sustainable Development
The World Commission on Environment and Development (WCED) defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The WCED's thesis of sustainable development posits that, the present generation has been reckless and wasteful in both its exploitation and use of natural resources by pursuing a series of socio-economic and industrial policies that endanger global environmental security.
The commission defines the fundamental constructs of sustainable development as follows:
- A political system that secures effective citizen participation in decision-making.

- An economic system that is able to generate surpluses and technical knowledge on a self-reliant basis.
- A social system that provides for solutions for the tensions arising from disharmonious development.
- A production system that respects the obligation to preserve the ecological base for development.
- A technological system that can search continuously for new solutions.
- An international system that fosters sustainable patterns of trade and finance.
- An administrative system that is flexible and has the capacity for self-correction.

Therefore, sustainable development according to the WBCSD is:

- Generation of economic wealth.
- Environmental Improvement.
- Social responsibility.

Of these three dimensions of sustainable development, social responsibility otherwise referred to as Corporate Social Responsibility (CSR) remains the broadest and most crucial in the quest for sustainable development. The reason lies in the broad scope of

Corporate Social Responsibility (CSR), which turns around to include the first two dimensions in it's classify action of social responsibility.

The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes "beyond law" commitments and activities pertaining to:

- corporate governance and ethics
- health and safety
- environmental stewardship
- human rights (including core labour rights)
- human resource management
- community involvement, development and investment
- involvement of and respect for Aboriginal peoples
- corporate philanthropy and employee volunteering
- customer satisfaction and adherence to principles of fair competition
- anti-bribery and anti-corruption measures
- accountability, transparency and performance reporting
- Supplier relations, for both domestic and international supply chains.

Interrelationship between CSR and Corporate Sustainability:

Corporate responsibility and sustainability as part of a new vision for the world based on a global partnership for sustainable development; corporate responsibility and sustainability as a business management approach that should provide in the long run better value for shareholders as well as for other stakeholders. Early roots of corporate social responsibility can be found in the actual business practices of successful companies and early theoretical views in the 1950s and 60s linked corporate social obligation to the power that business holds in society. Theoretical

developments are currently broadly subdivided into the ethical and accountability issues and the stakeholder approaches to strategic management.
CSR, corporate sustainability and corporate governance collectively are shaping the identity of organizations and are therefore increasingly integrated into the business strategy of successful corporations. Consequently, the field of responsible business strategy and practice is becoming one of the most dynamic and challenging subjects corporate leaders are facing today and possibly one of the most important ones for shaping the future of our world.

Corporate responsibility practice
The CSR and corporate sustainability movements are building an impressive momentum with the support from governments and the investment community through Socially Responsible Investing (SRI) and associated corporate sustainability indexes.
There is no doubt that businesses are doing far more than ever before to tackle the sustainability challenge by recognizing their social responsibilities, reducing their environmental impacts, guarding against ethical compromises, creating governance transparency and becoming more accountable to their stakeholders.
However, despite the progress achieved, CSR and corporate sustainability as business practiced approaches are at the infancy stage with relatively few real adopters and questionable impact.
On the positive side, success stories from responsible companies, for example the leading companies in SRI indexes, confirm that outstanding financial performance is not incompatible with good sustainability performance. The motivations of companies to address corporate responsibly and sustainability varies widely from instrumental approaches using responsible practices as a means of maximizing profits to intrinsic approaches committing the company to upholding its values and principles irrespective of the impact on financial performance.

The key business drivers are:
a) Strong brand and reputation.
b) Employer of choice.
c) Market position.
d) Trust of the financial markets and increased shareholder value.
e) New ‘green’ products / services and new markets.

It is becoming clear that leading companies of the future will have missions and strategies to constantly increase shareholder value but as an integral part of those strategies will also recognize and act upon the potential for:-

- Addressing the interests of a broad range of stakeholders.
- Building societal value.
- Contributing to coalitions aimed at increasing the capacity for sustainable development.

Corporate Responsibility and Sustainability Management framework
As the business case for Corporate Responsibility and Sustainability is becoming clearer it is also becoming evident that it could take some time before Corporate Responsibility and Sustainability becomes part of mainstream business practice.

"Selling the Sustainability Business Value Proposition"

It is widely recognized that implementation of Corporate Responsibility and Sustainability requires time to reach maturity and the speed of achieving mainstreaming is dependant on leadership, training and organizational capabilities to integrate CSR and sustainability policies in the overall business strategy and in core operational processes.
Socially and environmentally responsible behavior is multisided and is related to all functions, decisions and processes in a company. The width and complexity of the Corporate Responsibility and Sustainability scope makes mainstreaming a change management challenge necessitating carefully planning and possibly long term commitment to developing appropriate capabilities.

Key challenges in Corporate Responsibility and Sustainability management include:

- Managing in an integrated manner the full lifecycle of CRS strategy formulation, implementation, evaluation and evolution incorporating stakeholder participation;
- Aligning responsibility strategy to corporate strategy focusing on rationalizing and harmonizing the economic, compliance, ethical, and sustainability dimensions of corporate responsibility and sustainability in the context of stakeholder requirements.
- Managing non-financial risk, particularly to brand, reputation, and local license to operate and to performance instability as an integral part of corporate sustainability management.
- Integrating eco-design and other sustainability requirements into product and service offerings.
- Managing the sustainability performance optimization process to continually increase stakeholder satisfaction.
- Developing strategic responsibility and sustainability capabilities.

The term Corporate Responsibility and Sustainability as a company's verifiable commitment to operating in an economically, socially and environmentally sustainable manner that is transparent and increasingly satisfying to its stakeholders. Stakeholders include investors, customers, employees, business partners, local communities, the environment and society. The emphasis is on transparent and verifiable stakeholder driven business operation delivering optimized sustainability performance and associated competitive advantage. Sustainable business operation means addressing the needs of present stakeholders while seeking to protect, support and enhance the human and natural resources that will be needed by future stakeholders.

Sustainability's view on the changing landscape of liability
"The issue of past, current and potential liabilities has exercised boards of large companies for decades. This report makes the case that the landscape of liability -- and therefore the risks for companies and to shareholder value -- is changing and changing rapidly. It explores the evidence, maps the changes and attempts to guide business with the help of studies to navigate new and uncharted territory. The studies examine and draw conclusions in relation to climate change, human rights, obesity and legacy issues."
Study shows benefits of CSR Based on a two-year study, the World Business Council for Sustainable Development has drawn several conclusions about the benefits of CSR to companies.

- A coherent CSR strategy, based on integrity, sound values and a long-term approach, offers clear business benefits to companies and helps a firm make a positive contribution to society.
- A CSR strategy provides businesses with the opportunity to show their human face.
- Such a strategy requires engagement in open dialogue and constructive partnerships with governments at various levels, intergovernmental organizations, non-governmental organizations, other elements of civil society and, in particular, local communities.
- When implementing a CSR strategy, companies should recognize and respect local and cultural differences, while maintaining high and consistent global standards and policies.
- Being responsive to local differences means taking specific initiatives.

Conclusion

In nutshell CSR is about performance, moving beyond words on a page to effective and observable actions and societal impacts. Performance reporting is all part of transparent, accountable and, hence, credible corporate behaviour. There is considerable potential for problems when stakeholders perceive that a firm is just engaging in a public relations exercise and cannot demonstrate concrete actions that lead to real social and environmental benefits.

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EMBEDDING HR AND CORPORATE SOCIAL RESPONSIBILITY – AN ANALYSIS

SHAVETA T GROVER

Introduction

Corporate social responsibility means *c*onducting business in an ethical way and in the interests of the wider community or responding positively to emerging societal priorities and expectations. Human resource managers are well positioned to play an instrumental role in helping their organization achieve its goals of becoming a socially and environmentally responsible firm – one which reduces it's negative and enhances its positive impacts on society and the environment. Further, human resource (HR) professionals in organizations that perceive successful corporate social responsibility (CSR) as a key driver of their financial performance can be influential in realizing on that objective. While there is considerable guidance to firms who wish to be the best place to work and for firms who seek to manage their employee relationships in a socially responsible way, there is a dearth of information for the HR manager who sees the importance of embedding their firm's CSR values throughout the organization, who wish to assist the executive team in integrating CSR into the company's DNA. And as high profile corporate pay lip-service to CSR while neglecting to foster a CSR culture run the risk of damaging their corporate reputation if not their demise. Indeed, HR's mandate to communicate and implement ideas, policies, and cultural and behavioral change in organizations makes it central to fulfilling an organization's objectives to "integrate CSR in all what they do." It is important to understand that employee engagement is not simply the mandate of HR. Indeed people leadership rests with all departmental managers. HR can facilitate the development of processes and systems; however, employee engagement is ultimately a shared responsibility. The more the HR practitioner can understand their leverage with respect to CSR, the greater their ability to pass these insights along to their business partners towards the organization's objectives in integrating CSR throughout their operations and business model. As human resources influence many of the key systems and business processes underpinning effective delivery, it is well positioned to foster a CSR ethic and achieve a high performance CSR culture. Human resource management can play a significant role so that CSR can become "the way we do things around here". HR can be the key organizational partner to ensure that what the organization is saying publicly aligns with how people are treated within the organization. HR is in the enviable position of being able to provide the tools and framework for the executive team and CEO to embed CSR ethic and culture into the

brand and the strategic framework of the organization. It is the only function that influences across the entire enterprise for the entire 'lifecycle' of the employees who work there, thus it has considerable influence if handled correctly. HR is poised for this lead role as it is adept at working horizontally and vertically across and within the organization, so important for successful CSR delivery. Of course, for effective CSR deployment, it needs to become a Board and C-suite imperative first. Should such an organizational gap exist, the senior HR leader can champion, lead and help drive a CSR approach if necessary. In the coming years as CSR increasingly becomes part of the business agenda and the fabric of responsible corporations, it will become a natural agenda for the HR practitioner.

Scope of CSR

What issues does CSR cover? There are three groups of issues: legal compliance, ethical practices, and social contributions. Legal compliance means corporate acts that comply with the letter of laws and regulations, including those that are related to human rights, environment, labor, or consumer protection. Ethical practices denote corporate acts that comply with not only the letter but also the spirit of laws and regulations. Social contributions are how companies act to help others and bring about positive impacts and influences in the community, environment, and for future generations. Recently, the concept of social contribution is likely to be understood in a much broader sense, going beyond a purely monetary donation to include action to overcome ethical dilemmas that a business organization might face.

Table 1 explains how those three groups of issues are related. It shows two dimensions. Justice means that CSR covers issues of justice, right or wrong, and fair or unfair. Humanity means issues of good/bad for others, and helpful/harmful for others. Basic means an organization's basic commitment to CSR.

Using these two axes, there are four boxes:

- Phase 1, Legal Compliance: The compliance section or the ethics office is mainly concerned with establishing the legal way to avoid the application of laws. The objective is to find the loophole that makes it possible to avoid the reach of the law. If international agreements are ratified and codified into domestic laws, companies at this level will try to comply with international agreements; but other than that, companies will not comply with such agreements willingly.
- Phase 2a, Ethical Practices (the upper box on the right): Companies try to avoid any action resulting in a negative impact on others and any action that might cause harm or damage to others.
- Phase 2b, Ethical Practices (bottom box on the left): Companies comply with not only the letter but also the spirit of the law. Even if international agreements are not ratified or codified into domestic laws, companies at this level will try to understand and put those spirits into practice.
- Phase 4, Social Contributions: Companies exert positive influences and impacts to help others or, for example, develop environmentally friendly technologies.

Table 1 Three phases in CSR

Basic	Phase 1. Legal compliance Do no wrong Do not be deceptive Do not steal Letter of the law	Phase 2a. Ethical practices Do not harm others Do not harm community Respect human rights Be considerate
Full	Phase 2b. Ethical practices Do right Be honest Be fair Spirit of the law	Phase 3. Social contribution Help others Improve community Promote human dignity Be courageous Justice Humanity

Source: Adapted and developed from Lynn Sharp Paine, *Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance*, McGraw-Hill Education, 2003.

Literature Review

There is emerging evidence that effectively implemented; CSR can have significant impact in motivating, developing and retaining staff. Novo Nordisk, a high-value CSR pharmaceutical company in Denmark, for example, after launching their Values in Action program, which aligns their business objectives with sustainable development principles, saw a 5% drop in staff turnover, while Sears found a 20% reduction in

staff turnover since implementing their CSR program. (Skinner, 2002, p.1). A landmark international CSR study of human resource practitioners conducted by the Society for Human Resource Management (SHRM) in 2006, reveals that CSR practices are seen as important to employee morale (50%), loyalty (41%), retention (29%), recruitment of top employees (25%) and productivity (12%). [Note that percentages reflect Canadian responses] (SHRM, 2007, p. 27). Globally, HR leaders are developing and implementing incentive and appraisal systems that reflect sustainability as well as hiring personnel that embody these values. For example, research by The Conference Board reveals that 50% of global managers report their companies do, or plan to, include corporate citizenship (aka CSR) as a performance evaluation category. Additionally, 68% of respondents cite the link between corporate citizenship and performance appraisal as "increasingly important." (Lockwood, 2004). Research shows that the critical success factors for implementing CSR include having an overarching vision that includes CSR, having senior management and board level commitment, engaged staff and the provision of skills, tools and incentives. Clearly, staff participation and buy-in to delivering on the company's CSR aspirations is central to success in this area. Documented case studies show that HR practices such as competency development, can help embed CSR in an organization, not to mention benefit the bottom line. (Redington, 2005). Companies with a good CSR reputation are benefiting from the stakeholder view that a company's behaviour and presumably that of its people is aligned with CSR values, in a consistent way. Companies seeking to build marketplace trust and reputation must embed their CSR values throughout their business. Leading companies are realizing that CSR can be nested in the company's employee brand and can be part of the value proposition for working at a given firm. Sustainable HR management is central to this objective. The report, *Developing the Global Leader of Tomorrow*, observed that "a range of human resource levers are important for developing [CSR] organizational capabilities: building these knowledge and skills through leadership development programs, career development planning, succession planning, performance management and incentive systems and competency frameworks, and seeking these knowledge and skills when recruiting new talent into the organization". (Ashridge, 2008, p. 10). A survey conducted for the Conference Board of Canada in 2000 found that 71% of employees want to work for companies that commit to social and community concerns. In a similar Corporate Citizenship study by Cone Inc. in the U.S., 77% of respondents indicated that "a company's commitment to social issues is important when I decide where to work". A Scotiabank 2007 study of employed Canadians concluded that

70% would consider changing jobs if their employers did not operate in a socially responsible manner. With the replacement costs for the average worker about $50,000 including lost output, recruitment, training and other elements, it pays for companies to manage their CSR as well as their financial performance. (Another study has put the recruitment, interviewing, hiring, training and reduced productivity costs at $3,500 to replace one $8.00/hour employee.1) Further evidence of the importance of social and environmental performance management comes from a World Business Council for Sustainable Development (WBCSD) publication, in which it was reported that "three-fifths of the graduates and potential employees surveyed by Accenture in 2004 rated ethical management as an important factor in their job search. Similarly over two-thirds of the students (68%) in a global survey by GlobeScan in 2003 disagreed that salary is more important than a company's social and environmental reputation when deciding which company to work for." (Pierce & Madden (n.d.), p. 5) And in the UK, 75% of professionals take social or ethical considerations into account when changing employment, while over half of graduates will not work for companies they believe to be unethical. Nancy (2004) while discussing the role of HR in developing CSR culture in organizations emphasized that with the growing importance of human capital as a success factor for today's organizations, the role of HR leadership has become more critical in leading and educating organizations on the value of CSR and how best to strategically implement CSR policies and programmes domestically and abroad. In view of this HR must be aware that effective CSR means respect for cultural and developmental differences and sensitivity to imposing values, ideas and beliefs when establishing global HR policies and programmes. Murray (2008) on the basis of survey stated that more than one-third of respondents pointed that working for a caring and responsible employer was more important than the salary they earned and nearly half would turn away from an employer that lacked good corporate social responsibility policies. Agarwal (2007) stated that with the adoption of HR policies, such as, periodic review of employee performance, adequate training for the workforce and career advancement norms for its personnel, creating motivation, and commitment in the workforce the organization can reap the full business benefits and become successful to the great satisfaction of all its stakeholders.

CSR Initiatives In India

Over the years this concept of Corporate Social Responsibility (CSR) has gained unprecedented momentum in business and public debate and has become a strategic issue crossing the departmental boundaries, and affecting the way in which a

company does business. Almost all corporate websites/ policies/reports talk about their endeavors for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. It assures that the organization can grow on sustainable basis.

These activities of CSR ranging from small donations to bigger projects for social welfare sustainable practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices. Business practices of big and successful companies, with plenty of resources at their end, have set the trend for being committed to around the globe show their commitment to social responsibility.

In India, the initiatives of Dabur India Limited, for example, which commenced ‘Sundesh’ in 1993, a non-profit organization, with an aim to promote research and welfare activities in rural areas are appreciable.

Bharat Petroleum Corporation Limited has adopted 37 villages as their responsibility to develop in all walks of life. It has made efforts to make them self-reliant, provided them fresh drinking water, sanitation facilities, medical facilities, vocational training and literacy camps. (http://www.karmayog.org/csr500companies). Around its industrial facilities, Tata Group has created towns and cities like Jamshedpur, Mithapur, Babrala for the benefit of its employees. Cadbury India, Glaxo and Richardson Hindustan are some of the companies which are helping farmers to grow crops which in turn shall serve as raw materials for them (Tripathi & Reddy, 2006).

Although the implementation of such activities involves time, effort and resources yet the business houses have realized that it (CSR) is one of the important ways in which an organization can distinguish itself from its competitors. The tangible and intangible benefits associated with for organization are immense. A powerful tool like CSR not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty, and increased ability to attract and retain employees. By capitalizing on it, the organizations can improve their financial performance and attract more investment with immense economic value. The word CSR has, as a result, occupied very important place in the plans and strategies of the organizations in the present era.

But if one look carefully still many organizations have not realized the actual meaning of CSR except it is merely an activity of giving big donations or any philanthropic commotion. However from the very beginning the key player in undertaking such activities in the organizations has been top management and it has been the driving force in the area of social responsibility. Employees have been rarely covered under the ambit of CSR. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR. In this context, the responsibility of human resource management department for encouraging sustainable practices that offer practically and theoretically new opportunities is very much. So this paper is an attempt to find out that how the human capital can become the brand ambassadors of the organizations and that "feel good factor" can permeate out to others, especially customers and clients.

Internalizing CSR and Initiatives of HRM

The role of HR function in embedding the CSR values in the corporate culture is immense and has been underlined also. An organization can exhibit a better image in the minds of people by presenting itself as an excellent employer which cares for its people and involves them in the ambit of social responsibility. This involvement of employees indicates the strategic importance of HRM in the CSR initiatives of an organization. Human Resource policies, forming the framework for the culture in the business management, create awareness towards the need to achieve the business goals in the best possible and ethical manner. With the help of HR functions, the socially responsible values can be inculcated and sustained in the organizational culture through the following ways:

- The HR department should take the responsibility to develop a formal policy on sustainable practices involving employees. British gas, for example, used employee volunteering as a vehicle to achieve business-driven culture. The success of the initiative led to the development of a formal policy on employee volunteering. The company developed the 'Cardiff Cares' volunteering initiative with the purpose of encouraging employees to raise funds and donate some of their time to the local community (Redington, 2005).
- Employee fundraising was a way to show support for the local community, to build positive team spirit in the organization and to create a 'winning' environment at the workplace. The managing director and the HR team's strong commitment enabled the initiative to be a big success improving the employee retention levels and employee satisfaction.
- The orientation programme of newly recruited candidates should be designed in a manner that corporate philosophy about CSR gets highlighted. The commitment of top management towards CSR is very important which should be expressed in tangible terms to reinforce the right kind of behavior in the organization. Wipro, for example, inculcates CSR values amongst its workforce right at the beginning during the induction process (http://www.developednation.org/interviews).
- The designing of Performance Management System should be done in such a manner that it measures the socially responsible initiatives taken by employees. This becomes important as the internalization of CSR in an organizational culture requires that appropriate behaviors get appraised, appreciated as well as rewarded. Otherwise, the organization might fail to inculcate it amongst all employees due to lack of positive reinforcement.

- The Training facilities may also be made available to instill the CSR culture among employees. This becomes necessary to make employees learn and practice CSR activities. The training of employees through "CSR Living Our Values Learning Tool" at Cadbury Schweppes (Young, 2006), the major global beverage and confectionary organization, has been a good example of partnership between HR and CSR. The company has also included social responsibility in the latest management development initiatives like the global "Passion for People" management skills programme.
- Empowerment of managers by giving them decision-making authority shall help in executing social responsibility at local level. It becomes important when an organization with plants or units at multiple locations around the world operate. Armed with decision making authority, the managers will be able to appreciate and assess the needs. Therefore, the employees may be appropriately authorized to encourage initiative in the area of social responsibility. Clear reporting and review mechanisms may be put in place in the organization which shall improve the focus and effectiveness of CSR (Mehta, 2003) .
- Code of ethics of an organization can stimulate social responsibility to a great extent reinforcing amongst its employees the underlying values. Training on code of ethics should be undertaken by the organization.
- Responsible Human Resource Management practices on equal opportunities, diversity management, whistle blowing, redundancy, human rights, harassment shall give credibility to the CSR initiatives of the organization. It is beyond doubt that protecting human rights such as denial or prevention of
- legal or social rights of workers is a very important issue under CSR. Companies like Wipro, Infosys, Dabur, and ICICI have even framed whistle blowing policy, providing protection to the employees who come to know about any unethical practice going on within the organization, covering a whole gamut of subjects and showing their positive approach towards unethical practices.
- The separation of employees during mergers, acquisitions, downsizing etc. should be strategically aligned with the business strategy as well as Corporate Social responsibility. Retraining, retention, redeployment of people can be worked out with aggressive communication, information campaigns and outplacement services in place to assist the transition of people from the organization. Hindustan Unilever Limited (HUL), for example, provided outplacement services to the employees of its foods division at Bangalore when they were unable to move to Mumbai in 2006. Over 60 firms and 25 placement agencies were contacted by the company to arrange for multiple job interviews for a number of employees.

Conclusion

Successful programmes on social responsibility rely heavily on enlightened people management practices. In this context HR department is assumed to be the coordinator of CSR activities in getting the employment relationship right which is a precondition for establishing effective relationships with external stakeholders and thus can orient the employees and the organization towards a socially responsible character. There is also an increasing trend in the corporate sector which has started leveraging upon employees and their management for exhibiting their commitment towards CSR. Armed with a strong and committed organizational culture reinforced by responsible Human Resource Management practices, the organizations can achieve heights of success by improved profitability, employee morale, customer satisfaction, legal compliance and societal approval for its existence. It is high time for all other organizations which have been paying only lip service to CSR that they must capitalize upon the existing Human Resource Department in framing such practices, procedures and policies that ensure the internalization of quality, ethics and excellence in the whole system. By doing this they can sensitize the employees and the whole organization towards CSR without adding any additional cost.

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AGRICULTURAL COMMODITY FUTURES IN INDIA- A LITERATURE REVIEW

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ABSTRACT
The purpose of this paper is to provide an overview of Agricultural Commodity Futures in India by taking into account the variability of empirical results of some selected studies on agricultural commodity futures. This paper is based on review of empirical results of studies on agricultural commodity futures for the 2001-2013 periods. These studies have been classified in three sections: Growth and performance of the commodity futures market, relationship between agricultural commodity futures market and spot market and price risk management through agricultural commodity futures. The paper shows the growth in commodity futures market along with identification of problems that are affecting the performance of agricultural commodity futures in India.

KEYWORDS: Commodity Futures, Commodity Derivative Market, Spot Market, Price Discovery, Risk Management, Hedge

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1 Introduction

Indian commodity future market was relatively popular till early 70s but its growth was fraught due to diverse restrictions and regulations introduced by Government of India. In 2003 these restrictions have been relaxed leading to the spontaneous growth of commodity market in the country. With the significance policy changes and liberalisation of world markets, Indian Commodity Derivative market has achieved phenomenal growth in terms of volume of trade, number of product on offer and transparency. Commodity means all kind of movable property other than actionable claims, money and securities. Commodity trading or futures trading is organised in such commodities as are permissible by the Government. The association, company or any other body corporate which organize the future trading in commodities through futures contract is known as commodity exchange. A futures contract is an agreement to buy or sell a particular commodity at a pre-determined price in the future. They are standardized contracts containing detail about the quality and quantity of the underlying asset. Commodity markets play vital role in the economies like India where agricultural production constitutes a major part of GDP. India being agricultural dominated economy is one of the top producers of agricultural products, where farmers have to face yield risk along with price risk. Farmers need protection against the price fluctuations of their crops. From the time of sown to the time of harvest they

face price uncertainty. With the use of simple derivative product, farmers can partially or fully transfer price risk by locking in asset prices. There were simple contracts developed to reduce the risk and to meet the needs of farmers. Commodity futures market performs two significant economic functions of price discovery and price risk management. A futures trading in commodities is beneficial for all sectors of the economy including farmers and consumers. It provides advance price signals to sellers (farmers/producers) and assists buyers (consumers) of agricultural commodities for financing commodities from one season to another. The commodity derivative market in India has achieved substantial development in term of transparency, technology and trading activities. The total value of agricultural trading has reached to Rs. 345032 crore during the period of April 2012-13.
Commodity derivative trading in India is regulated through a three tier regulatory structure, viz, the Central Government, Forward Market Commission and the Recognised Commodity exchanges/Associations. Currently Bullion, Energy, Base Metal products and Agricultural commodities account for a large share of the commodities traded in the Indian Commodity Futures Market. There are 5 National and 16 regional commodity specific exchanges, which regulates forward trading in 113 commodities approves by the Forward Market Commission under the Forward Contracts (Regulation) Act, 1952. This paper presents a review of the limited literature and key findings on agricultural commodity futures in India. Hopefully this study will help both academicians and participants of commodity future market. The paper is divided in three different sections. In Section 2, growth and performance of commodity futures market in India has been discussed. Relationship between commodity futures and spot market has been pointed out in Section 3.While Section 4, describes the literature in terms of agricultural commodities futures and price risk management. Section 5, concludes the paper by identifying problems of agricultural commodity futures.

2 Growth and Performance of Commodity Market

Few studies are available on the performance and efficiency of Indian commodity futures market. In spite of a considerable empirical literature, there is no common consensus about the efficiency of commodity futures market. **Gopal and Sudhir (2002)** emphasised that agricultural commodity futures market has not fully developed as competent mechanism of price discovery and risk management. The study found some aspects to blame for deficient market such as poor management, infrastructure and logistics. Dominance of spectators also dejects hedgers to participate in the market. **Narender (2006**) concluded that Indian commodity market has made enormous progress since 2003 with increased number of modern commodity exchanges, transparency and trading activity. The volume and value of commodity trade has shown unpredicted mark. This had happened due to the role played by market forces and the active encouragement of Government by changing the policy concerning commodity derivative. He suggested the promotion of barrier free trading in the future market and freedom of market forces to determine the price. **Himdari (2007)** pointed out that significant risk returns features and diversification potential has made commodities popular as an asset class. Indian futures markets have improved pretty well in recent years and would result in fundamental changes in the existing isolated local markets particularly in case of agricultural commodities. **Kamal (2007)** concluded that in short span of time, the commodity futures market has achieved exponential growth in turnover. He found various factors that need to be consider for making commodity market as an efficient instrument for risk management and price discovery and suggested that policy makers should consider specific affairs related with agricultural commodities marketing, export and processing and the interests involved in their actual production. **K. Lakshmi (2007)** discussed the implications on the grant of permission to Foreign Institutional Investors, Mutual Funds and banks in commodity derivative markets. She found that participation of these institutions may boost the liquidity and volume of trade in commodity market and they could get more opportunities for their portfolio diversification. **Arup et al. (2008)** to facilitate business development and to create market awareness, they conducted an index named MCX COMAX for different commodities viz. agricultural, metal and energy traded on Multi Commodity Exchange in India. By using weighted geometric mean of the price relatives as the index, weights were selected on the basis of percentage contribution of contracts and value of physical market. With weighted arithmetic mean of group indices the combined index had been calculated. It served the purpose of Multi Commodity Exchange to make association among between various MCX members and their associates along with creation of fair competitive environment. Commodity trading market had considered this index as an ideal investment tool for the protection of risk of both buyers and sellers. **Swami and Bhawana (2009)** discussed that with the elimination of ban from commodities, Indian futures market has achieved sizeable growth. Commodity futures market proves to be the efficient market at the world level in terms of price risk management and price discovery. Study found a high potential for future growth of Indian commodity futures market as India is one of the top producers of agricultural commodities. **Gurbandani and D.N, (2010)** they tested the market efficiency of agricultural commodities traded on National Commodity Derivative Exchange of India and pointed out that Indian commodity derivative market has witnessed phenomenal growth in few years by achieving almost 50 time expansion in market. By applying autocorrelation and run tests on four commodities namely-Guar seed, Pepper Malbar, refined Soya oil and Chana (Gram) the study observed the random walk hypothesis and tested the week form efficiency of these commodities. The study also indicated key evidence of liner dependence for selected agricultural commodities which has reflected by high coefficient values of autocorrelation. Indian agricultural commodity market is efficient in week form of efficient market hypothesis. **Sheeb and kanwal (2010)** tried to examine the need for commodity trading advisors and discussed the important functional and policy considerations in initiating the commodity futures market for commodity trading advisors in India. Study found an unstructured expansion in Indian commodity market, in spite of high demand for commodities in both derivative and spot markets. There had been limitations through policy restrictions and at the same time there had been an attempt for liberalisation of the derivative market to bring both markets at par with global commodity market. Study concludes that the participation of non professional people make commodity trading a risky venture and they add volatility factor to the market. So it has been argued that participation of commodity trading advisor will provide expertise in commodity futures trading and it will protect the traditional portfolios with better profit and less risk. **Brajesh and Pandy (2013)** investigated the short run and long run market efficiency of Indian commodity futures market. They had tested four agricultural and even non-agricultural commodities for market efficiency and unbiasedness. The result confirmed the long run efficiency of commodity futures prices and inefficiency of futures prices in short run.

3 Relationships between commodity futures market and Spot market

B.K. and Ashutosh (2002), attempted to find out the determination of equilibrium price of future contract of an agricultural commodity along with relationship of future contract with the expected spot market at maturity of the contract. They identified three determinations of the equilibrium price i.e. risk aversion of hedgers, demand and supply conditions expected by hedgers in the spot market and expectations and responsiveness of speculators about current spot market. In case of relationship between future contract and spot market, existence of excess demand was observed. Speculator's expectation of increase in spot prices resulted in high demand for future and in opposite situation of low prices the speculators by doing reverse trade creates off setting positions. **Basab (2004)** described the monopolistically competitive nature of the Indian Commodity Derivate market which stabilizes the spot price. Result showed the co-movement among future prices, production decision and inventory decisions. **Gurpreet and Gaurav (2006)** observed the dependence of commodity future market on spot market for price determination along with increasing inflation due to trade volume of commodity futures. They concluded that futures market is not performing the function of price discovery and futures market as a weak market in short run. **Bharat and Jatinderbir (2007)** stressed that growth of commodity spot market depends upon the growth of commodity futures market in developing countries and certified warehouses, centralised spot prices and effective margin system were found as the important institutional factors for successful commodity futures market. **Golka and Tulsi (2008)** emphasised that trading in commodity futures contributed to an increase in inflation as result showed that during the time period of future trading the spot price of selected commodities and their volatilities had posted remarkable increase. **Kedarnath (2008)** discussed the significance of price discovery and risk management by commodity futures for the development of commodity spot market in India. The result of interdependence between commodity future and spot market in agricultural commodities also supported the relevance of commodity future trading in Indian commodity market. **Gurbandani and Rao (2009)**The commodity spot and future prices had closely tracked each other in selected agri commodities and no significant volatility has been found in the prices of future and spot contracts of those agricultural commodities. **Ranajit and Asima** (**2010)** studied the efficiency of Indian commodity market in terms of price formation of agricultural commodities traded on commodity exchanges. By applying co- integration analysis and GARCH model on agricultural commodities they confirmed the co- integration between commodity futures and commodity spot market indices. They emphasised that with the information of any one index hedging can be done on other commodity indices. New information was found as an important factor to predict the future value of commodities. **Gurbandani (2010)** found that both spot and future prices for selected agricultural commodities are efficient in weak form. Future prices are independent and past prices have no role in the contribution of future price prediction.

4 Price Risk Management through Agriculture Futures

Gopal and Sudhir (2001) pointed some of the commodity markets are efficient among all the commodity markets in terms of price risk management. The reasons for inefficiency of other commodity markets were found as low volume of trading during maturity period, lack of hedger's participation. **K.G.(2002)** indicated the inefficiency of commodity future market in terms of providing hedge against price risk by observing the difference between future and spot prices. He found many factors like lack of participation of trading members, low market depth and thin volume with Government's interference in Commodity markets etc., as major evils for inefficient price risk management. **Jatinder Bir, (2004)** observed the hedging performance of agricultural commodity futures market in terms of price discovery and risk management. Out of selected six agricultural commodities, caster seed and pepper futures markets were found as efficient and unbiased in terms of price risk management and hedging effectiveness. The factors responsible for inefficient hedging in other commodities were found as low volume, low participation, inadequate warehouse facility and deficient information system of commodity exchanges.

Ashutosh (2006) suggested the participation of banks in the commodity futures market for effective commodity price risk management as financing by banks could provide efficient hedge against price risk. **Kiran (2007)** concludes that commodity futures market performs the function of price discovery and proved beneficial to spot market by reducing the spot price volatility. **Jabir and Kriti (2007)** Analysed the effectiveness of commodity futures market through regression analysis by taking both spot and future prices of commodities. Result proved the high level of volatility in both spot and future prices of commodities. Positive coefficients for agricultural commodities in dissimilar equations supported the effectiveness of commodity market in hedging the price risk. **Ram and Ashis (2007)** emphasised that agricultural commodity derivatives provides an efficient protection against the price volatility risk in terms of commodity prices i.e. appropriate future spot mix trading. Commodity exchanges offer a broad based platform for trading of agricultural and non agricultural commodities over time and space so the commodity exchanges need to be developed at national level. **Singh (2007)** concludes that in spite of new developments in commodity trading, the efficient and modern infrastructural facilities has accounted for major bottlenecks in growth of Indian commodity exchanges. He suggested to discourage the unofficial commodity market. **S.M. (2007)** found co integration of commodity future and spot prices revealing the right direction of achieving the improved operational efficiency at a slow rate. Further Indian commodity market has lack of liquidity in some commodities like pepper, sugar and groundnuts. In other commodities hedging proves to be effective. For some commodities the volatility in future price has been considerably less than the spot price indicating an efficient utilization of information. According to **Brijesh, et.al. (2008)** Indian commodity derivative market provide useful risk management instrument for hedging and for portfolio diversification. The result found a reasonably high level of hedging effectiveness. R**. Salvadi and P. Ramasundaram (2008),** found commodity futures market in India Failed to provide an efficient hedge against the price risk particularly in agricultural commodities. The results showed the inefficiency of agricultural commodity futures market in terms of price discovery due to the non integration of futures and the spot market. Exchange specific factors attributed to the market imperfection had found like non awareness of future market among farmers, infrequent trading, thin volume and low market depth, lack of effective participation of members, etc. Authors suggested implementation of Government driven policy measures to raise the commodity future market a vibrant segment for price risk management in Indian Agriculture. **Brajesh and Ajay (2009)**, Observed that commodity futures market in India provide higher hedging effectiveness in agricultural commodities as compared to non agricultural commodities and price risk management role of Indian commodity futures market has also increased with increased activity in market. **Mahalik et al. (2009)** also supported the commodity future market as efficient for price discovery in the case of agricultural commodities. **Pravakar and Rajiv (2009)** found no evidence supporting future market leads to higher inflation rather results suggested the efficiency of commodity futures market. Commodity derivative trading provides better risk management along with price discovery. **Swami and Bhawana (2009).** With the elimination of ban from commodities, Indian futures market has achieved sizeable growth. Commodity futures market proves to be the efficient market at the world level in terms of price risk management and price discovery. Study found a high potential for future growth of Indian commodity futures market as India is one of the top producers of agricultural commodities. **Tata Rao (2009),** observed that after the removal of government protection from various commodities Indian commodity futures market has made massive progress in trading activity and trading volume. Study supported the fact that commodity derivative market served significant function of price risk management. With reference to the study of soya oil trading at National Board of trade(India) he found rapid growth in trading volume along with change in supplies and open interest as NBOT enabled hedgers to earn riskless profit by actively participating in the market. The reason behind this growth was the positive impact of soya oil imports and domestic supply of the produce. The NBOT lagged behind the developed country exchanges because of offering contracts shorter periods of three months or less. **Vishwanathan and Archana (2010),** examined the role of futures markets in terms of price discovery process and rate of convergence of information from one market to another by taking six commodities- gold, silver, nickel, copper and Gram (Chana). They used a two-regime threshold vector auto- regression (TVAR) and a two-regime threshold auto-regression method. Result supported the existence of price discovery process in Indian commodity exchanges. Further, a high rate of convergence of information in case of metals and slow convergence of information in case of agricultural commodities has been found between the different markets.

5. Conclusion

Indian economy has witnessed mini resolution in commodity Future market since 2003 as a result of the revival of commodity futures in a big way. Commodity futures market serves the two vital functions of the economy i.e. price discover and price risk management. Advance price signals help the farmers and traders of the agricultural commodities to grab superior price to earn more profit. The mechanism of price risk management enables the farmers to avoid price fluctuations. It provides liquidity to the participants and trading can be done in multi-commodities at a single point of time. Despite the developments of commodity futures market in India there is lack of awareness regarding commodity futures market. Farmers in rural areas are not able to patronize the benefits of commodity futures market. There are various reasons responsible that are accountable for the ineffective growth of commodity futures market in India. The efficient and modern infrastructural facilities are the major bottleneck in growth of agricultural commodity futures market in India. There are less number of commodity exchanges and lack of commodity warehouses and clearing centres in rural area. There is no integration between the commodity futures markets and spot market. Regulators of the commodity futures markets should make provisions to regulate the unorganised commodity futures market in India. Appropriate awareness programmes and workshops should be conducted by the government and commodity exchanges to educate the potential participants of commodity futures marker.

Optimum use of this platform can only make possible the integration of Indian commodity market with global commodity market.

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ONLINE EDUCATION: OPPORTUNITIES AND CHALLENGES

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ABSTRACT

The paper explores the opportunities and challenges in providing online education. The revolution in telecom sector, growing demand of higher education, low gross enrollment ratio (GER) create the need to find alternative delivery mechanism to improve GER and provide skill enhancement to one of the largest population of young people (704 million, according to Euro Monitor 2012) in the world. National Mission on Education through ICT (NMICT) is a step in the right direction. But the scale of the services and courses is a cause of concern. The ministry of HRD has also initiated project Aakash in collaboration with IIT. Several state governments have promised laptops/tablets to the school pass outs to secure their victory in elections. The opportunity is realized by all concerned, but there is no dedicated effort to take the initiatives beyond the populist measures and convert the advantages of ICT into concrete results in terms of improvement in GER or skill enhancement. The regulatory framework is not yet ready to provide accreditation support to these initiatives. The paper concludes with recommendations to convert the opportunity into a success story for skill enhancement to ensure demographic dividend.

KEYWORDS: Gross Enrollment Ratio (GER), Aakash, Information and Communication Technology (ICT)

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1. Introduction

The online education market in India is expected to grow from the current size of $20 billion to $40 billion by 2017 as estimated by Loud Cloud (Economic Times, 2012). The small towns are also fuelling he demand for online education (Golikeri, 2012). The gross enrollment ratio at the end of eleventh five year plan period (2007-12) is 17.9% (E&Y, 2012). Though the GER has improved as compared to the GER at the beginning of the 2007, it is still significantly low as compared to world average of 24% and developed countries average of 58% (UGC, 2012). A committee on corporate sector participation in higher education headed by Mr. N.R.Narayana Murthy has commented that India needs additionally 26 million new seats in next 10 years (ET, 2012). Online education provides opportunity to meet the demand for the higher education through an innovative delivery mechanism.

1.1 ICT in Education:

According to United Nations Development Programme, ICT's are basically information handling tools-a varied set of goods, applications and services that are used to produce, store, process, distribute, and exchange information. They include 'old' ICTs of radio, television, and telephone, and the 'new' ICTs of computer, satellite and wireless technology and internet. In the current era of liberalization, privatization and globalization, knowledge is expected to play a key role in the social and economic development and to compete on global standards. On the one hand we are facing issues such as demand supply gap in education, access, resource constraints and inclusive growth, and on the hand we have to address issues such as quality of education, and competing on a global scale. The use of ICTs provides an opportunity to utilize the booming ICT sector in India to channelize the resources for enhancing human capital of India. Diversity of the population further necessitates the implementation of ICTs in education. Media technologies can be classified into two categories, synchronous, and asynchronous. Synchronous media can be used when all participants are together at same time, whereas asynchronous media can be used even if the participants are at different time and places.

Table1: Types of ICTs use in education

Synchronous Media	**Asynchronous Media**
Audio Graphics	Audio and Video tapes and CDs
Audio Conferencing	E mail
Broadcast Radio and television	Computer file transfers
Teleconferencing	Virtual conferences
Computer Conferencing	Multimedia products, off line
	Web based learning formats

Source: UNESCO

The content in ICTs education can be classified into two categories, namely educational and instructional. The choice of delivery method can be done based on the type of content and purpose of the education. The features of the two types of content are highlighted in the table2.

Table 2: Types of Educational Content

Educational	**Instructional**
Broad Audiences	Clearly defined target
Awareness Oriented	Clear Objectives
Learning is broad, multidimensional	Learning is specific
Assessment is summative	Evaluation is critical and formative

Source: UNESCO

1.2 MOOC:

Massive open online courses (MOOC) are a new trend in higher education. The availability of such courses from the best in the world like Harvard, MIT, and Stanford can make a significant change in the higher education sector (Economic Times, 2012). These courses can become a potential agent for empowerment of people through skill enhancement at affordable costs and providing flexible delivery mechanism. Online courses have the potential to revolutionize higher education just like ICT and ATM's have revolutionized banking sector.

2. Internet Usage:

The no. of active internet users in rural areas has increased by 29% from December 2011 to June 2012. There were 31 million active rural internet users as on June 2012 (IAMAI, 2012).The active users are defined as the one who have used internet at least once in a month by Internet and Mobile Association of India. The rural internet users are expected to reach 38 million by December 2012. Though 4.6 % penetration rate in rural India is not very high, but it growth rate (29%) is encouraging. Growing awareness, penetration of cyber cafes, cost effective mobile handsets with ability to access internet provides a supportive environment for the proliferation of the internet. There were 99 million urban internet users in India. Daily internet usage has increased from 28% of users to 54% in 2012. School going kids, college students and young men form the largest segment of internet users at 70% (IAMAI, 2012). Total internet users are expected to reach 150 million by December 2012. (IAMAI, 2012)

3. Recent Trends:

NPTEL: National Programme on Technology Enhanced Learning is an initiative of seven IIT's (Indian Institute of Technology- Bombay, Delhi, Guwahati, Kanpur, Kharagpur, Madras and Roorkee) and Indian Institute of Science, Bangalore. The programme is funded by ministry of human resource development. The initiative is aimed at students of undergraduate engineering studying in different affiliated universities and colleges. The site provides good quality learning resources. The network is starting online courses from January 2013 (NPTEL, 2012). The mission covers 378 universities and 18,064 colleges, with the aim of digitization and networking of all educational institutions, develop low cost and low power consuming access to ICT, making larger bandwidth available for educational purposes (UGC, 2012). As a part of this mission The National Knowledge Network (NKN) has been launched to cover1000 institutions to provide digital campuses, video-conference classrooms, wireless hotspots, and laptops/desktops to all students of professional/science courses, and Wi-Fi connectivity in hostels (UGC, 2012).

Aakash: A low cost computing device (tablet) has been developed by IIT, Bombay called Aakash. The Aakash will be provided to 500 colleges for enhancing interactive sessions and promoting online learning environment. In first phase 14,000 aakash2 tablets are being tested in 250 colleges. The plan is to supply 1,00,000 Aakash tablets to engineering college students to improve quality of education (Money Control, 2012). The proposed new versions of Aakash are planned to provide different range of functionalities from animations to scientific computing, and will encompass the entire educational spectrum covering schools, colleges, and professional studies (IIT, Bombay, 2012).

EDX: The world's renowned universities Harvard and Massachusetts Institute of Technology (MIT) have jointly started offering online courses by the name of EDX. It will also allow institutions to use edX to research how students learn and how technology can transform learning–both on-campus and worldwide (EDX, 2012).

Coursera: It is a social entrepreneurship company that partners with the top universities in the world to offer courses online for anyone to take, for free. (coursera.org, 2012). The initiative is supported by 33 participating universities.

Loud Cloud offers e-learning technologies. It has tied up with Centurion University of Technology and Management, Orissa to offer distance education from June 2013. The technology of the company is also being use at Career Education Corp, Grand Canyon University and Jefferson County School District in Colorado, USA. Presently the company offers its services to 1, 50,000 students in India and US (Economic Times, 2012).

4. Opportunities:

1. Expand Access: Online Education has the opportunity to expand the access of the education. More than 100 million young people around the world lack access to education. To expand the access of education Indian government enacted Right of children to free and compulsory Education Act, 2009. But the total enrolment in primary schools has dropped from 134377324 in 2008-09 to 133405581 in 2009-10.
2. Overcome Faculty Shortage: According to the ministry of Human Resource Development, there is faculty shortage of 54% in Indian colleges and Universities. It is estimated that the shortage of faculty in institutions like IITs, IIMs, IIITs and central universities has gone up to 30 per cent. Above all, some of the new IITs and other institutions and universities are reported to be facing an acute shortage of faculty which is as high as 70 per cent. In technical and professional education, where the private sector is significantly involved, the shortage is almost 50 per cent; however, with the help of visiting and professional faculty, it comparatively appears less. The Unesco Institute of Statistics, in its report, 'Teachers and Educational Quality: Monitoring Global Needs for 2015' estimates that to meet the Millennium Development Goal of providing elementary education to all children by 2015, India will need more than 20 lakh new teachers. There are currently 57 lakh sanctioned teaching posts in the government sector, of which about 7 lakh posts remain vacant. In fact 9.9% of all elementary teachers (about 5.1 lakh in 2006-7) are para-teachers, and the seven states of Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Rajasthan, and Uttar Pradesh, employ 68 per cent of all para-teachers. The number of districts with a pupil-teacher ratio in excess of 30 for all schools has risen from 284 in 2008-09 to 304 in 2009-10. The fraction of para-teachers among India's total school teachers has also risen from 9.39% to 10.97%. Para-teachers are barred under the RTE Act. ICTs provide the opportunity to overcome the shortage of faculty, by leveraging on the technology and faculty resources for wider audiences.
3. Improving Quality: The education sector has faced the criticism of producing poor quality graduates, with poor employable skills. ICTs may be utilized to develop cross-

disciplinary competencies, such as critical thinking, problem solving, and complex communication - skills that are must for today's fast-changing labor markets.

4. Leveraging on talent pool of institutes of higher learning: IITs, in collaboration with the Indian Institute of Science, Bangalore, have developed 135 video and 125 web-based courses (in technology, engineering and sciences) that comprehensively cover the curricula being taught at all the AICTE-approved institutions. Each such course comprises 40 hours of lectures delivered by the IIT and IISc. faculty. About 1,000 courses will be added to the pool by 2010. Already available for free downloads at www.nptel.ac.in are the courses in the following branches - civil, computer science, electrical, electronics, mechanical, ocean, biotechnology, mining, and metallurgy. Anyone, from among students, faculty or industry, can access these contents, the largest such repository of virtual knowledge in the world. So far, certain such courses were available for downloads from You Tube and Google, but the IITs now have their own server located at the IIT, Madras, from where free downloads are possible. Copies of courses are also available in CDs, DVDs etc at a cost of Rs 200 per course (40 hours of lectures).A part of the National Programme on Technology-Enhanced Learning initiative launched across India under the National Mission on Education through ICT.IITs and the IISs will work with the HRD Ministry to develop 150 virtual laboratories across India to allow students accessing courses to also have practical training and do experiments, and opportunity for the student to get some certification after passing the designated examination

5. Strengths of Online Education:

1. Wide Reach
2. Enhances the speed of delivery by reducing dependence on physical infrastructure for imparting education.
3. Provides convenience of any time anywhere learning.
4. Low per unit cost.
5. Eliminates geographical barriers.
6. Ability to serve diverse population.
7. Provides low cost of interaction and faster feedback.
8. Easy to monitor quality. The content can be assessed by competent authority and can ensure uniformity in maintaining quality standards across the spectrum of study programs.
9. Online Education has the opportunity to ensure inclusive growth of all sections of society. ICT training in schools motivated the youth in Assam, thereby reducing militancy.
10. Online Education promotes paperless learning process and thus is environment friendly.
11. Online Education can reduce the urban-rural and male-female disparity in enrollment ratios.
12. Provides learning resources in multimedia format for better understanding.
13. Provides flexibility to offer new subjects not offered in traditional system. The initial data from Coursera indicate that the reason most students enroll in MOOCs is because their universities do not offer the courses in question (Economic times, 2012)

6. Weaknesses of Online Education:

1. Trainers and teachers need training on the implementation of ICTs in the education.
2. Lack of uniform assessment methodologies and certification.
3. Quality of education in schools can be enhanced, by changing the attitude of teachers, students and parents towards education. ICTs cannot enhance the quality without change in the attitude and motivation of the faculties.
4. In many states, it has happened that computers are lying unused. In many cases, computers set up in schools have been stolen.
5. There is lack of uniformity in policy on use of ICTs in education. The policy arrangement differs from state to state since they are free to do it their own way, which makes large variations in implementation. It reduces the confidence and interest of private players in deciding their role and participation in this movement.
6. Lack of learning material compatible for online learning in India, is a challenging task for the service providers.

Recommendations:

The availability of online education has the potential to improve gross enrolment ratio, and provide opportunity for any time anywhere learning. The mobile and internet penetration offers easy access to online content. The limited budgetary provisions, faculty shortage create conditions for an alternative delivery system which is cost effective for the service provider as well as student. The challenges in terms of regulatory support, creating awareness and confidence needs to be tackled jointly by government agencies and private enterprise. The youth of the nation must be empowered to contribute in the economic progress to reap the benefits of demographic dividend. Failure do so may lead to demographic nightmare.

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IMPACT OF SPECIAL PACKAGE OF INDUSTRIES ON THE GROWTH OF SMALL SCALE INDUSTRIES IN HP

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ABSTRACT

Small scale is recognized as an instrument of social transformation enlarging employment opportunities and broadcasting entrepreneurship. It occupies a place of importance in the economy of all labour surplus countires. The small scale industries had a specific role to play which was underlined by the industrial resolution of 1948.Small scale industries are better suited for the utilization of local resources and to ensure equal growth of industries by eradicating regional disparity. On the bases of data, it was found that few states have noticed good industries whereas other were least developed .Govt. of India announced special package of industries to ensure equal growth of industries in all part of country. Under special package of industries Govt.of India announce so many fiscal concessions such as exemption from excise duties, income tax, sale tax and supply of major inputs at concessional rates etc.Himachal Pradesh is one of the state which availed this package. This paper is based to study the impact of special package of industries on the growth of SSI in HP.To know the impact of special package of industries on the growth of small scale industries in himachal Pradesh. Secondary data have been collected from annual reports of directorate of industries himachal Pradesh. Statistical tools like standard deviation, coefficient of variation and t-test have been used for analysis

KEYWORDS: - Small scale industries, employment, and special package of industries.

Introduction

Need & Objectives of the study

To accelerate the pace of industrialization and to motivate industrialists to establish industry, the Govt.of India had notified package of incentives for the state. The main objective of the present study is to analyze the impact of special package of industries on the growth of small scale industries in himachal Pradesh.

Data Base & Research Methodology

In present study the attempt has been made to analyze the impact of special package of industries on the growth of small scale industries in HP.The study period has been divided into two parts i.e. pre package performance (1996-97 to 2002-03) and post package performance (2002-03 to 2009-10).For this a comparative analysis of average, standard deviation and t-test for pre-post package performance have been studied for key performance indicators like number of units, investment and employment. The study has based on secondary information .The data for the study has been taken from annual reports of directorate of industries himachal Pradesh.

Status & Growth of SSI in Himachal Pradesh

The growth of small scale industries in the state has been studied with regard number of units,investment and employment in these industries.

Growth of SSI units in term of number of units in HP

District wise number of units in Himachal Pradesh has been given in Table-1

Table-1

District wise Number of SSI units in Himachal during 2003-04 to 2009-10

Period / Distt.	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Bilaspur	1960	2018	2068	2113	2153	2193	2234
Chamba	1546	1579	1645	1671	1696	1713	1733
Hamirpur	2383	2448	2511	2574	2616	2667	2717
Kangra	8126	8236	8342	8448	8539	8640	8755
Kullu	2099	2166	2226	2286	2336	2386	2436
Kinnaur	520	527	532	537	544	553	562
L&S	551	555	558	562	563	567	572
Mandi	3110	3225	3334	3440	3537	3627	3726
Shimla	2867	2957	3034	3101	3166	3236	3311
Sirmaur	2384	2464	2552	2652	2747	2857	2972
Solan	2810	3002	3194	3444	3677	3934	4270
Una	2483	2575	2670	2790	2886	2996	3113
HP	30839	31752	32666	33618	34460	35369	36401
Average	2569	2646	2722	2801	2871	2947	3033
S.D	369.81	393.85	425.67	478.71	518.30	567.80	621.54
C.V	14.39	14.88	15.63	17.09	18.04	19.26	20.48

Source: - Annual Reports Directorate of industry Shimla

Figure 1

Calculated value of Standard deviation and coefficient of variation shows variation in the number of units in different distt. Of Himachal Pradesh.

Growth of SSI units in term of employment in HP: Employment generation through the development of industries in the state was one of the pivotal objectives of our industrial policy .This sector is viewed as having high potential for employment generation. It is essential to develop this sector for which there is great potential in the state because of easy availability of power, dust free and cool climate and other numerous natural resources. Still the state is failed to harness the material resources available for development of various industries in the state. Employment is very necessary for the growth of the state .Small scale industry in Himachal Pradesh also contributing by providing employment opportunities to the society. Detail of employment in small scale industry of Himachal Pradesh have been exhibited in Table-2

Table-2

District wise study of Employment in SSI from 2003-04 to 2009-10

Period / Distt.	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Bilaspur	7158	7339	7489	7675	7794	7915	8108
Chamba	5451	5582	5745	5826	5910	5967	6015
Hamirpur	8693	8912	9123	9315	9480	9593	9807
Kangra	35190	35630	36110	36729	37274	37848	38581
Kullu	10412	10847	11213	11559	11863	12342	12712
Kinnaur	1596	1630	1646	1666	1695	1729	1762
L&S	1483	1499	1505	1527	1530	1547	1575
Mandi	12593	13038	13455	13869	14372	14777	15200
Shimla	10535	10767	10953	11324	11581	11714	11882

Sirmaur	10818	11587	12220	13737	15318	16769	18040
Solan	19077	22024	25477	31574	38437	45385	50971
Una	10634	11197	11727	12527	13376	13983	14927
HP	133640	140052	146663	157328	168630	179569	189580
Average	11136.67	11671	12221	13110	14052	14964	15798
St.D	2457.90	2728.01	2996.71	3430.88	3947.07	4290.72	4821.76
C.V	22.07	23.37	24.51	26.16	28.08	28.67	30.52

Source: - Annual Reports Directorate of industry Shimla

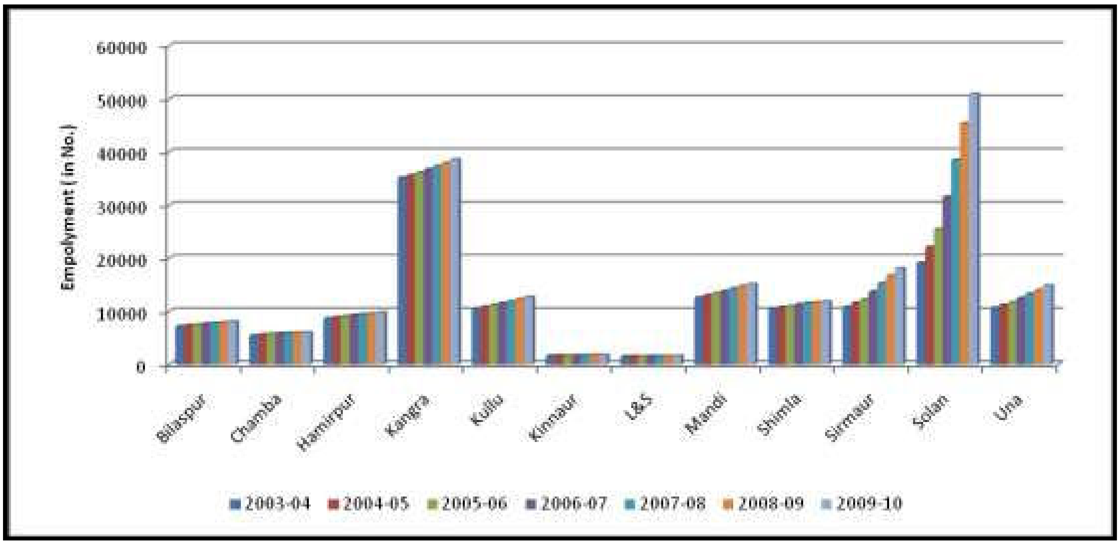

Figure 2- Districtwise Study of Employment in SSI Units in Himachal during 2003-04 to 2009-10

Table-2 & Figure-2 depicts the number of persons employed in different distt. of Himachal Pradesh during 2003-04 to 2009-10 period. It is observed from Table-2 that the average number of employment in 2003-04 were 11136 persons, in 2004-05 were 11671 persons, in 2005-06 were 12221 persons,2006-07 were 13110 persons,2007-08 were 14052 persons, in 2008-09 were 14964 persons and in 2009-10 were 15798 persons. This shows that SSI in Himachal has made good progress in the employment generation during 2003-04 to 2009-10 periods.

It is evident from data analysis that kangra,mandi and solan distt. have created more than average employment and other distts. Of Himachal Pradesh had created less than average employment.The maximum employment has generated i.e. 35190,35630,36110 and 36729 persons in kangra distt.followed by 19077,22024,25477,31574 persons in solan distt.during 2003-04,2004-05,2005-06 and 2006-07 periods.But during 2007-08,2008-09 and in 2009-10 period maximum employment was generated in solan distt.followed by kangra distt.However,minimum employment was generated in lahaul & spiti distt.followed by kinnaur distt.during the period of study. Calculated value of Standard deviation and coefficient of variation shows variation in the employment generation in different distt. of Himachal Pradesh.

Growth of SSI units in term of Investment in HP:

In general found in studies that if there is increasing trend in the number of units it implies with increase in investment .District wise level of investment from 2003-04 to 2009-10 have been given in Table-3

Table -3

District wise study of Investment in SSI in HP from 2003-04to2009-10 (Figure in Lakhs)

Period / Distt.	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Bilaspur	3017.9	3128.5	3211.2	3612.9	3799.2	4178.4	5623.27
Chamba	2241.3	2420.4	2513.3	2574.5	2702.8	2791.8	28501.13
Hamirpur	3756.8	4065.2	4372.3	4549.1	5071.1	5196.8	58576.67
Kangra	15090.2	15882.3	16701.1	18408.8	20263.7	23697.1	27480.18
Kullu	3614.6	3813.5	3977.4	4408.9	4526.9	5159.0	5588.55
Kinnaur	361.7	383.8	395.4	409.3	428.2	459.6	490.23

L&S	246.7	251.7	253.6	284.5	285.7	295.3	318.77
Mandi	6884.8	7363.5	7751.2	8108.5	8566.7	9027.2	9634.81
Shimla	4583.5	4738.2	5013.1	5221.3	5607.8	5752.2	5974.27
Sirmaur	9639.3	11055.8	12896.1	20918.3	32054.4	44337.6	23766.21
Solan	18418.4	23137.5	30175.2	62501.1	114715.3	168302.3	216324.5
Una	6810.7	7337.0	8534.7	10070.2	13682.9	16302.9	3113
HP	74665.9	83577.4	95794.6	141067.4	211704.7	285500.2	360820.30
Average	6222.15	6964.78	7982.88	11755.62	17642.6	23791.68	30068.33
S.D	2681.91	2975.85	3764.28	4566	6988	8573.3	12829
C.V	43.10	42.72	47.15	38.84	39.61	36.03	42.66

Source: - Annual Reports Directorate of industry Shimla

Figure 3

that kangra solan and mandi distt. Have made more than average investment while other distt.have made less than average investment.Maximum investment has made in solan district followed by kangra district.Minimum investment in SSIs in himachal Pradesh has noticed in lahaul & spiti distt. During the period under study. It have been inferred from data that in kangra, mandi and solan distt. Have set up new high tech and capital intensive industry.

Impact of Special Package of Industries In HP:

To accelerate the pace of industrialization and to generate more employment opportunities in the industrial sector in the state the Govt. of India had notified a new package of incentives for the state of Himachal Pradesh on 7th January 2003 .Due to special package of industry SSI of Himachal get great momentum in the growth of SSI.Table-4 shows the impact of special package in Himachal Small Scale Industries

TABLE-4

Comparative Study of Performance of SSI During Pre and Post Package Period of Industries in HP

Pre Package Performance of SSI In HP					Post Package Performance of SSI In HP			
Sr. No	Year	No. Of Units	Investment (Rs in Lakh.)	Employment	Year	No. of Units	Investment (Rs in Lakh)	Employment
1	1996-97	772	2024	3396	2003-04	663	3708.48	3769
2	1997-98	761	3343	3343	2004-05	913	8891.44	6412
3	1998-99	875	4564	4379	2005-06	914	12217.30	6611
4	1999-00	792	4913	5127	2006-07	952	45272.78	10665
5	2000-01	686	2994	3127	2007-08	842	70637.33	11302
6	2001-02	748	4197	3849	2008-09	909	73795.48	10939
7	2002-03	697	2429	3277	2009-10	940	74320	11232
Mean		761.57	3494.85	3785.42		876.14	41263.25	8704.28
St.D		63.200	1097.01	729.79		100.24	32485.81	3054.21
C.V		8.29	31.38	19.27		11.44	78.728	35.08

Source:-Annual Reports of Directorate of industry Shimla

t- Value for number of units = 0.038904 $P < 0.05$

t- Value for investment = 0.0217 $P < 0.05$

t- Value for employment = 0.0053 $P < 0.05$

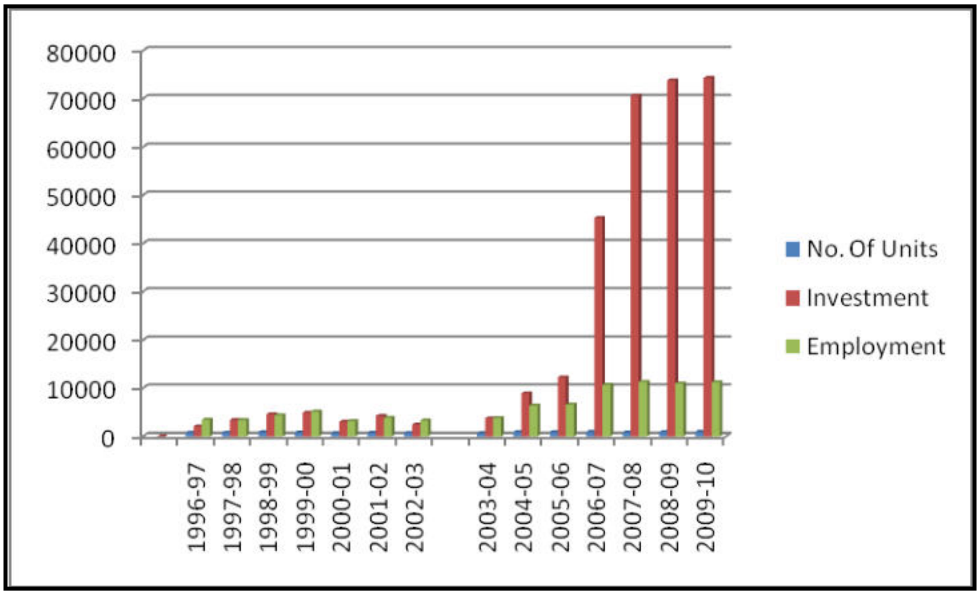

Figure 4- Comparative Study of Performance of SSI Units in Pre and Post Package Period

Table-4 & Figure-4 exhibited the impact of special package of industries in Himachal Pradesh .Pre package performance of small scale industries in HP have been compared with post package performance of small scale industries in HP to study the impact of special package of industries in HP. It is revealed from Table-4 that the performance of small scale industries in himachal Pradesh have been increased which evidenced by increase in average number of unit established in post package period which were 876.14 units as compare to 761.57 units in pre package period ,In term of investment ,it has noticed increase in average investment from Rs 3494.85 lakh in pre package period have been increased to Rs 41263.25 lakh in post package period ,In term of employment it has noticed increase in average employment generated from 3785 persons to 8704 persons in post package period .It inferred from data that we have found increasing trend in the performance of small scale industries in post package period. Computed value of standard deviation and coefficient of variation disclose variation in the number of units in pre and post package period, t-test has been applied to study the difference between performance in pre package period or post package period. Calculated value of t-test is also less than table value at 1 percent level of significance which leads to the conclusion that the average number of units established, average investment made and average employment generated is significantly higher in post package period performance of small scale industry in himachal Pradesh.

Conclusion

After comprehensive study it was revealed that the growth of small scale industry under pre-post package period have been studied on the parameters of number of units, investment & employment. It inferred from data that we have found higher growth in all the parameters under post package period. In crux we can say that package of incentives have brought positive effect on the performance of small scale industries in Himachal Pradesh.

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PRODUCTIVITY ANALYSIS OF BANKS- A COMPARATIVE STUDY OF SBI & ITS ASSOCIATE BANKS

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ABSTRACT

Sound and Strong financial infrastructure is one of the basic foundation stone for the development of any economy. Banks play a prominent role in financing the economic needs of the country. Productivity leads to efficient utilization of human, material and technological resources. Measurement of productivity in banking is necessary to improve the financial soundness of banks. The present paper attempts to measure productivity trends of SBI and its Associate Banks. In this paper productivity is analyzed under two broad parameters of productivity that is branch productivity and labour productivity. The time period of the study is from 2001-02 to 2009-10. The paper concludes that in terms of labour and branch productivity State Bank of Patiala performed well. In the end paper suggests measures to improve the productivity of SBI and its Associates.

KEYWORDS: Financial Soundness, Productivity, Performance.

1.0 Introduction:

Productivity is pivotal point of economic growth and development, improvement in standard of living and quality of life. Productivity leads to efficient utilization of human, material and technological resources. Measurement of productivity is necessary to give direction to business and control its objectives. Sound and strong financial infrastructure is one of the basic foundation stone for the development of any economy.

Banks play an important role in financing the economic needs of the country. Banking sector is vital sector of the financial sector and therefore it should look after the efficient utilization of their resources. Academicians and Researchers have recognized that the measurement of productivity in banking is necessary to improve the financial soundness of banks.

In simple words, the productivity is often defined as the output per unit of input employed. The concept of productivity is difficult to be applied in those industries where output cannot be measured easily like service industry. Banking is a service industry engaged in providing a wide array of services like acceptance of deposits, extension of credit, remittance of funds, collection of agency, conduct of foreign exchange business, providing a safe custody and so on. It is difficult task to measure productivity in a multi product industry like banking. The financial institutions can be sound only if they achieve higher levels of productivity.

2.0 Objectives of the Study:

- To analyse the productivity of SBI and its Associate Banks.
- To study trends of branch productivity and labour productivity of SBI and its Associates.
- To suggest measures to improve productivity of banks.

3.0 Database and Methodology:

The present paper study trends in productivity of SBI and its Associates. The study is secondary based and analytical in nature. The time period of the study is from 2001-02 to 2009-10.The various sources of data were: Statistical Tables Relating to Banks in India, Basic Statistical Returns of Scheduled Commercial Banks, Report on Trend and Progress of Banking in India published by RBI and Performance Highlights of Public sector banks published by IBA. Two broad parameters are considered for measuring productivity. These are branch productivity and labour productivity. Statistical tools such as mean, standard deviation, coefficient of variation, correlation coefficient and growth rate both simple growth rate and compound growth rate are used to provide analytical results of the data

4.0 Analysis & Interpretation:

4.1 Branch Productivity (per branch productivity): Branch Productivity shows how much the bank groups produce at each branch level. It is a tool to measure the branch efficiency. The ratio is calculated by dividing the required parameters of branch productivity by the number of branches.

4.1.1 Total Deposits per branch: This ratio indicates the total deposits raised per branch. This ratio is indicator of productivity of banks per branch. Higher value of ratio indicates higher productivity and lower ratio shows lower productivity.

Deposit per branch = Total Deposits/No. of branches

Total deposits/No. of Branches is given in Table 4.1.1. As in the table, average ratio of total deposits per branch in case of State of India is Rs. 45.11 Cr. and in case of Associates of SBI it is Rs. 37.44 Cr. This indicates better productivity of State Bank of India as compared to Associates of SBI as far as ratio of total deposits per branch is concerned. Among the Associates of SBI, average ratio of Rs. 45.49 Cr. for State Bank of Patiala indicates better productivity. Average ratio in case of State Bank of Saurashtra is Rs. 28.37 Cr which highlights low productivity. Coefficient of variation is 42.79 percent in case of

Associates of SBI indicating more variability and less consistency. On the other hand in case of State Bank of India it is 28.23 percent which shows less variability and more consistency. Growth rate Analysis shows that in case of State Bank of India is 10.56 and in case of Associates of SBI it is 42.79. Among the Associates of SBI growth rate is highest in case of State Bank of Mysore (20.73) and low in case of State Bank of Saurashtra (11.74). It indicates that growth rate is more satisfactory in case of State Bank of Mysore and less satisfactory in case of other Associates of SBI and low in case of State Bank of India.

It can be concluded that in terms of average ratio productivity of State Bank of India is better than that of Associates of SBI but productivity of State Bank of Travancore is slightly better than that of State Bank of India. Growth rate is more satisfactory in case of State Bank of Mysore and less satisfactory in case of other Associates of SBI and low in case of State Bank of India

Table 4.1.1: SBI & its Associates- Total Deposits/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	29.95	14.72	19.66	18.89	14.11	19.29	18.49	19.97	17.86
2002-03	32.26	16.69	23.04	21.58	14.79	24.21	21.86	23.74	20.89
2003-04	35.25	19.46	26.89	23.95	17.85	30.25	25.54	29.52	24.89
2004-05	40.21	23.10	31.14	31.38	21.46	35.33	30.10	36.02	29.71
2005-06	41.26	26.07	36.04	37.87	25.54	44.56	32.49	37.68	34.32
2006-07	46.76	33.74	43.01	44.89	34.19	51.15	34.97	44.07	41.07
2007-08	52.33	40.13	50.06	53.81	41.99	60.87	35.15	49.79	47.95
2008-09	64.31	45.61	60.57	60.28	48.84	70.93	-	57.91	57.51
2009-10	63.63	53.49	61.58	64.88	56.43	72.86	-	68.03	62.79
Mean	45.11	30.33	39.11	39.73	30.58	45.49	28.37	40.75	37.44
SD	12.74	13.67	15.65	17.20	15.56	19.81	6.55	15.85	16.02
CV	28.23	45.08	40.02	43.29	50.88	43.55	23.09	38.90	42.79
CAGR	10.56	18.14	16.25	18.12	20.73	18.75	11.74	15.85	17.55

Source: Calculated

4.1.2 Total Advances per branch: Total Advances per branch is an indicator of productivity of banks. Higher value of the ratio is indicator of higher productivity and lower value indicates lower productivity.

Total Advances per branch= Total advances/No. of branches

SBI & its Associates- Total Advances/No. of Branches is given in Table 4.1.2. As financial intermediaries, banks grant loans and advances. As seen in the table average ratio of Total Advances/No. of Branches comes to be Rs. 30.06 Cr in case of State Bank of India and in case of Associates of SBI it is Rs. 25.66 Cr. It indicates that productivity in case of advances per branch is better in State Bank of India as compared to Associates of SBI. Among the Associates of SBI, average ratio is higher in case of State Bank of Patiala (31.21) and lower in case of State Bank of Saurashtra (17.25). This indicates productivity of State Bank of Patiala as per total advances per branch is slightly better than that of State Bank of India. Coefficient of variation is 53.97 percent in case of Associates of SBI which indicates more variability and less consistency and State Bank of India has Coefficient of variation of 46.39 percent indicating less variability and more consistency. Growth rate Analysis shows

that growth rate in case of Associates of SBI comes to be 23.66 and in case of State of Bank of India it is 19.79. Among Associates of SBI, higher growth rate is seen in case of State Bank of Mysore (26.29) and in case of Bank of Saurashtra it is low that is 19.36. This indicates that growth rate is more satisfactory in case of State Bank of Mysore, less satisfactory in case of Associates of SBI and low in case of State Bank of India.
It can be concluded that among Associates of SBI, performance of State Bank of Patiala as per average ratio of Total advances per branch is better than that of State Bank of India. Growth rate is more satisfactory in case of State Bank of Mysore and less satisfactory in case of other Associates of SBI and low in case of State Bank of India.

Table 4.1.2: SBI & its Associates- Total Advances/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	13.37	7.49	9.52	10.24	8.14	12.00	10.00	11.03	9.71
2002-03	15.24	8.54	10.81	12.14	8.64	14.56	11.23	13.67	11.32
2003-04	17.47	10.69	13.09	14.73	10.16	17.61	12.54	16.67	13.63
2004-05	22.17	14.61	16.79	20.55	13.87	20.48	16.02	22.16	17.66
2005-06	28.43	19.11	22.10	26.99	18.34	29.26	19.82	27.34	23.22
2006-07	36.22	24.32	29.13	34.49	25.57	37.56	24.52	35.21	30.07
2007-08	40.59	29.50	35.81	39.79	32.15	45.61	26.61	39.63	35.88
2008-09	47.01	34.71	42.37	45.98	38.01	51.52	-	44.91	42.75
2009-10	50.00	40.91	44.76	50.16	42.87	52.31	-	51.42	46.74
Mean	30.06	21.10	24.93	28.34	21.97	31.21	17.25	29.12	25.66
SD	13.94	12.02	13.62	14.97	13.22	16.03	6.58	14.43	13.85
CV	46.39	56.98	54.64	52.84	60.16	51.36	38.13	49.57	53.97
CAGR	19.79	25.31	23.89	23.90	26.29	22.53	19.36	21.98	23.66

Source: Calculated

4.1.3 Total Business per branch: The total business of the bank may be estimated by adding advances to deposits. Higher value of the ratio of total business per branch indicates higher productivity and lower value of ratio indicates lower productivity.

Business per branch= Volume of business/No. of branches

SBI & its Associates- Total Business/No. of Branches is given in Table 4.1.3. As per table, average ratio in terms of total business per branch is Rs. 91.01 Cr in case of State Bank of India and it is Rs.74.96 Cr. in case of Associates of SBI. Among Associates of SBI, average ratio of total business per branch is high in case of State Bank of Patiala (92.49) and low in case of State Bank of Saurashtra (58.24). This shows that performance of State Bank of India is better than that of its Associates as far as Average ratio of total business per branch is concerned. Average ratio indicates that performance of State Bank of Patiala is slightly better than that of State Bank of India. Coefficient of variation in case of Associates of SBI is high (48.03) indicating more variability and less consistency. It is 26.31in case of State Bank of India which shows less variability and more consistency. Growth rate Analysis indicates that Growth rate in case of State Bank of India is 9.90 and in case of Associates of SBI it comes to be 23.16. Among the Associates of SBI, it is higher in case of State Bank of Mysore (20.37) and low in case of State Bank of Saurashtra (10.30). This highlights that growth rate per annum during the last decade is more satisfactory in case of Associates of SBI and less satisfactory in case of State Bank of Mysore and dissatisfactory in case of State Bank of India.

It can be concluded that performance of State Bank of Patiala is better than State Bank of India and its other Associates. Growth rate is more satisfactory in case of Associates of SBI and less satisfactory in case of State Bank of Mysore and dissatisfactory in case of State Bank of India.

Table 4.1.3: SBI & its Associates- Total Business/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	59.39	30.17	40.29	39.94	29.14	39.19	37.13	40.46	17.86
2002-03	67.07	34.92	47.85	45.75	31.26	49.78	44.59	49.38	43.42
2003-04	73.26	40.63	56.64	51.16	36.84	62.81	60.79	62.32	52.05
2004-05	83.86	47.86	63.60	65.33	44.49	72.22	68.65	73.99	61.00
2005-06	87.34	54.72	73.25	76.47	52.76	90.80	59.65	80.42	70.74
2006-07	98.99	68.35	86.56	92.85	70.62	104.84	62.11	92.80	84.15
2007-08	101.63	81.98	101.88	110.25	86.99	124.49	74.77	105.41	98.89
2008-09	111.32	93.11	62.72	123.39	103.72	142.58	-	102.81	117.99
2009-10	136.24	110.19	126.59	133.21	115.98	145.67	-	140.87	128.51
Mean	91.01	62.44	73.26	82.04	63.53	92.49	58.24	83.16	74.96
SD	23.95	27.80	27.51	34.63	32.37	39.49	13.15	31.21	36.00
CV	26.31	44.53	37.55	42.21	50.95	42.69	22.57	37.53	48.03
CAGR	9.90	17.91	12.14	17.51	20.73	18.43	10.30	15.16	23.16

Source: Calculated

4.14 Total Expenditure per branch: Total Expenditure includes interest and non-interest expenditure. Interest Expenditure by banks refers to fund based expenditure. It consists of interest paid on total deposits (time deposits plus saving deposits plus demand deposits) and interest paid on external borrowings (debt). Non-interest expenditure consists of three elements that establishment expenses, other operating expenses and provisions and contingencies. This ratio indicates total expenditure per branch. Higher value of this ratio indicated low productivity of bank and low value indicated better productivity of bank.

Total expenditure per branch= Total expenditure/No. of branches

SBI & its Associates- Total Expenditure/No. of Branches is given in Table 4.14. As seen in the table, average ratio of total expenditure/No. of branches in case of State Bank of India comes to be Rs. 4.47 Cr. and in case of Associates of SBI it is Rs. 3.56 Cr. Among Associates of SBI, average ratio is higher in case of State Bank of Patiala (4.13) and low in case of State Bank of Saurashtra (2.86). This indicates better performance of Associates of SBI as compared to State Bank of India in terms of average ratio of total expenditure per branch. Coefficient of variation is high in case of Associates of SBI (38.31) indicating less consistency and more variability. On the other hand Coefficient of variation is 21.17 in case of State Bank of India indicating less variability and more consistency. Growth rate Analysis shows that growth rate in case of State Bank of India comes to be 7.24 and in case of Associates of SBI it is 13.90. Among the Associates of SBI the growth rate in case of State Bank of Patiala comes to be 17.37 and 7.28 in case of State Bank of Saurashtra. This indicates that growth rate is satisfactory in case of State Bank of India and dissatisfactory in case of Associates of SBI and State Bank of Mysore.

It can be concluded that performance of Associates of SBI is better than that of State Bank of India as far as average ratio is concerned. Growth rate is satisfactory in case of State Bank of India and dissatisfactory in case of Associates of SBI and State Bank of Mysore.

Table 4.1.4: SBI & its Associates- Total Expenditure/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	3.49	1.89	2.32	2.48	1.88	2.12	2.27	2.32	2.17
2002-03	3.73	1.99	2.49	2.55	1.99	2.42	2.48	2.55	2.34
2003-04	3.80	2.19	2.82	2.71	1.97	2.81	2.68	2.94	2.59
2004-05	3.86	2.45	2.69	2.62	2.13	2.94	2.92	3.24	2.70
2005-06	4.21	2.62	3.08	3.32	2.30	3.31	2.94	3.47	2.99
2006-07	4.24	3.04	3.57	3.89	2.91	4.10	3.02	3.87	3.49
2007-08	4.96	3.77	4.52	5.02	3.97	5.63	3.72	4.91	4.53
2008-09	5.84	4.63	5.69	5.92	5.03	6.98	-	5.63	5.65
2009-10	6.08	4.76	5.36	5.94	5.14	6.88	-	5.64	5.60
Mean	4.47	3.04	3.62	3.83	3.04	4.13	2.86	3.84	3.56
SD	0.95	1.10	1.27	1.44	1.33	1.90	0.47	1.27	1.36
CV	21.17	36.23	35.11	37.72	43.92	45.86	16.27	33.02	38.31
CAGR	7.24	13.37	12.48	13.60	15.25	17.37	7.28	12.62	13.90

Source: Calculated

4.1.5 Total Earnings per branch: Total earnings comprise interest earnings and non-interest earnings. Interest earnings of a bank includes interest and discount earned, income on investment, interest in balance with RBI and other inter-bank and other accounts. Non-interest income is also known as other income. Non-interest income included all the incomes earned by a bank from the source other than the interest. This ratio measures total earnings per branch. Higher value of this ratio indicates better productivity of bank and lower value of this ratio indicates lower productivity of banks.

Total earnings per branch= Total earnings/No. of branches

Total Earnings per branch of SBI & its Associates is shown in table 4.1.5. Average ratio of total earnings per branch comes to be Rs. 3.53 Cr in case of State Bank of India and it is Rs. 3.98 in case of Associates of SBI. Among the Associates of SBI, it is highest in case of State Bank of Patiala (4.62) and lowest in case of State Bank of Saurashtra (3.06). This indicates better performance of Associates of SBI as compared to State Bank of India as far as average ratio of total earnings per branch is concerned. Among Associates of SBI, performance of State Bank of Patiala is best and that of State Bank of Saurashtra is not satisfactory. Coefficient of variation is 37.84 percent in case of Associates of SBI indicating more variability and less consistency. On the other hand in case of State Bank of India it comes to be 23. 57. This indicates less variability and more consistency. Growth rate analysis shows that growth rate in case of Associates of SBI comes to be 13.73 and in case of State Bank of India is 5.91. Among the Associates of SBI, growth rate in case of State Bank of Patiala is high (16.05) and low in case of State Bank of Saurashtra (6.11). This shows that growth rate is more satisfactory in case of State Bank of Patiala and less satisfactory in case of Associates of SBI and dissatisfactory in case of State Bank of India being less that that State Bank of Saurashtra.

It can be concluded that performance of Associates of SBI is better than State Bank of India in terms of average ratio of total earnings per branch. Performance of State Bank of Patiala is best among the Associates of SBI. Growth rate is more satisfactory in case of State Bank of Patiala and less satisfactory in case of Associates of SBI and dissatisfactory in case of State Bank of India

Table 4.1.5: SBI & its Associates- Total Earnings/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	3.76	2.09	2.58	2.77	1.99	2.45	2.47	2.49	2.39
2002-03	2.71	2.24	2.83	3.02	2.19	2.86	2.70	2.81	2.65
2003-04	2.79	2.57	3.24	3.23	2.25	3.39	3.11	3.31	3.01
2004-05	2.87	2.69	2.96	2.93	2.45	3.32	3.02	3.61	2.99
2005-06	3.09	2.79	3.54	3.63	2.64	3.71	3.08	3.84	3.32
2006-07	3.11	3.39	4.09	4.32	3.30	4.58	3.21	4.34	3.92
2007-08	3.79	4.15	5.08	5.53	4.46	6.15	3.84	5.45	4.99
2008-09	4.74	5.10	6.28	6.52	5.53	7.61	-	6.84	6.25
2009-10	4.92	5.29	6.06	6.59	5.78	7.51	-	6.56	6.28
Mean	3.53	3.37	4.07	4.28	3.40	4.62	3.06	4.36	3.98
SD	0.83	1.21	1.41	1.55	1.48	1.98	0.43	1.58	1.50
CV	23.57	35.82	34.53	36.11	43.63	42.93	14.07	36.27	37.84
CAGR	5.91	13.07	12.43	12.82	15.62	16.05	6.11	13.74	13.73

Source: Calculated

4.16 Spread per branch: Spread is basically calculated with the intention of evaluating the performance of banks. Spread is the difference between interest income and interest expenditure of a bank. It serves as a cushion for meeting various administrative related expenses. Higher value of this ratio indicates better productivity and lower value of this ratio indicates low productivity.

Spread per branch= Spread/No. of branches

Table 4.1.6 indicates SBI & its Associates- Spread/No. of Branches. Average ratio in case of State Bank of India comes to be Rs. 1.50 Cr. and in case of Associates of SBI it comes to be 1.13. Higher average ratio indicates better performance of State Bank of India as compared to Associates of SBI. Among the Associates of SBI, average ratio is highest in case of State Bank of Patiala (1.24) and lowest in case of State Bank of Saurashtra. Coefficient of variation in case of Associates of SBI is 26.19 indicating more variability and less consistency and in case of State Bank of India it is 20.74 which indicates less variability and more consistency. Among Associates of SBI, State Bank of Mysore is showing more variability. Growth rate Analysis shows that growth rate in case of State Bank of India comes

to be 7.97 and in case of Associates of SBI it is 9.79. Among Associates of SBI, growth rate is higher in case of State Bank of Mysore and comes to be 14.49 and it is low in case of State Bank of Saurashtra (3.53). This highlights that growth rate is satisfactory in case of State Bank of Mysore and less dissatisfactory in case of Associates of SBI and more dissatisfactory in case of State Bank of India and extremely low in case of State Bank of Saurashtra.
It can be concluded that that Performance of State bank of India is better than Associates of SBI in terms of average ratio of Spread/No. of Branches . Growth rate is satisfactory in case of State Bank of Mysore and less dissatisfactory in case of Associates of SBI and more dissatisfactory in case of State Bank of India and extremely low in case of State Bank of Saurashtra.

Table 4.1.6: SBI & its Associates- Spread/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	1.01	0.62	0.73	0.69	0.52	0.91	0.68	0.63	0.69
2002-03	1.10	0.69	0.84	0.86	0.63	1.06	0.77	0.78	0.81
2003-04	1.24	0.89	0.93	1.04	0.73	1.11	0.97	1.02	0.95
2004-05	1.53	1.05	1.04	1.14	0.87	1.30	1.21	1.33	1.13
2005-06	1.69	1.19	1.16	1.23	0.95	1.31	1.12	1.38	1.19
2006-07	1.62	1.11	1.27	1.20	1.06	1.31	0.93	1.41	1.20
2007-08	1.66	1.10	1.11	1.25	1.17	1.12	0.79	1.35	1.13
2008-09	1.81	1.28	1.42	1.56	1.24	1.33	-	1.77	1.42
2009-10	1.87	1.41	1.57	1.71	1.79	1.73	-	1.87	1.66
Mean	1.50	1.04	1.12	1.19	1.00	1.24	0.92	1.28	1.13
SD	0.31	0.26	0.27	0.32	0.38	0.23	0.19	0.41	0.30
CV	20.74	25.20	24.26	26.59	38.47	18.75	20.88	32.19	26.19
CAGR	7.97	9.82	9.04	10.22	14.49	5.61	3.53	13.18	9.79

Source: Calculated

4.1.7 Net Profit per branch: Net profit is obtained by deducting provisions and contingencies from operating profits. This ratio is indicator of profitability per branch. Higher value of this ratio indicates higher productivity and lower value of this ratio indicates lower productivity per branch.

Net Profit per branch= Net Profit/No. of branches

Net Profit per branch of SBI & its Associates is given in Table 4.1.7. This table shows profits per branch of SBI and its Associates. Higher value of this ratio indicates higher productivity and lower value indicates lower productivity. Average ratio in case of State Bank of India comes to be 0.51 and in case of Associates of SBI it is 0.42. Among Associates of SBI, the average ratio is higher and same in case of State Bank of Patiala and State Bank of Travancore. It is lowest in case of State Bank of Saurashtra. State Bank of India indicates better performance as compared to Associates of SBI as far as average ratio of net profits per branch is concerned. Coefficient of variation in case of State Bank of India (34.17) and its Associates (35.55) is fairly consistent over a period of time. Growth rate Analysis shows growth rate in case of State Bank of India comes to be 13.22 and in case of Associates of SBI to be 12.13. Among Associates of SBI, growth rate is highest in case of State Bank of Mysore

(20.59) and lowest and negative in case of State Bank of Saurashtra (-10.26). This indicates that growth rate is satisfactory in case of State Bank of Mysore, less dissatisfactory in case of State Bank of India and more dissatisfactory in case of Associates of SBI and negative in case of State Bank of Saurashtra.

It can be concluded that performance of State Bank of India is better than that of Associates of SBI in terms of average ratio of Net Profit per branch. Growth rate is satisfactory in case of State Bank of Mysore, less dissatisfactory in case of State Bank of India and more dissatisfactory in case of Associates of SBI and negative in case of State Bank of Saurashtra.

Table 4.1.7: SBI & its Associates- Net Profit/No. of Branches (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	0.27	0.21	0.26	0.29	0.11	0.32	0.19	0.18	0.23
2002-03	0.34	0.26	0.34	0.47	0.19	0.44	0.22	0.26	0.31
2003-04	0.41	0.38	0.42	0.52	0.28	0.58	0.42	0.37	0.42
2004-05	0.47	0.25	0.27	0.30	0.33	0.38	0.09	0.37	0.29
2005-06	0.48	0.17	0.45	0.32	0.34	0.39	0.14	0.37	0.33
2006-07	0.48	0.36	0.52	0.43	0.39	0.48	0.19	0.46	0.42
2007-08	0.65	0.37	0.56	0.51	0.49	0.52	0.11	0.54	0.46
2008-09	0.79	0.47	0.59	0.59	0.49	0.63	-	0.84	0.60
2009-10	0.73	0.53	0.69	0.65	0.65	0.62	-	0.92	0.68
Mean	0.51	0.33	0.46	0.45	0.36	0.48	0.19	0.48	0.42
SD	0.18	0.12	0.15	0.13	0.17	0.11	0.11	0.25	0.15
CV	34.17	36.09	32.51	28.53	45.41	22.94	56.61	52.30	35.55
CAGR	13.22	10.13	11.98	7.31	20.59	6.43	-10.26	20.16	12.13

Source: Calculated

5.0 Labour Productivity (per Employee productivity):

In service industry like banking labour productivity hold the key to successful performance. Staff is a costly input and hence optimal utilization of manpower is very crucial for profitable functioning of banks. Labour productivity is the indicator of long term viability of banks. It shows contribution of an individual employee over total output. This parameter indicates how efficient the bank employees in generating business and profits. Per employee productivity is an indicator of the capacity to work of the bank employees. This ratio helps in checking whether the bank group is over or under staffed. In service industry the products include deposits raised, advances disbursed and a host of services rendered to depositors, borrowers and others who utilize bank services. Since physical measurement in terms of output is not possible, labour efficiency is measured in terms of deposits per employee, advances per employee, business per employee, total expenditure per employee, total earnings per employee, spread per employee, operating profit per employee, net profit per employee.

5.1.1 Total Deposits/No. of Employees: SBI & its Associates- Total Deposits per employee is given in table 5.1.1. This ratio indicates the deposits raised per employee in the banking industry. Higher value of this ratio indicates better productivity of bank and lower value of this ratio indicates lower productivity. Average ratio of total deposits per employee in case of State Bank of India comes to be Rs. 2.32 Cr in case of State Bank of India and in case of Associates of SBI it comes to be Rs. 2.57 Cr. Among Associates of SBI, it is highest in case of State Bank of Patiala (3.13) and lowest in case of State Bank of Surashtra (1.69). Performance of Associates of SBI is better than that of State Bank of India and the performance of State Bank of Patiala is best. Coefficient of variation is high in case of Associates of SBI (49.31) indicating less consistency and more variability and it is low in case of State Bank of India indicating more variability and less consistency. Growth rate Analysis shows that growth rate in case of Associates of State Bank of India comes to be 20.69 and in case of State Bank of India it comes to be 16.17. Among Associates of SBI, it is higher in case of State Bank of Mysore (21.50) and lower in case of State Bank of Saurashtra (15.09). This indicates more satisfactory growth rate in case of State Bank of Mysore and less satisfactory in case of other Associates of SBI and dissatisfactory in case of State Bank of India.

It can be concluded that performance of Associates of SBI is better than that of State Bank of India and among the Associates of SBI, performance of State Bank of Mysore is the best. Growth rate is more satisfactory in case of State Bank of Mysore and less satisfactory in case of other Associates of SBI and dissatisfactory in case of State Bank of India.

Table 5.1.1: SBI & its Associates- Total Deposits/No. of Employees (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	1.29	0.88	1.29	1.21	0.86	1.18	1.02	1.11	1.08
2002-03	1.39	1.00	1.54	1.41	0.93	1.53	1.22	1.33	1.28
2003-04	1.54	1.19	1.83	1.59	1.14	1.93	1.44	1.64	1.55
2004-05	1.79	1.57	2.21	2.14	1.42	2.29	1.72	2.04	1.93
2005-06	1.91	1.79	2.59	2.51	1.68	2.98	1.91	2.23	2.26
2006-07	2.35	2.42	3.22	3.07	2.28	3.46	2.21	2.81	2.82
2007-08	2.99	2.99	3.91	3.94	2.83	4.35	2.32	3.26	3.42
2008-09	3.60	3.43	4.97	4.51	3.40	5.28	-	3.69	4.23
2009-10	4.01	3.73	5.37	4.81	3.85	5.20	-	4.17	4.53
Mean	2.32	2.11	2.99	2.80	2.04	3.13	1.69	2.48	2.57
SD	1.00	1.07	1.48	1.36	1.10	1.54	0.49	1.07	1.27
CV	42.93	50.86	49.56	48.56	54.04	49.23	29.05	43.32	49.31
CAGR	16.17	21.63	20.35	20.49	22.50	21.50	15.09	18.23	20.69

Source: Calculated

5.1.2 Total Advances/No. of Employees: SBI & its Associates- Total Advances/No. of Employees is given in Table 5.1.2. Higher value of this ratio indicates better profitability and lower value of this ratio indicates lower productivity. Average ratio of total advances per branch in case of State Bank of India is Rs. 1.58 Cr and in case of Associates of SBI it comes to be Rs. 1.77 Cr. Among Associates of SBI, average ratio is higher in case of State Bank of Patiala (2.16) and lowers in case in of State Bank of Saurashtra. This indicates that performance of Associates of SBI is better than State Bank of India in terms of average ratio. Among Associates of SBI, performance of State Bank of Patiala is best. Coefficient of variation in indicative of the fact that there is fair level of consistency among State Bank of India and its Associates over a period of time. Growth rate Analysis shows that growth rate in case of State Bank of India comes to be 25.81 and in case of Associates of SBI it comes to be 26.97. Among Associates of SBI, the growth rate is higher in case of State Bank of Bikaner and Jaipur (28.81) and lower in case of State Bank of Saurashtra (22.86). This indicates that growth rate is more satisfactory for Associates of SBI and less satisfactory in case of State Bank of India. Among Associates of SBI, it is more satisfactory in case of State Bank of Bikaner and Jaipur.

It can be concluded that performance of Associates of SBI is better than State Bank of India in terms of average ratio. Among Associates of SBI, performance of State Bank of Mysore is the best. Growth rate is more satisfactory for Associates of SBI and less satisfactory in case of State Bank of India. Among Associates of SBI, it is more satisfactory in case of State Bank of Bikaner and Jaipur.

Table 5.1.2: SBI & its Associates- Total Advances/No. of Employees (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	0.58	0.45	0.63	0.66	0.49	0.73	0.55	0.62	0.59
2002-03	0.66	0.52	0.72	0.79	0.54	0.92	0.63	0.76	0.69
2003-04	0.76	0.66	0.89	0.97	0.65	1.12	0.71	0.93	0.85
2004-05	0.98	0.99	1.19	1.40	0.92	1.32	0.92	1.26	1.14
2005-06	1.32	1.31	1.59	1.79	1.21	1.95	1.16	1.62	1.53
2006-07	1.82	1.75	2.18	2.35	1.70	2.54	1.55	2.25	2.06
2007-08	2.33	2.19	2.79	2.90	2.16	3.26	1.75	2.59	2.56
2008-09	2.63	2.61	3.47	3.44	2.65	3.84	-	2.87	3.14
2009-10	3.15	2.85	3.90	3.72	2.92	3.73	-	3.15	3.38
Mean	1.58	1.48	1.93	2.00	1.47	2.16	1.04	1.78	1.77
SD	0.94	0.91	1.22	1.16	0.93	1.23	0.47	0.96	1.06
CV	59.72	61.58	63.37	57.73	63.09	56.92	44.99	53.74	60.01
CAGR	25.81	28.81	28.19	26.36	28.25	25.45	22.86	24.43	26.97

Source: Calculated

5.1.3 Total Business/No. of Employees: SBI & its Associates- Total business/No. of Employees is given in Table 5.1.3. Total business is taken as sum total of deposits raised and advances disbursed. Higher value of this ratio is indicator of better productivity and lower value of this ratio indicates low productivity. Average ratio of total business per employee in case of State Bank of India comes to be Rs. 4.67 Cr and in case of Associates of SBI it comes to be Rs. 5.28 Cr. Among Associates of SBI, the average ratio is higher in case of State Bank of Patiala (6.36). It is low in case of State Bank of Saurashtra (3.40). This indicates that performance of Associates of SBI is better than State Bank of India as far as average ratio of total business per employee is concerned. Among Associates of SBI, performance of State

Bank of Patiala is best. Coefficient of variation in case of State Bank of India is 41.67 indicating less variability and more consistency as compared to Associates of SBI (48.96) indicating more variability and less consistency. Growth rate Analysis shows that growth rate in case of State Bank of India is 15.48 and in case of Associates of SBI comes to be 20.54. Among Associates of SBI, the growth rate is highest in case of State Bank of Mysore (22.50) and lowest in case of State Bank of Saurashtra (13.61). This indicates that growth rate is more satisfactory in case of Associates of SBI as compared to State Bank of India. Among Associates of SBI, the growth rate of State Bank of Mysore is most satisfactory.

It can be concluded that performance of Associates of SBI is better than that of State Bank of India in terms of average ratio. Growth rate is more satisfactory in case of Associates of SBI as compared to State Bank of India. Growth rate in case of State Bank of Mysore is most satisfactory.

Table 5.1.3: SBI & its Associates- Total Business/No. of Employees (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	2.56	1.79	2.65	2.56	1.78	2.39	2.05	2.25	2.21
2002-03	2.90	2.09	3.19	2.99	1.95	3.18	2.49	2.76	2.67
2003-04	3.19	2.50	3.85	3.40	2.36	3.99	3.44	3.47	3.24
2004-05	3.72	3.25	4.51	4.45	2.94	4.67	3.47	4.19	3.95
2005-06	4.05	3.77	5.27	5.06	3.47	6.06	3.50	4.77	4.66
2006-07	4.97	4.91	6.49	6.34	4.70	7.09	3.95	5.93	5.77
2007-08	5.82	6.10	7.96	8.07	5.85	8.89	4.93	6.90	7.05
2008-09	6.24	7.00	5.14	9.23	7.23	10.60	-	6.57	8.67
2009-10	8.59	7.68	11.00	9.87	7.90	10.40	-	8.64	9.28
Mean	4.67	4.34	5.56	5.77	4.24	6.36	3.40	5.05	5.28
SD	1.95	2.18	2.61	2.75	2.30	3.08	0.94	2.12	2.58
CV	41.67	50.26	46.96	47.54	54.17	48.33	27.64	41.86	48.96
CAGR	15.48	21.43	16.07	19.85	22.50	21.15	13.61	17.56	20.54

Source: Calculated

5.1.4 Total Expenditure/No. of Employees: SBI & its Associates- Total Expenditure/No. of Employees is given in Table 5.1.4 Total expenditure includes interest expenditure and non-interest expenditure. This ratio indicates that total expenditure incurred per employee. Higher value of this ratio indicates better productivity and lower value of this ratio indicates lower productivity of bank. Average ratio of the total expenditure per employee comes to be 0.23 in case of State Bank of India and in case of Associates of SBI it comes to be 0.24. Among Associates of SBI, it is highest and same in case of State Bank of Hyderabad (0.28) and State Bank of Patiala (0.28). It is lowest in case of State Bank of Saurashtra (0.17). This Indicates that performance of State Bank of India is slightly better than Associates of SBI. Among Associates of SBI, average ratio is low in case of State Bank of Saurashtra due to merger of State Bank of Saurashtra with State Bank of India. Coefficient of variation in case of State Bank of India comes to be 36.71 which indicates more consistency and less variability. On the other hand, it is 46.45 in case of Associates of SBI which indicates less consistency and more variability. Growth rate Analysis shows that growth rate in case of State Bank of India comes to be 12.56 in case of State Bank of India. It comes to be 17.28 in case of Associates of SBI. Among Associates of SBI, the growth rate is highest in case of State Bank of Patiala (20.17) and lowest in case of State Bank of Saurashtra (10.11). This indicates that growth rate is more satisfactory in case of State Bank of India and less satisfactory in case of Associates of SBI. It is dissatisfactory in case of State Bank of Patiala.

It can be concluded that performance of State Bank of India is better than the Associates of SBI in terms of average ratio. Growth rate is more satisfactory in case of State Bank of India and less satisfactory in case if Associates of SBI. It is dissatisfactory in case of State Bank of Patiala.

Table 5.1.4: SBI & its Associates- Total Expenditure/No. of Employees (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	0.15	0.11	0.15	0.16	0.12	0.13	0.13	0.13	0.13
2002-03	0.16	0.12	0.17	0.17	0.13	0.15	0.14	0.14	0.14
2003-04	0.17	0.14	0.19	0.18	0.13	0.18	0.15	0.16	0.16
2004-05	0.17	0.17	0.19	0.18	0.14	0.19	0.17	0.18	0.18
2005-06	0.19	0.18	0.22	0.22	0.15	0.22	0.17	0.21	0.19
2006-07	0.21	0.22	0.27	0.27	0.19	0.28	0.19	0.25	0.24
2007-08	0.28	0.28	0.35	0.37	0.27	0.40	0.25	0.32	0.32
2008-09	0.33	0.35	0.47	0.44	0.35	0.52	-	0.36	0.42
2009-10	0.38	0.33	0.47	0.44	0.35	0.49	-	0.35	0.41
Mean	0.23	0.21	0.28	0.27	0.20	0.28	0.17	0.23	0.24
SD	0.08	0.09	0.13	0.12	0.10	0.15	0.04	0.09	0.11
CV	36.71	42.53	45.51	43.15	46.72	52.30	23.44	38.81	46.45
CAGR	12.56	16.67	16.56	15.69	16.22	20.17	10.11	15.24	17.28

Source: Calculated

5.1.5 Total Earnings/No. of Employees: SBI & its Associates- Total Earnings/No. of Employees is given in Table 5.1.5. Total Earnings include both interest earnings and non-interest earnings of the bank. This ratio indicates total earnings per employee. Higher value of this ratio indicates better productivity and lower value indicates lower productivity of bank. Average ratio in case of State Bank of India comes to be 0.25 and in case of Associates of SBI it comes to be 0.27. Among Associates of SBI, the average ratio is highest and same in case of State Bank of Mysore (0.32) and State Bank of Patiala (0.32). It is lowest in case of State Bank of Saurashtra (0.18). This indicates that performance of Associates of SBI is better than State Bank of India in terms of average ratio. Among Associates of SBI, the performance of State Bank of Mysore and State Bank of Patiala is better. Coefficient of variation in case of State Bank of India comes to be 37.80 indicating less variability and more consistency. On the other hand in case of Associates of SBI coefficient of variation is 45.21 indicating more variability and less consistency. Growth rate Analysis shows that growth rate in case of State Bank of India comes to be 13.32 and in case of Associates of SBI it comes to be 16.98. Among Associates of SBI, it comes to be higher in case of State Bank of Patiala (18.75) and lowest in case of State Bank of Mysore (2.43). This highlights that growth rate is most satisfactory in case of State Bank of Patiala and less satisfactory in case of Associates of SBI and low in case of State Bank of India. It is dissatisfactory in case of State Bank of Mysore.

It can be concluded that performance of Associates of SBI is better than State Bank of India. Among Associates of SBI, performance of State Bank of Mysore and State Bank of Patiala is better. Growth rate is most satisfactory in case of State Bank of Patiala. It is less satisfactory in case of Associates of SBI and low in case of State Bank of India. It is dissatisfactory in case of State Bank of Mysore.

Table 5.1.5: SBI & its Associates- Total Earnings/No. of Employees

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	0.16	0.13	0.17	0.18	0.93	0.15	0.14	0.14	0.14
2002-03	0.18	0.14	0.19	0.19	0.14	0.18	0.15	0.16	0.16
2003-04	0.18	0.16	0.22	0.22	0.14	0.22	0.17	0.18	0.19
2004-05	0.19	0.18	0.21	0.19	0.16	0.22	0.17	0.20	0.19
2005-06	0.22	0.19	0.26	0.24	0.17	0.25	0.18	0.23	0.22
2006-07	0.24	0.24	0.31	0.29	0.22	0.31	0.20	0.28	0.27
2007-08	0.32	0.31	0.39	0.40	0.30	0.44	0.25	0.37	0.35
2008-09	0.37	0.38	0.52	0.49	0.39	0.57	-	0.41	0.46
2009-10	0.43	0.37	0.53	0.49	0.39	0.54	-	0.40	0.45
Mean	0.25	0.23	0.31	0.30	0.32	0.32	0.18	0.26	0.27
SD	0.10	0.10	0.14	0.13	0.25	0.16	0.04	0.11	0.12
CV	37.80	41.66	44.52	42.80	79.62	49.26	20.29	40.23	45.21
CAGR	13.32	15.78	16.38	15.15	2.43	18.75	8.84	15.80	16.98

Source: Calculated

5.1.6 Spread/No. of Employees: SBI & its Associates- Spread/No. of Employees is given in Table 5.1.6. Spread is calculated as difference between interest income and non-interest income. This ratio indicates spread per employee. Higher value of this ratio indicates better productivity and lower value of this ratio indicates low productivity. Average ratio in case of State Bank of India and Associates of SBI comes to be same that is Rs. 0.08 Cr. Among Associates of SBI average ratio is also same in case of State Bank of Hyderabad, State Bank of Indore, State Bank of Patiala and State Bank of Travancore. This indicates that performance of State Bank of India and its Associates is same as far as spread per employees is concerned. Coefficient of variation is indicative of the fact that there is fair consistency in State Bank of India and its Associates over a period of time. Growth rate Analysis shows that growth rate in case of State Bank of India comes to be 13.85 and in case of Associates of SBI comes to be 12.72. Among the Associates of SBI, it is higher in case of State Bank of Mysore (16.32) and lower in case of State Bank of Saurashtra. This indicates that growth rate is most satisfactory in case of State Bank of Mysore, less satisfactory in case of State Bank of India and low in case of other Associates of SBI.

It can be concluded that performance of State Bank of India and its Associates is same in terms of average ratio. Growth rate is most satisfactory in case of State Bank of Mysore, less satisfactory in case of State Bank of India and low in case of other Associates of SBI.

Table 23: Bank-wise (SBI & its Associates) Spread/No. of Employees (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	0.04	0.04	0.05	0.05	0.03	0.06	0.04	0.04	0.04
2002-03	0.05	0.04	0.06	0.06	0.04	0.07	0.04	0.04	0.05
2003-04	0.05	0.06	0.06	0.07	0.05	0.07	0.05	0.06	0.06
2004-05	0.07	0.07	0.07	0.08	0.06	0.08	0.07	0.08	0.07
2005-06	0.08	0.08	0.08	0.08	0.06	0.09	0.07	0.08	0.08
2006-07	0.08	0.08	0.09	0.08	0.07	0.09	0.06	0.09	0.08
2007-08	0.09	0.08	0.09	0.09	0.08	0.08	0.05	0.08	0.08
2008-09	0.10	0.09	0.12	0.12	0.09	0.09	-	0.11	0.10
2009-10	0.12	0.09	0.14	0.13	0.12	0.12	-	0.12	0.12
Mean	0.08	0.07	0.08	0.08	0.07	0.08	0.05	0.08	0.08
SD	0.03	0.02	0.03	0.03	0.03	0.02	0.01	0.03	0.02
CV	34.46	27.66	35.08	30.83	41.08	20.78	23.44	35.66	32.49
CAGR	13.85	11.23	12.86	11.26	16.32	6.74	6.70	14.50	12.72

Source: Calculated

5.1.7 Net Profits/No. of Employees: SBI & its Associates- Net Profits/No. of Employees is given in Table 5.1.7. Net Profits are obtained by deducting provisions and contingencies from operating profits. This ratio indicates net profits earned per employee. Higher value of this ratio indicates better productivity per employee of a bank and lower value of this ratio indicates lower productivity per employee of a bank. Average ratio in case of State Bank of India and its Associates comes to be same that is 0.03. Among Associates of SBI, the average ratio is also same in case of State Bank of Hyderabad, State Bank of Indore , State Bank of Patiala and State Bank of Travancore. This indicates that performance of State Bank of India and its Associates is same in terms of average ratio. Coefficient of variation is indicative of the fact that there is fair level of consistency in case of State Bank of India and its Associates. Growth rate Analysis shows that growth rate in case of State Bank of India comes to be 17.95. It is 16.03 in case of Associates of SBI. Among Associates of SBI, the growth rate is highest in case of State Bank of Travancore (25.83) and negative in case of State Bank of Saurashtra. This indicates that growth rate is more satisfactory in case of State Bank of India as compared to Associates of SBI. Among Associates of SBI, the growth rate in case of State Bank of Travancore is most satisfactory.

It can be concluded that performance of State Bank of India and its Associates is same in terms of average ratio. Growth rate is most satisfactory in case of State Bank of Travancore, less satisfactory in case of State Bank of India and low in case of Associates of SBI.

Table 5.1.7: SBI & its Associates- Net Profits/No. of Employees (Amount in Rs. Cr)

Year/Bank	SBI	SBBJ	SBH	SBIN	SBM	SBP	SBS	SBT	Associates of SBI
2001-02	0.01	0.01	0.02	0.02	0.01	0.02	0.01	0.01	0.01
2002-03	0.02	0.02	0.02	0.03	0.01	0.03	0.01	0.01	0.02
2003-04	0.02	0.02	0.03	0.04	0.02	0.04	0.02	0.02	0.03
2004-05	0.02	0.02	0.02	0.02	0.02	0.03	0.01	0.02	0.02
2005-06	0.02	0.01	0.03	0.02	0.02	0.03	0.01	0.02	0.02
2006-07	0.02	0.03	0.04	0.03	0.03	0.03	0.01	0.03	0.03

2007-08	0.04	0.03	0.04	0.04	0.03	0.04	0.01	0.04	0.03
2008-09	0.04	0.04	0.05	0.04	0.04	0.04	-	0.05	0.04
2009-10	0.05	0.04	0.06	0.05	0.04	0.05	-	0.06	0.05
Mean	0.03	0.02	0.03	0.03	0.02	0.03	0.01	0.03	0.03
SD	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.02	0.01
CV	49.61	46.24	41.34	33.92	46.24	25.60	33.07	61.06	43.27
CAGR	17.95	15.88	15.05	8.57	19.96	7.84	-2.45	25.83	16.03

Source: Calculated

6.0 Conclusion:

The present study concluded that in terms of total business per branch, total earnings per branch and spread per branch, State Bank of Patiala showed better performance among SBI and its Associate Banks. State Bank of Saurashtra showed better performance in terms of total expenditure per branch and net profit per branch. As far as per employee productivity is concerned in terms of total business per employee, total earnings per employee, spread per employee, net profit per employee, State Bank of Patiala, State Bank of Travancore and State Bank of Indore, State Bank of Hyderabad performed well.

Following recommendations are made to improve performance of PSBs in general and PSBs in particular.

- Profitability of banks is largely affected by high operating costs. High labour productivity, updated technology and employment of low cost funds help in controlling operating costs and ensure financial viability of banks.
- Business per employee and profit per employee of public sector banks is low in comparison to its counterparts. Proper training and development programmes should be devised to enhance both these ratios. Attention should be paid to human resource development.
- Banks should grow in size and should introduce diversified and sophisticated products to meet the needs of modern society.

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