



Volume 6 / Issue
January '15 - June '15

Vimarsh

An Endeavour to share Knowledge
A peer reviewed refereed Journal

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श्रेयान्द्रव्यमयाद्यज्ञा ज्ञानयज्ञः परन्तप
सर्व कर्माखिलं पार्थ ज्ञाने परिसमाप्यते॥

Shrimad Bhagwat Gita, Chapter 4 (33)

"Attaining knowledge is superior to
accumulation of all sumptuous substances.
As all acts finally conclude into wisdom."

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• Volume 6 • Issue No 1 • January '15 - June '15

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Moradabad 244 102 at I'M ADVERTISERS, C-33, 1st Floor, Sector-10, Noida (U.P.) INDIA.

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From the Editorial Board

Dear Reader,

Vimarsh has entered its sixth year of publication. During this period it has established itself as a revolutionary national journal of repute.

We, from this journal, are trying to make new streets for 'experiencing' managers and academicians. The objective of this journal is to give the readers the best of the quality original researches, reviews and case studies.

Special thanks to the remarkable and tireless efforts of our hardworking and dynamic editorial team. We would also like to thank all the contributing authors for providing such a rich variety of outstanding research articles on a broad range of exciting topics.

As a result, the journal has enjoyed wider circulation and readership from across the country.

At the end, we congratulate I'M Advertisers for a wonderful job done and hope that we would be able to strengthen the journal further through their cooperation. With these words, we conclude and promise that the standards will be maintained.

If you have any questions or comments about the Journal, it would be a pleasure to hear from you at vimarsh@iftmuniversity.ac.in.

Happy Reading...!!!

Regards

The Vimarsh Team

Understanding Emotional Intelligence in Improving Interpersonal Communication

Dr. Nidhi Maheshwari*

ABSTRACT

The perceptual difference is one of the causes of ineffective interpersonal communication. To improve the communication reframing and controlling the emotions play an important role. Contemporary research has shown that cognitive abilities or intellectual quotient is required for communication effectiveness but not sufficient for effective interpersonal communication. In this direction this paper tries to understand the role Emotional intelligence can play, in enhancing the effectiveness of interpersonal communication. Acknowledging the literature review, this paper aims to explore the role of emotional intelligence as a tool to enhance the interpersonal communication skills in organizational communication exchange. Therefore, it starts with focus on relevance of emotions of individuals, passes through the role of emotional intelligence for effective interpersonal communication and ultimately congregates with organizational effectiveness. Further, through the help of a case study the contribution of emotional intelligence in enhancing the interpersonal communication has also been explained.

INTRODUCTION

Although at the workplace most of the time is spent in communicating but we cannot ensure that meaningful communication occurs in all exchanges (Dunn, 2002). The reason is that interpersonal communication not only occurs when we simply interact with others but also when we accept the other person as a specific human being through understanding his/her perspective (Beebe, Beebe, & Redmond, 2011). Another important aspect of communication is that all interactions occurred within the context and understanding of the context can help us in improving interpersonal communication (Bensing J, van Dulmen S, Tates K,

2003). Simply we can put that interpersonal communication is concerned more about the content and the character of the exchange. This underlines the fact that the interpersonal communication is not only concerned about 'what' is communicated' i.e. employed language but also 'how' it is communicated i.e. tone, nonverbal cues. That is why; in interpersonal communication one should always give weight age to expression, thoughts and emotions. In the words of Hartley (1999, p. 20) interpersonal communication reflects the personal characteristics of the individuals as well as their social roles and relationships. Further, this is acknowledged in the literature review of the contemporary communication research that

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effective interpersonal communication admires the role of emotional maturity as well as self-awareness and self regard (Barbuto, 2006, Barling, 2000, Ferres, 2005, Gardner, 2002, Palmer, 2001, Sosik, 1999).

THE CONCEPT OF EMOTIONAL INTELLIGENCE

In early nineties, emphasizing on social intelligence, Thorndike (1920) defined emotional intelligence as "to act wisely in human relations"; and also included 'interpersonal intelligence' in it. In fact, the base of emotional intelligence can be traced from the Howard Gardner's theory of multiple intelligences, particularly from intrapersonal and interpersonal intelligences. He emphasized that intrapersonal and interpersonal intelligences mean understanding towards self and others (Gardner, 2000). This term was popularized by a Harvard trained psychologist Daniel Goleman through his book Emotional intelligence: Why it can matter more than IQ. Contemporarily, Mayer-Salovey introduced four branch models of emotional intelligence. The four branches identified under Mayer-Salovey are perception, facilitation, understanding and managing emotions. The perception and facilitation part talks about "experiential EI" and understanding and managing parts are counted as "strategic EI". The experiential part talks about the ability of an individual to perceive and the strategic part helps to determine an effective way to assimilate emotions and logic for effective decision-making. Therefore, under the model "experiential EI", he highlighted our ability to use emotions for enriching our thought process.

Similarly Matthews defined emotional intelligence as individual's approach to understand emotions and managing it while communicating. He further emphasized that the value of communication depends on the individual emotional intelligence level. Dulewicz and Higgs and Langley (2000) emphasized the role of emotional intelligence in effective communication as they mentioned that emotional intelligence is related to psychology of an individual which creates direct impact on the communication. Diggins, Goleman, Mayer-Salovey and Rosete and Ciarrochi showed that though cognitive abilities or intellectual quotient is required for communication effectiveness but still we need something else to communicate effectively in addition to intellectual quotient.

INTERPERSONAL COMMUNICATION

Interpersonal communication which is one of the important contributors in the organizational effectiveness is transactional in nature. Interpersonal communication is defined as a transactional process between at least two people, ideally face-to-face, where meaning is created. In fact, "interpersonal communication is an on-going process rather than an event or a series of events" (Hartley, 1999, p. 26). This process is influenced by both the source and receiver continually. The way receiver and source think about each other affect the messages they send. Further the effectiveness of communication helps to maximize the understanding of managers and minimizes misunderstanding.

In this context, Schultz's (1966) theory of 'Fundamental Interpersonal Relations Orientation (FIRO)' explains that our communication needs are dependable to interpersonal relationships. Once the interpersonal communication needs are satisfied even the distress can be moved to productivity. While searching for effective communication, Madelyn (1995) advocated that the communicator must always include certain elements like active listening to enhance the impact of the message.

EFFECTIVE INTERPERSONAL COMMUNICATION AND EMOTIONAL INTELLIGENCE

The important elements of Emotional Intelligence i.e. knowing our feelings and handling distressing emotions well also stress empathizing tactful handling of the relationships and these are also essential abilities for effective living (Parker et al 2004). For handling the relationship whether at the workplace or anywhere we need to communicate our feelings in a better manner. It shows that our communication depends on our cognitive appraisal process. Further, every individual's cognitive appraisal process is affected by emotions (Huy, 1999). As mentioned by Weiss and Cropanzano, 1996, under affective events theory that every organizational move creates various "affective events" for individuals (Basch and Fisher, 2000). The way these events are cognitively appraised creates varied emotions in different individuals (Conlon and Shapiro, 2002; Weiss, 1999). So we can say our

emotions are joint outcomes of affective events and a cognitive appraisal process (Weiss, 2002; Weiss and Cropanzano, 1996). Further, our expression of views is affected by our emotional intelligence capabilities as well as our cognitive appraisal process. As cognition and emotion interacts continuously and almost constantly we can infer that emotions influence cognition and cognition elicits emotions (Lazarus, 1982, Speisman, Lazarus, Mordkoff and Davison (1964). In this way, our emotions are linked with physiological, cognitive and motivational systems (Lazarus, 1991; Mayer et al., 2008).

Therefore, people with similar but different abilities may act with different emotions, in response to the same situation. Salovey, 1997, determined that emotional intelligence helps individuals in better regulation of emotions and in responding to appropriate emotions to the contexts. Jordan opined that emotional intelligence helps to perceive the potential impact of corresponding behaviors on others and regulates our emotions while communicating and this also helps in improving our interpersonal communication.

A CASE STUDY FOR BETTER UNDERSTANDING

About the organization

Ridima Computers, retail company supplying computer hardware and peripherals (this and other names have been changed) opened its doors in 1988, with an eye on innovation, quality, customer care and cost efficiency. Over the years, these core values have become key indicators of their team's success as they fulfill cutting-edge projects for each branch of the Department of Defense and major government organizations.

Thousands of successful projects and custom configurations later, their clients reap the benefits of working with a team comprised of technology experts and seasoned customer care specialists. Their greatest value is the ability to solve significantly complex challenges with an innovative approach that is based on years of configuring and building computer hardware. In fact, many of their clients leverage solutions that have been built, tested and proven for optimal performance.

Case Incident

Shrutika was a junior manager at Ridima computers. Recently the organization got a big order from a renowned buyer. The future order was also dependable on the efficient supply of the current order. But unfortunately substandard equipments were supplied and company lost millions of rupees due to this negligence. Not only the buyer was annoyed but also threatened to cancel all other contracts.

Memo was issued to the entire team who was involved in shipping the order. Everybody was shocked as well as scared. Few of the team members even started posting their resumes on job portals. Shrutika was also the part of the team and she had been told to attend a meeting of senior managers, which would be chaired by Managing director. This meeting was going to discuss the ways to retain the contract and resolve the issue.

The meeting was scheduled in the second half but everybody was discussing from morning about the unforeseen objections, sanctions and punishments. Finally, the meeting started around three o'clock, thirty minutes behind the schedule. Managing director started the meeting by highlighting the immediate lose as well as the potential lose due to this negligence of the supply team. Each of the senior managers was interrogated about their part in the failure with heated dictatorial questions. The managing director was sarcastic and for every explanation was shouting at the top of his voice. It was apparent that the pseudo agenda of the meeting was to humiliate the managers as much as one could. Very senior and two old employees tried to pacify the chief through exemplifying the past success stories but were treated to withering contempt. Soon there was only the voice of Managing director who was shouting and others were just playing the role of silent audience.

While shouting the Managing director realized that a new face in the form of Shrutika was available and he raised a direct question to her how you are supposed to be here when the meeting is scheduled only for the senior managers. Sarcastically, he commented welcome to the team of efficient senior managers. All eyes were on her and eagerly waiting for her response.

It was enough for her to understand that the managing director was not knowing about her invitation and the cause that why she was invited to this meeting of senior managers. Without hesitating and keeping the fear aside, she introduced herself as the member of the supply team responsible for the failure. Further, courageously but with soft voice she reminded the Managing director about the agenda of the meeting and requested, if they could discuss on to consider practical solutions for the fiasco. Staring at her, the Managing Director angrily questioned about her part in the affair. With the same courage, poised voice and eye contact she answered. She accepted the mistakes committed by the whole team and submitted a proposal for remedial action. She requested everybody to share views on it. She was able to calm down the Managing director and the meeting turned to practical matters.

Case analysis according to EI ability model

In this situation senior managers were overwhelmed by emotions and perceived the sarcastic remarks as comments on their personality at the time, whereas Shrutika was able to separate the Managing Director's sarcastic remarks from the actual purpose of the meeting. She had emotional maturity, which could distinguish between intentions and behavior. Her maturity allowed her to assume that all sarcastic remarks were not directed to her personally and that very purpose of this was to help motivate the managers towards a productive cause and in withdrawing from a lost cause.

In the morning prior to the meeting most of the managers were afraid from the consequences of the meeting and their negative perception was established when the Managing Director started the meeting with sarcastic comments. The mechanism, which the two old senior managers adopted to come out from this fear was 'flight' mechanism and that is why they tried to pacify the M.D. through exemplifying the past success stories. In the same situation Shrutika adopted the different mechanism. She managed her emotions and courageously faced the anger and the fear which was engulfing the real agenda of the meeting. She showed her courage through the eye contact as well as with poised voice. Even she was courageous to accept the mistake but at the same time she proposed a remedial solution too. This behavior and her calmness was communicated to the M.D. as well as to the rest of group about her focused approach.

Even the credit of Shrutika's approach can be given to her active listening. In this regard, Eaton and Johnson, 2009, p.91 had mentioned a useful mnemonic for active listening i.e. EARS-Empathize, Acknowledge, Reflect, summarize was utilized by Shrutika while presenting her point of view. While listening, the sarcastic remarks of the Managing Director she was able to empathize with him and mentally she stepped into his role to gather information about his worries. She could understand that the remarks of the Managing Director were related to the assumption/risk of losing the other contracts, which are essential for the brand image of the company. She also showed her empathized attitude through acknowledging the mistake committed by the team. By keeping herself cool and summarizing a remedial action, she was able to let the Managing Director know that his concerns and needs are understood. She had also not connected this incident with any other incident/story of the organization, which was enough for the Managing Director to trust that this incident is very shocking even for the juniors like her. She also showed her commitment for the job through the remedial action plan communicated to the Managing Director that instead of arguing over the worst that had happened, it is better to identify how to deal with it. In her communication she built a strong argument against the anger by highlighting the real agenda of the meeting as well as through her eye contact and poised voice and thereby developed the creditability of her team and asked for another chance through the remedial action to show the performance.

DEVELOPING EFFECTIVE INTERPERSONAL COMMUNICATION THROUGH EMOTIONAL INTELLIGENCE

Emotional intelligence is not just about expressing emotions rather it is an art to control and strategically place the emotions in the process of decision making. The effectiveness of all the organizational processes is depending to our interpersonal communication, which is dependable to our attitude and perception about others. In order to enhance our perception, one must learn the art of reframing i.e. switching from one point of view to another and exploring new ideas. Applying the art of reframing in communication helps to look into the

problem from different angles. To learn this art of reframing, emotional intelligence helps an individual to perceive the emotions in right framework and then helps to understand that changing emotions can help to improve the behavior.

Most of the time the miscommunication or conflict arises due to wrong perception about the situation or about the people involved. If at the inception level only things are rightly perceived at both the ends of communicators i.e. the source and the receiver, then miscommunication can be avoided at the early stages.

For example in the above case Shrutika perceived the problem rightly and at the very early stage that is why she was able to effectively communicate with the Managing Director, though she was the junior one in the group. The right perceiving capability helped her to productively utilize her emotional balance to highlight the real issue. This shows that interpersonal communication can be improved through emotional intelligence as well as through active listening. Emotional intelligence helps in understanding the situations by helping to change the perspective and this particular change helps to control the negative emotions and thoughts like blame, recrimination and resentment etc. When an individual is capable to manage negative emotions he/she can easily empathize with others. This empathetic view point is a source for effective interpersonal communication.

CONCLUSION

Effectiveness of interpersonal communication depends on the content, involved characters and context. By helping in understanding these three from right perspective, emotional intelligence helps to express our thoughts and emotions, while communicating with others. In fact, as mentioned by Goleman emotional intelligence enriches our capabilities to perceive, comprehend and manage emotions, which improves interpersonal relationship and consequently interpersonal communication.

However, this paper is not empirically proving the linkage between interpersonal communication and emotional intelligence but it is indicative that

emotional intelligence plays an important role in enhancing our interpersonal communication.

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Middlemen Dilemma at The Advent of Organized Retail in India

Dr. Sanjay Mishra*
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ABSTRACT

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US\$ 500 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people.

As of 2013, India's retailing industry was essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers but encouraged with the unprecedented opportunities of growing Indian economy have started making some major headways in the Indian retail market.

In the case of India, there has been no scientific and economic analysis to ascertain the ecological, economic and social costs to the nation of increased organized retail activity (especially loss of livelihoods for middlemen). Worse, not a single empirical study by an independent institute examines the impact of organized retail on poverty-stricken India. Unfettered big box Foreign & national investments in multi-brand retail will, therefore, either further compound the appalling poverty that already exists (one-third of India lives in poverty) or can even work towards bringing it down. The primary concern generally referred to is the negative impact on small retailers and farmers but what is left untouched and surely stands to have emphatic outcomes than what is being projected, is the impact on the middlemen of the retail cycle who have been an integral part of the Indian economic landscape.

The authors have tried to study the possible impact of the big box retail on the middlemen of the Indian retail cycle & hence its role on the overall Indian economy.

Keywords: *Middlemen, Intermediaries, Retailing, Organized Retailing, Cash & Carry.*

INTRODUCTION

The Indian retail industry has presently emerged as one of the most dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10 per cent of the country's gross domestic product (GDP) and around eight per cent of the employment in India. The country is today the

fifth largest global destination in the world for retail. Several corporates have planned to exploit the opportunities in the Indian retail space, such as Reliance Industries Ltd (RIL), which has lined up capital expenditure of Rs 1.8 trillion (US\$ 28.94 billion) for the next three years for its petrochemicals, telecom and retail ventures.

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With the growth in the retail industry, the corresponding demand for real estate is also being created. Further, with the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international.

RETAIL MARKET

India's retail market is expected to double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015 driven by income growth, urbanisation and attitudinal shifts, highlighted the Boston Consulting Group and Retailers Association of India's report titled, 'Retail 2020: Retrospect, Reinvent, Rewrite'.

While the overall retail market will grow at 12 per cent per annum, modern trade will grow twice as fast at 20 per cent per annum, and traditional trade at 10 per cent, according to a report titled Retail 2020: Retrospect, Reinvent, Rewrite by Boston Consulting Group and Retailers Association of India.

The retail spending in the top seven Indian cities of India currently amounts to Rs 3.58 trillion (US\$ 57.56 billion), with organised retail penetration at 19 per cent in 2014. It is expected that the online retail will be at par with the physical stores in five years.

India is expected to become the world's fastest growing e-commerce market on the back of robust investment activity in the sector and the rapid increase in internet users. It is expected that India's e-commerce market will grow from US\$ 2.9 billion in 2013 to over US\$ 100 billion by 2020.

E-Retailers are betting on more Indians switching to shopping online, with a projection of 200 million new consumers by 2017, according to a report released last year by Accel India.

THE MIDDLEMEN DILEMMA

Amidst the hoopla of Organised Retail being the sunshine sector of India, the survival of the middlemen hangs in balance.

In the Indian business framework the middlemen have been an integral part of the supply chain and economics of India. They have provided time and place utility for the consumers as well as the manufacturers for ages and now they are being

posed as hindrances rather than facilitators. Removal of middlemen from the supply chain is being advocated as boom and they are being projected as the bad guys eating up on the margin of the retailers and increasing the cost of consumers but what nobody is noticing is that they also share a substantial portion of the risk in transactions. In every argument political or economic in favor of FDI we can find an indication of disfavor towards the middlemen. In fact the entire model of organized retail is based upon weeding out middlemen from the supply chain and procuring from the producers. Walmart has gone on to state that there is a possibility of 75% reduction in supply chain costs in India. We need to understand that these middlemen form a substantial part of the Indian market and provide employment to millions and cannot just be overlooked.

RESEARCH METHODOLOGY

In order to have a better idea about the position, role and challenges of middleman the authors went for extensive review of literature. On the basis of this the following Objectives of the study were decided:

- To analyze the impact of organized retail on middlemen.
- To understand the existing & imminent challenges they face.
- To study how the middlemen of different sectors respond to the challenges.

Scope of the Study:

The study is limited to the downstream supply chain of following:

Non-durable goods: Food items, staples & day today household FMCG items such as cold-drinks, chocolates, toothpastes, soaps and branded cereals.

Durable goods: Apparels, Mobile phones etc.

The study is geographically limited to the area of Bareilly, and the inferences and recommendations are based on the information obtained from this city only.

Source of Data:

To gather the required information for this study, both secondary and primary source of data has been used. Primary data has been collected from the wholesalers, dealers and distributors in the city through questionnaires and personal interviews.

Convenience sampling has been used and the sample size is 100.

DATA ANALYSIS

In fact in the study carried out on the middlemen by the authors in Bareilly market when asked about the business being their main source of income 72% of the respondents were in affirmation & 28% in negation. People usually in this kind of business tend to be dedicated businessmen, earning their livelihood from the same.

More than 70% of the sample is dependent on this business which they or generally their forefathers had started. If any business phenomenon forces them to shut their business down than most of them would either have to find a new source of income and start from a scratch or may have to reinvent their business to accommodate the resulting changes.

Amongst the sample 66% of the intermediaries were company appointed of which 33.33% were stockiest & 33.33% were distributors. 7.4% of the stockiest & 7.4% of the distributors were not company appointed, while all the wholesalers in the sample amounting to 18.52% of the sample were not company appointed.

This goes on to show that the stockiest and distributors are considered as a more important link in the supply chain by the companies as compared to the wholesalers who usually operate as independent businesses.

The Flip Side:

But the flip side of the coin is in fact an increasing gap between the wholesale & retail prices of essential items. Most essential food items, with the exception of pulses & sugar have seen a much higher increase in the prices at the retail in comparison to the change seen in the wholesale prices during the last one year. Hence, indicating that the middlemen are pocketing higher margins as the items move from the wholesale market to the retailers.

In fact the study of intermediaries in Bareilly market shows some astonishing facts:

When asked about annual turnovers then 32% of the respondents gave their estimations between Rs. 0 to 50 lakhs, 28% estimated between Rs. 50 lakhs to 1

crore, 4% estimated their turnovers from Rs. 1 crore to 1.5 crores & 36% estimated above 1.5 crores.

Most of the Intermediaries although operating in Tier II & Tier III towns are financially very strong. That is depiction of the margins that these middlemen pocket which generally results in soaring of prices. Moreover 44% of the respondents replied that their turnovers have increased over the last 2 years, 20% said that it has decreased & 36% said that the turnover has remained the same.

The type of intermediaries that were interviewed mainly comprises of stockiest, distributors & wholesalers. 44% of the sample included stockiest, 36% distributors & 20% distributors.

Most of the stockiest dealt in oil & pulses that goes on to show that the Bareilly & Haldwani markets usually are controlled by stockiest intermediaries in the case of oil and pulses.

We usually have distributors for FMCG products who usually sell the stocks to final retailers or General Merchant shops. Agencies as the term is largely used are given to the distributors to maintain the supply chain. Most of the wholesalers taken in the survey belong to the textile/Garments sectors.

Further when asked whether the respondents have their own warehouses 96% of the respondents were found to have the warehouses whereas 4% did not have their own warehouses.

Almost all the intermediaries have their own warehouses that goes on to reflect that most of them have a wide distribution coverage and are capable of buying the stocks in bulk. They not only cover the intra city retailer but retailers from surrounding towns (small) & suburban areas are also their consumers.

Challenges & Recommendations for FMCG & Grocery Sector:

As for the middlemen the road ahead doesn't seem to be an easy one for sure. The supply chain in India does need some major fundamental restructuring and the middlemen who till now consider heavy margins a part & parcel of their business methods do need to reconsider their strategies, as these margins are ultimately a burden to the final consumers in the way of high prices.

Now the middlemen have worries on two fronts:

- I) If Kirana stores/ unorganized retailers run out of business then that would eventually lead to their downfall as the organized retailers would bypass the middlemen to purchase from producers or at least cut the supply chain short to generate margins and at the same time keeping the prices low.
- II) Kirana stores start purchasing from cash & carry formats.

Now as for the first concern kirana stores and other unorganized retailers would continue to flourish in India provided they reinvent themselves to suit the changing times.

And as for the second concern let us look closely at the data gathered: 68% of the intermediaries ranged their turnover between 50 lacs to above 1.5 crores this coupled with the observation that 80% of the respondents have said that their turnovers have increased and are continuing to do so.

These observations indicate towards the hefty margins pocketed by these middlemen. With the advent of Cash & Carry formats the intermediaries would/could suffer in terms of loss of margins but they should continue to do business if they share those margins with the retailers and hence give them a reason to stick with them rather than cash & carry formats.

These intermediaries also have a good chance against the organized cash & carry formats as most of the respondents have their own warehouses & transportation facilities as well.

How can corporate help the Middlemen: The ITC way

ITC knew that the traders, store owners, and millions employed in the unorganised sector would feel alienated. So, right from the beginning, ITC actively interacted with the middlemen. Stated in its the 2003 paper, "ITC not only retained the efficient providers within the mandi system, but also created roles for some inefficient providers. This philosophy has two benefits. First, it avoids 'reinventing the wheel' in areas where ITC would not be able to add value through its presence. Second, it recruits and engages members of the rural landscape..."

For instance, ITC appointed several commission agents at the mandis as its samyojaks, who provide logistical services and make up for the lack of rural infrastructure. In the initial stages, the Samyojaks are critical as they know the farmers, their acreage and average production, and help the company to find efficient Sanchalaks, who run the e-Choupals on a daily basis.

What happened to those who refused to join ITC? Did they revolt against e-Choupals? No! They didn't, because of two reasons. One, ITC continued to buy from mandis. Even now, despite thousands of e-Choupals, the company procures huge chunk of its requirement from mandis. Two, ITC worked in a socio-economic setting where traders were fragmented and competitive. Thus, they were unable to organise themselves and agitate together. Moreover ITC realised that as far as India's agricultural community was concerned, the various stakeholders had to be taken into confidence. ITC took into cognisance the dynamics of India's farm produce supply chain viz, who is influencing how much and worked backwards. If you look carefully, the e-Choupal Sanchalak's (key managers) belong to the local wholesale community. It could easily have engaged hi-flying MBAs for the job, but it acted smart, and reduced any conflict with the existing system.

ONE INTERESTING OBSERVATION: THE GARMENT SECTOR

16% of the respondents said yes to whether they have changed the way they operate after the advent of organized retail and the rest 84% are continuing with the old ways.

Note: 16% of the Intermediaries who have replied in affirmation belong to the Garment sector. Further more when enquired whether their business stands to suffer with the advent of organized retail 75% of the intermediaries were sure that their businesses would not be affected by the advent of organized retail. 12.5% said that the advent of organized retail would affect their businesses and most of this 12.5% belong to garment & textile. Another 12.5% although were not very sure about their answers but thought that their business would not be affected by the organized retailers.

The Intermediaries of the Garment sector have laid emphasis on the need to change in order to survive the onslaught of the organized retail. With Brands like Reebok, Adidas, John players, Peter England, Mufti Opening up their single branded (dedicated) retail stores the demand of the unorganized stores is feeling the pull as the younger crowd is more loyal & inclined towards branded apparels.

CONCLUSION

India is at the crossroads with regard to the retail sector. Several emerging Market Economies have gone ahead and reaped the benefits of modern retail. India is however a latecomer to organized retail expansion and the picture still remains unclear as to its future direction. The study advocates a balanced approach to retail and suggests that the government plays a major role in shaping its future course.

There is no doubt that traditional supply chain has been performing a vital function in the economy and is a significant source of employment. However, it suffers from huge inefficiencies as a result of which consumers do not get what they want, and farmers often get prices for their produce much below what is considered fair. In contrast, organized retail provides consumers with a wider choice of products, lower prices, and a pleasant shopping environment. It gives farmers a better alternative channel for selling their products at a better price. The competition from organized retail has affected the business of traditional middlemen but they are capable enough to make efforts to stay on. High turnovers, warehouse and transportation capabilities can prove to be of strategic advantage in their fight against organised retailers. Credit facilities provided by traditional middlemen to unorganized retailers can also prove to be an ace up their sleeve against the cash & carry formats of the big box retail.

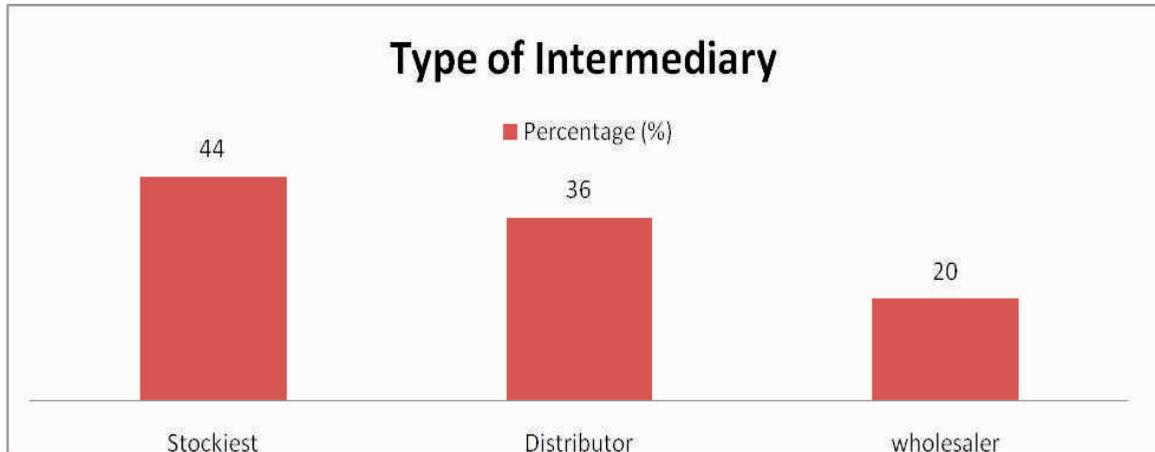
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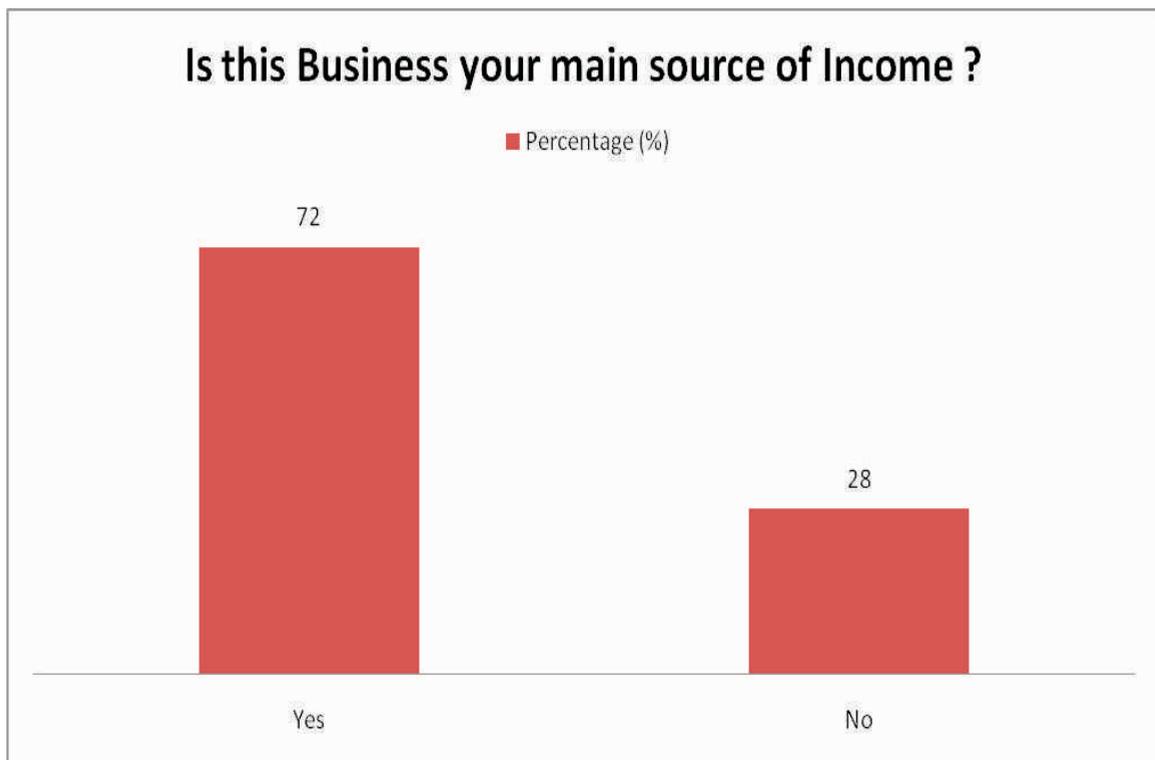
ANNEXURE

Tables & Charts:

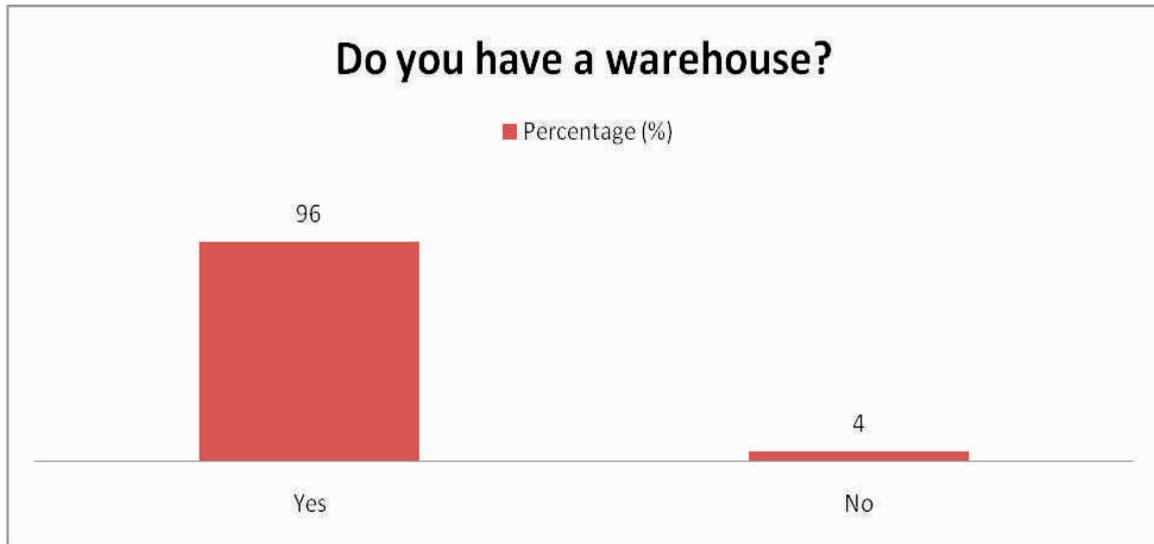
| Type of Intermediary | Stockiest | Distributors | Wholesaler |
|----------------------|-----------|--------------|------------|
| Percentage (%) | 44 | 36 | 20 |



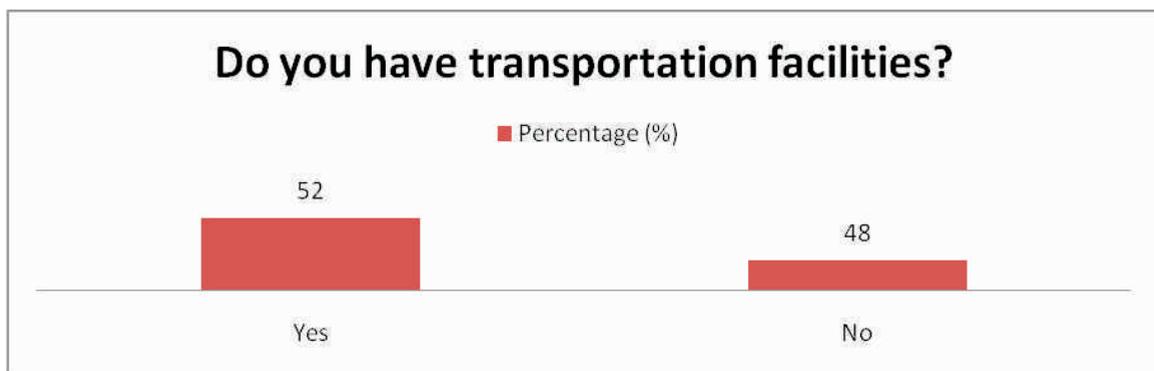
| Is this business your main source of Income? | Yes | No |
|--|-----|----|
| Percentage (%) | 72 | 28 |



| | | |
|--------------------------|-----|----|
| Do you have a warehouse? | Yes | No |
| Percentage (%) | 96 | 4 |



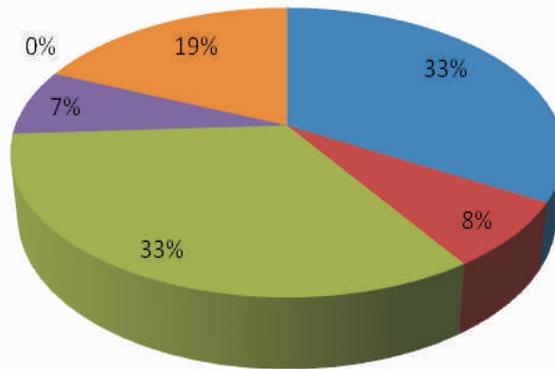
| | | |
|--|-----|----|
| Do you have transportation facilities? | Yes | No |
| Percentage (%) | 52 | 48 |



| | | | | | | |
|---|-----------|------|-------------|------|------------|-------|
| Are you a company appointed intermediary? | Stockiest | | Distributor | | Wholesaler | |
| | Yes | No | Yes | No | Yes | No |
| Percentage (%) | 33.33 | 7.41 | 33.33 | 7.41 | 0.00 | 18.52 |

Are you a company appointed intermediary?

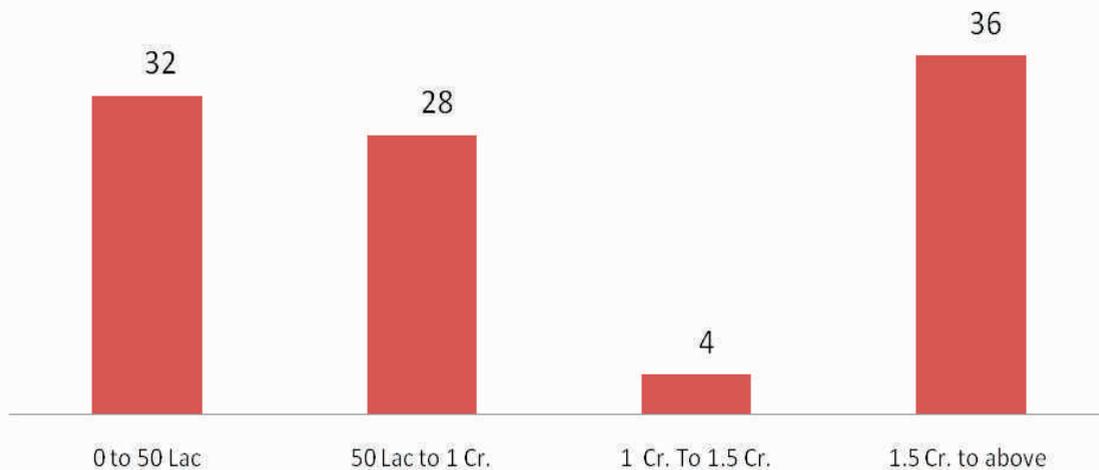
- Stockiest Yes ■ Stockiest No ■ Distributor Yes
- Distributor No ■ WholeSale Yes ■ WholeSale No



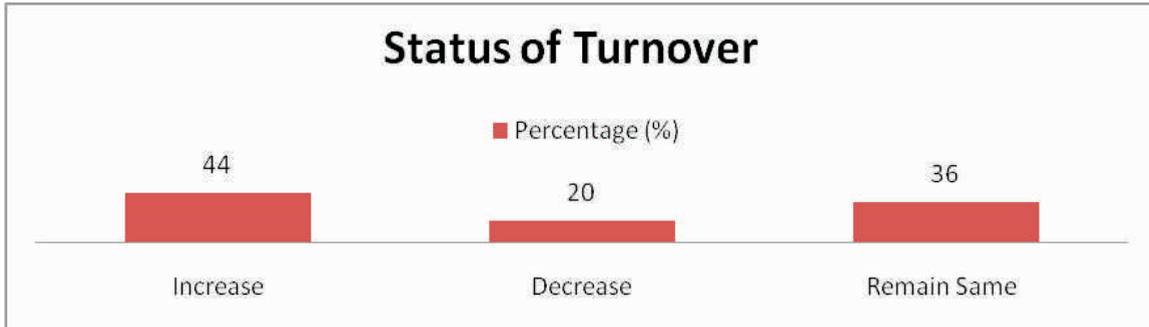
| Annual Turnovers | 0 to 50 Lac | 50 Lac to 1 Cr. | 1 Cr. To 1.5 Cr. | 1.5 Cr. to above |
|------------------|-------------|-----------------|------------------|------------------|
| Percentage (%) | 32 | 28 | 4 | 36 |

Annual Turnovers

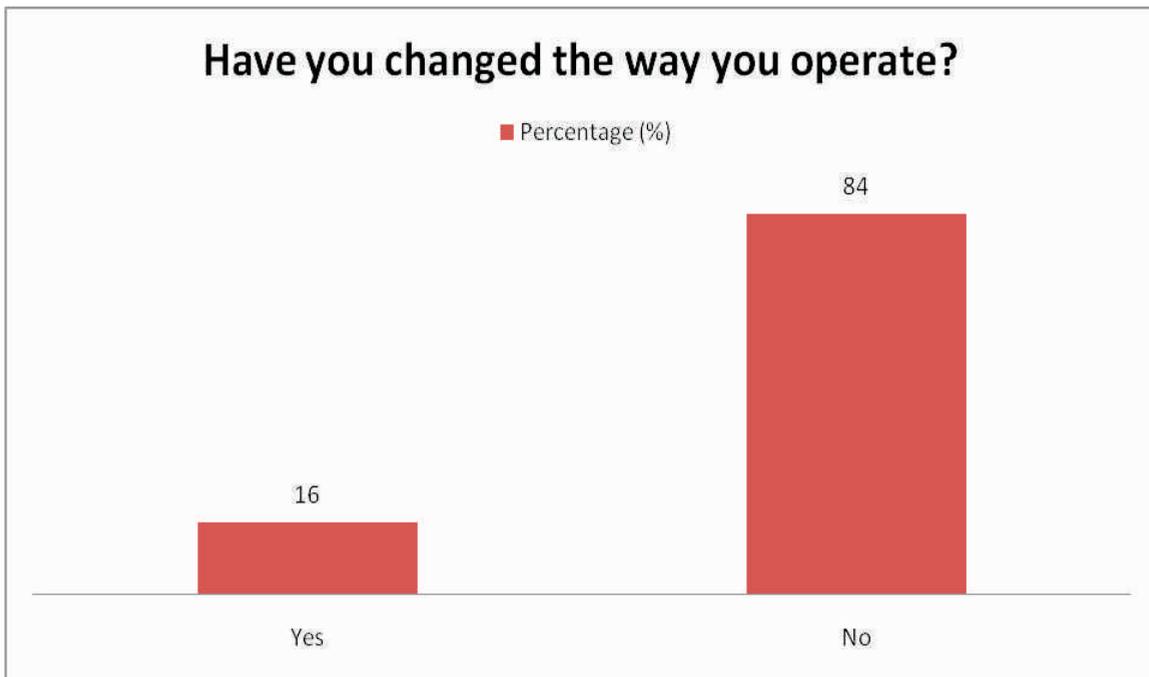
- Percentage (%)



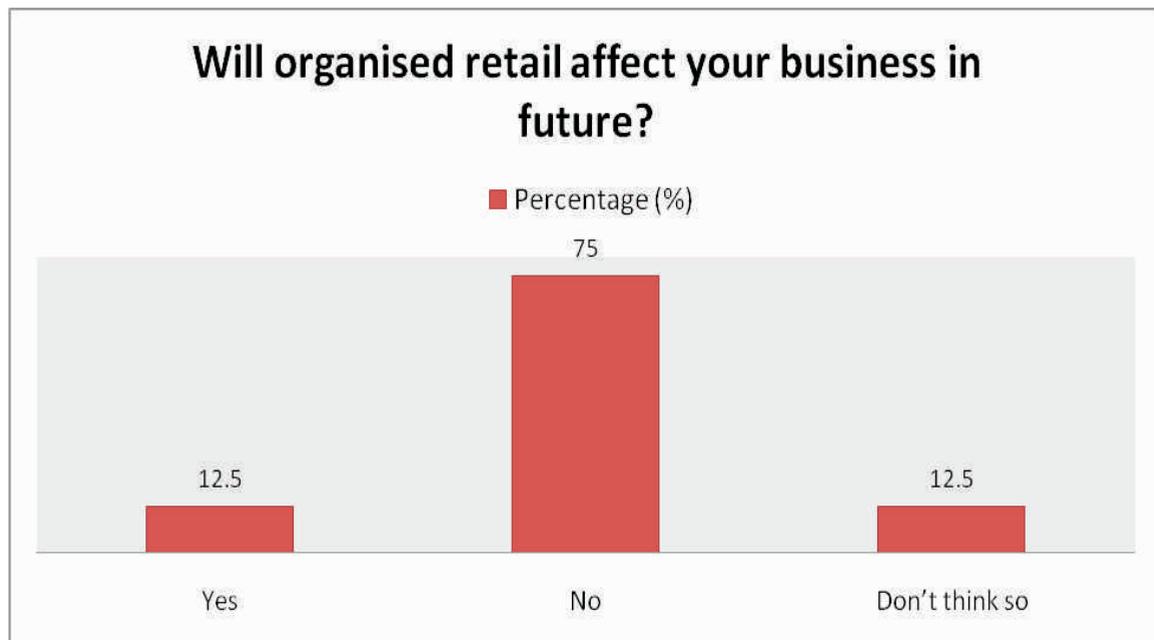
| Status of Turnover | Increase | Decrease | Remain Same |
|--------------------|----------|----------|-------------|
| Percentage (%) | 44 | 20 | 36 |



| Have you changed the way you operate? | Yes | No |
|---------------------------------------|-----|----|
| Percentage (%) | 16 | 84 |



| Will organized retail affect your business in future? | Yes | No | Don't think so |
|---|------|----|----------------|
| Percentage (%) | 12.5 | 75 | 12.5 |



A Study on Perception of Parents towards Food Advertisements targeted at Children

Perna Garg*
Amardeep Kaur**

ABSTRACT

Advertising is the non-personal communication of information usually paid for and usually persuasive in nature about products, service or ideas by identified sponsors through the various media. Advertising to children has received regular focus since a long time and yet it remains a controversial topic. Advertising to children is fraught with ethical concerns. Children are considered to be vulnerable and susceptible to the influence of television advertising, since they do not possess the cognitive ability to comprehend or evaluate the advertisements they enjoy watching. Although there is ample research regarding the advertising of food to children, research on how parents perceive the impact of television food advertising on their children's food preferences, as well as the overall level of parental concern with regards to this issue is limited. Perception is a process by which people translate sensory impression into a coherent and unified view of the world around them. This study aims at exploring India's parent's perception of television food advertising targeted at children and cull out their perceptive trends. The study has revealed significant data on the subject that can be utilized by the marketers to formulate better strategies to manipulate young minds while being considered morally and ethically accurate in the eyes of their parents.

INTRODUCTION

Children are considered vulnerable and susceptible to the influence of television advertising, since they are seen not having the skills and experience required to process advertising messages in the context of their reality and needs. Critics worry that products and services presented through the mouths of lovable animated characters will overwhelm children's defenses. Due to children's vulnerability, ethical concerns have been raised about the advertising of food to children. The international code of commerce states that because children are vulnerable, their inexperience should not be exploited. A number of countries have taken

this threat on children seriously, imposing strict restrictions on advertising to children or putting a complete stop to it. Even though children are able to influence family purchasing decisions, parents are still the primary gatekeepers to children's food intake and the ones making the final purchasing decision. There is ample research regarding the advertising of food to children; however, research on how parents perceive the impact of television food advertising on their children's food preferences as well as the overall level of parental concern with regard to this issue, is limited. Advertising revenue plays an important role in funding television program production, many such as educational programs for children. Therefore, TV advertising to

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children is important in more ways than one. Since television commercials play a role in initiating children's consumer behavior at all age levels, allegations are that 15 advertising fosters undesirable social values in children.

Concerns about food, nutrition and an increasing occurrence of obesity amongst children worldwide have resulted in increasing public, political and academic attention. Although various factors are identified as possible causes for the growth of childhood obesity, including changes in leisure activities and nutrition knowledge, one factor continues to dominate the debate: television food advertising aimed at children.

Critics hold food advertising responsible for the increase in childhood obesity because of its abundant promotion of energy-dense food; that is, products containing relatively high proportions of fat, sugar and salt.

Concerns about the possible effects of food advertising have been fuelled by empirical evidence that children's exposure to advertising may indeed affect their consumption patterns. Research has shown that marketers are attracted to the child market because of their strong influence on family buying decisions, and it offers marketers the opportunity to gain "a customer for life". It was found that children significantly influence family buying decisions, even when it comes to where the families take their holidays and what cars or cell phones they buy. As a result, marketers of cars, cell phones and travel destinations are now placing adverts on child-oriented TV networks. The desire of companies wanting to capitalize on the influence that children have over the family's buying decisions has resulted in some companies going to extreme measures to gain insight into how to hone their message and advertising campaigns.

This research is focused on finding a pragmatic balance between how parent's feel about children being objectified to sell products and the marketers business making goal. The goal is to identify the key concerns of parents and sought reasonable solutions to modify marketing and advertising strategies.

LITERATURE REVIEW

A study conducted in 2002 in the United States revealed that 98% of all homes in the US have Television sets. American children between the ages of 2-17 spend an average of 25 hours per Week watching TV, more time than in any other activity outside of school. This study also revealed that a significant trend since 1990 has been the penetration of media into children's Bedrooms and influencing their consumption patterns. **Ariel Chernin** in the study "**The Effects of Food Marketing on Children's Preferences: Testing the Moderating Roles of Age and Gender**" suggested that food marketing affects children's food preferences, short- and long-term dietary consumption, and purchase requests directed to parents. Employing an experimental design, this study examined the influence of food marketing on children's preferences and tested whether age (and gender) moderated the effects of ad exposure. The sample consisted of 133 children between the ages of five and eleven. Results indicated that exposure to food commercials increased children's preferences for the advertised products. Age did not moderate this effect; younger and older children were equally persuaded by the commercials. Boys were more influenced by the commercials than girls.

Amin Asadollahi and Neda Tanha in "**The Role of Television Advertising and its Effects on Children**" highlighted the prevalence of obesity and the growing increase of obesity in children with the academic, political and social issue has been. TV ads show a significant relationship between consumption of advertised brands, a variety of high-energy foods advertised & all the food there. Most children are aware of the intention, but the ads are skills that do not use them unless explicitly noted that the response should be. Policymakers, consumers and those involved with organizations related to children's services can be more powerful to have kids. Beginning with a powerful strategy to enhance food safety information between children and their families at the start and then focus on increasing children's consumer skills.

D.R. Dodia, Gandhinagar, Gujarat in his study on "**Impact of T.V. Advertisements on Children**" attempted to elaborate the impact of T.V. advertisements on children's interest, demand and choice of clothes & food. Researcher has also tried to

find out hours spent by children watching T.V. & their interest. Findings of the research support the past researches and indicate that the positive impact of T.V. advertisement was found on the children.

Moses & Baldwin, 2005; Chan & Mcneal, 2004; Bartholomew & O'donahue, 2003: TV advertising does appear to be Effective in creating positive attitudes and behavior toward advertised products. Television Advertising does go a long way in changing perceptions of the product in the course of shifting the relative salience of attitudes, especially when the purchaser is not particularly involved in the Message. At the same time, a key concern underlying child advertising is the extent to which children have The ability to discuss, interpret and cope with advertising. It is generally perceived that younger children lack the guile and sophistication to adequately address the overtures of advertisers.

Janet Hoek and Kelly Laurence, in the study "Television Advertising to Children: An Analysis of Selected New Zealand Commercials" investigated three issues currently causing concern: purchase request behaviour, gender stereotyping and aggression, and compared the results to a similar study conducted in 1989. While very few of the advertisements transgressed the Advertising Standards Authority Code on Advertising to Children with respect to purchase request behaviour and aggression, evidence of gender stereotyping was more pronounced. The study concluded that industry and government regulatory bodies could play a more proactive role in promulgating the Codes of Practice, enjoining acceptance of them and enforcing their provisions.

CA Bisschoff & AFC Da Fonseca¹ in the study "South African parents' perception of television food advertising directed at children" explored South African parents' perceptions of television food advertising to children in context to the relationship between TV food advertising and obesity among children aged between 3 and 14 years. The study revealed that South African parents believe existing regulations are ineffective in protecting children against advertisers. The parents are not in favor of banning all food advertising to children, but they indicated that a reduction of food advertising to children and stronger restrictions being applied to TV food advertising during children's viewing hours.

Chan (2000) in a study of honk kong children, found that children preferred advertisements of food, drinks, toys and mobile phones. Research using an experimental paradigm has tended to support the view that the influence of Commercials targeted at children is considerable. **Galst & White (1976)** report a high degree of Influence between children's purchase influence attempts and the foods that are heavily advertised on television. They, thereafter, conclude that "further research is needed to determine if a casual relationship exists between television advertisements and children's food requests and Preferences". **Gorn & Gooldberg, 1977, Zuckerman, Ziegler & Stevenson, 1978** in a study examined children's recall of advertisements from a variety of Perspectives. When experiments measure recall of advertisements immediately following Viewing, more than half of the children studied, tend to remember advertisements for products such as toys, cereals, and ice-cream even when it is shown just once during a program.

When children are asked where they learned about toys they would like to have, they most often identify television commercials as the source.

RESEARCH METHODOLOGY

Objectives of the Study

- i. To study the general perception of Parents towards TV food advertisements targeted to children.
- ii. To observe if Parents of different age groups perceive it acceptable for food to be advertised to children, at times when children watch TV.
- iii. To study the difference in the perception of parents of different occupation towards TV food advertising influencing children's food preferences.
- iv. To explore the underlying effects of the attractive food advertisements as the most common source to have a place in children's mind.

Research Framework

Descriptive research Design has been employed for this research. A sample of 150 respondents was considered for primary data collection and the sampling units were chosen via convenience sampling.

Primary data collection was done using a standardized questionnaire adopted from the study entitled "South African parents' perception of television food advertising directed at children" by CA Bisschoff published in *Journal of Social Science, vol. 10*. The questionnaire was originally drawn from three individual studies: Morley (2007:5-14), Peak Group (2007:8-49) and Eagle et al (2002:18-21). The

reliability and validity of the questionnaire was measured using Cronbach's alpha ($=.81$).

Secondary data for the study was collected from various management journals, research papers, magazines and databases such as EBSCO, JGATE, DELNET etc. A brief review of the Research methodology is provided in Table 1 below.

Table 1: Research Methodology Framework

| | |
|-----------------------------------|---|
| Research Design | Descriptive Research |
| Universe/Population | Individuals residing in Delhi |
| Population Size | 150 |
| Sampling Technique | Convenience |
| Project Approach | Survey Method |
| Instrument Used | Standardized Questionnaire |
| Data Type | Primary and Secondary Data |
| Statistical Tools Employed | ANOVA, T-test, mean, Standard Deviation |

HYPOTHESES OF STUDY

H1: There is a significant difference in the perception regarding food advertisements targeting children among males and female Parents.

H2: There is a significant difference in the perception regarding food advertisements targeting children among different age groups Parents.

H3: There is a significant difference in the perception regarding food advertisements targeting children among different income groups Parents.

Table 2: Representing Demographic Profile of Respondents

| Demographic Variable | | Frequency of Respondents | Percentage of Respondents |
|-----------------------------|-------------|---------------------------------|----------------------------------|
| Gender | Male | 44 | 38% |
| | Female | 76 | 63% |
| Age | 25-34 Years | 25 | 20% |
| | 35-44 Years | 76 | 63% |
| | 45-54 Years | 19 | 15% |
| Occupation | Service | 72 | 60% |
| | Business | 30 | 25% |
| | Student | 18 | 15% |

DATA ANALYSIS AND INTERPRETATION

H1: There is a significant difference in the perception

regarding food advertisements targeting in children among males and females.

Table 3: Representing Independent sample T-Test Analysis between Male and Female Samples

| Gender | N | Mean | Std Deviation | Std Error of means |
|--------|----|--------|---------------|--------------------|
| Male | 33 | 148.55 | 7.996 | 1.392 |
| Female | 67 | 145.60 | 6.053 | .739 |

| | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | 95% Confidence Interval of the Difference | |
|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|-------|
| | F | Sig. | T | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | Lower | Upper |
| Equal variances assumed | 4.394 | .039 | 2.054 | 98 | .043 | 2.948 | 1.435 | .100 | 5.797 |
| Equal variances not assumed | | | 1.871 | 50.654 | .067 | 2.948 | 1.576 | -.217 | 6.113 |

The results of t statistics as provided by Table no. 1.3 provides the value of $p = 0.039$. This value is far below the value of alpha (0.05) determined at 95% confidence level. Hence the null hypothesis is rejected and alternate hypothesis is accepted. Therefore it is verified that there is a significant difference in the perception regarding food

advertisements targeting in children among males and females.

H2: There is a significant difference in the perception regarding food advertisements targeted in children among different age groups.

Table 4: Representing One Way ANOVA Test Analysis among different Age Groups

| | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Min | Max |
|-------|-----|----------|----------------|------------|----------------------------------|-------------|-------|--------|
| | | | | | Lower Bound | Upper Bound | | |
| 1 | 25 | 126.8000 | 27.53483 | 5.50697 | 115.4342 | 138.1658 | 80.00 | 155.00 |
| 2 | 76 | 144.3421 | 13.10934 | 1.50374 | 141.3465 | 147.3377 | 87.00 | 161.00 |
| 3 | 19 | 126.7368 | 27.27197 | 6.25662 | 113.5922 | 139.8815 | 75.00 | 158.00 |
| Total | 120 | 137.9000 | 21.11887 | 1.92788 | 134.0826 | 141.7174 | 75.00 | 161.00 |

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|--------|------|
| Between Groups | 8602.011 | 2 | 4301.005 | 11.315 | .000 |
| Within Groups | 44472.789 | 117 | 380.109 | | |
| Total | 53074.800 | 119 | | | |

The p value obtained is 0.000 which is less than the value of $\alpha = 0.05$. Hence there is enough evidence to reject null hypothesis. The alternate hypothesis is therefore accepted. Thus it is verified that there is a significant difference in the perception

regarding food advertisements targeted in children among different age groups.

H3: There is a significant difference in the perception regarding food advertisements targeted in children among different Profession groups.

Table 5: Representing One Way ANOVA Test Analysis among different Profession Groups

| | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Min | Max |
|-------|-----|----------|----------------|------------|----------------------------------|-------------|-------|--------|
| | | | | | Lower Bound | Upper Bound | | |
| 1.00 | 30 | 138.4667 | 16.78409 | 3.06434 | 132.1994 | 144.7339 | 87.00 | 159.00 |
| 2.00 | 72 | 141.7361 | 17.75418 | 2.09235 | 137.5641 | 145.9081 | 75.00 | 161.00 |
| 3.00 | 18 | 121.6111 | 31.32400 | 7.38314 | 106.0341 | 137.1882 | 80.00 | 154.00 |
| Total | 120 | 137.9000 | 21.11887 | 1.92788 | 134.0826 | 141.7174 | 75.00 | 161.00 |

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 5845.069 | 2 | 2922.535 | 7.240 | .001 |
| Within Groups | 47229.731 | 117 | 403.673 | | |
| Total | 53074.800 | 119 | | | |

The One way Anova results provide the p value as 0.001 which is less than the value of $\alpha=0.05$. Alternate hypothesis can thus be accepted and it can be conjectured there exists significant difference in the perception regarding food advertisements targeted in children among Parents of different profession.

FINDINGS

- i. The study reveals that there is a significant difference in the perception regarding food advertisements targeted in children among males and females. Although men and women both believe that it is a bad phenomenon to treat children as an object and make advertisements targeting them and their gullible psyches, men have rather strong believes.
- ii. There is a visibly significant difference in perception regarding food advertisements

targeted in children among different age groups. Younger parents seem to be more concerned about such rampant misuse of children as advertising target audience.

- iii. A Significant difference in perception of various occupation groups was also observed by the study. Parents belonging service class are more concerned than the self-employed professionals group. These parents are unable to meet the demands of expensive products desired by their children as they are expensive. Thus they do not favor such advertisements.
- iv. The study revealed that large majority of urban parents believe that obesity among children is on the rise majorly because of the television advertisements targeting children trying to push fast-food/junk food items. This encourages unhealthy eating habits among children.

- v. Parents also feel that the presence of children snack foods and their repetitive advertisements make it harder to get children to eat their meals since they strongly manipulate their choice of meals.
 - vi. It is strongly believed by the respondents that TV advertisements provide inaccurate or flawed information about the nutritional quality of the products being advertised. Such advertisements cleverly focus on limited nutrients of value and intentionally omit other nutritional deficiencies of these products.
 - vii. Many companies promote freebies like toys, stickers, small gifts etc with products which encourage among children impulsive buying children end up buying products they never wanted at the first place.
 - viii. In the study it was found that a majority of parents feel that regulation should exist between television advertisements that deal with children.
 - ix. A number of people also believe that use popular cartoon/fictional characters to sell products to children should be banned. They believe that children are strongly motivated to buy products when endorsed by their favorite characters.
 - x. Emphasis by parents has also been laid on the fact that schools should play a more active role in educating children on healthy eating habits.
- not have a negative impact on health of children and also a negative influence on parents buying decision.
 - v. Marketers can make use of this situation wherein they can make a direct promotion on the arrival of new food products when children comes for shopping along with parents in retail outlets.
 - vi. Apart from other food products marketers can also develop and communicate healthy food products such as fruit and vegetables specially designed for children. Marketers can also create events or other child-related marketing activities in food shops to attract children's awareness.
 - vii. Children are, on the one hand, deemed to need protection from bad examples while on the other hand, they are allowed to be exposed to the commercial intentions of companies who use the latest research to target and psychologically influence children to their own commercial gain. This influence, additionally, goes quite a lot further than just trying to persuade children that they want or need certain products.
 - viii. The survey can be repeated on the same parents within the next year. As an outcome of the parents being exposed to the survey questionnaire, their awareness to the topic will be a lot greater than before. For that reason, the parents that participated in this survey will over the next few months pay more attention to the topic of television food advertising to children and it would be interesting to see if those parents' perceptions have changed as a result of the heightened awareness.

RECOMMENDATIONS

- i. The results obtained from this study are a representation of the perceptions of the parents of Delhi thus it is recommended that this survey must be conducted in other geographical areas so that accurate results can be achieved.
- ii. Children who are exposed to a lot of advertising must be educated about a particular lifestyle. They must be educated about living in a consumer society. They must learn certain attitudes - the importance of money, what products are needed, how they are to be used and how products are supposed to make them feel.
- iii. Future research into how the internet is being used by food advertisers to target children would be of interest.
- iv. The food advertised to children should be products of high nutritional level and should

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A Study of Risk management with the help of Derivatives Market (Futures & Options) in Indian Context

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ABSTRACT

Derivatives market is an innovation to Cash Market in India. Derivatives products are useful when there is demand and supply effects to the price fluctuation. Derivatives avoid risk from price fluctuation, so Derivatives are meant for hedging the risk. According to experts, Derivatives daily turnover reaches to the equal stage of cash market. In Derivatives option holder has right to buy or sell a share of underlying assets. Through the use of derivative products, it is possible to partially or fully transfer price risks by locking-in asset prices. . However, by locking-in asset prices, derivative product minimizes the impact of fluctuations in asset prices on the profitability and cash flow situation of risk-averse investors. Bull buys the call option in order to take advantage of rise in price. And Bear buys the put option to obtain advantage of fall in the price. In Cash Market we have to pay full amount of money, but in derivatives market the investor need to pay just margin money or premium. In Derivatives arbitrage will do risk less profit.

Keywords: *Derivatives, Bonds, Commodities, Futures and Options, Market.*

INTRODUCTION

Derivatives are financial products whose value is derived from the value of securities, commodities, bonds, currency, index or any other asset. In derivatives we have four products i.e., forwards, futures, options and swaps. Derivatives increase creditworthiness and competitive of business firms and liquidity of the cash market. In derivative market one can start with Buy open or sell open positions. Derivative product minimizes the impact of fluctuations in asset prices on the profitability and cash flow situation of risk-averse investors by locking in asset prices. A derivative helps in transfer of risk and prices in derivative market reflects the

perception about the future. Derivatives are risk management instrument which are useful to hedge the risk.

NEED OF THE STUDY

Derivative markets plays a very important role in the Indian Economy. Derivative product minimizes the impact of fluctuations in asset prices on the profitability and cash flow situation of risk-averse investors by locking in asset prices. As the volume of investment and trading activities is increasing in derivatives market, this study will be useful to the speculators, arbitrage, hedger, and many other investors.

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Objectives of the study

- To find out the profit/loss from both long position and short position in the market.
- To analyse the derivative market in India and its operations (futures and options)
- To study about risk management with the help of derivatives.
- To evaluate the return (profit/loss position) of the option holder (Buyer of the asset) and option writer (seller of the asset)

Scope of the study

The study is totally related to futures and options in the Indian context and the study has made an attempt to evaluate derivatives market only in Indian context. For the study Indian stock exchange has been taken as a representative sample.

RESEARCH METHODOLOGY

The required data for the study are collected mainly from the secondary sources. The secondary sources information is collected through internet, annual reports, Financial news paper, Economics times, and various books.

Various portals

- www.moneycontrol.com
- www.nseindia.com
- www.investopedia.com

CONCEPTUAL FRAMEWORK**Derivatives**

Derivatives are financial products whose value is derived from the value of securities, commodities, bonds, currency, index or any other asset. In derivatives we have four products i.e., forwards, futures, options and swaps. Derivatives increase creditworthiness and competitiveness of business firms and liquidity of the cash market. In derivative market one can start with Buy open or sell open positions. Derivative product minimizes the impact of fluctuations in asset prices on the profitability and cash flow situation of risk-averse investors by locking in asset prices. A derivative helps in transfer of risk and prices in derivative market reflect the perception about the future. Derivatives are risk management instruments which are useful to hedge the risk.

FUTURES AND OPTIONS

Future contracts are traded on the stock exchange and these are standardised contracts, so there are no counterparty risks. Futures contracts were designed to solve the problems that exist in forward contracts. A future contract is an agreement to buy or sell an asset at a certain time in the future for a certain price. In future contract, for each transaction, margin money will be collected by the brokers to avoid the future risk which is incurred due to the default of trader. Future contracts have both daily settlement (marking to market) and final settlement. As futures contracts are traded on the stock exchange, there is high liquidity in the futures market.

FUTURES TERMINOLOGY

- **Spot price:** Spot price is the price at which an asset is traded in the cash market
- **Future price:** It's a price prevailing in the future market
- **Contract cycle:** Contract cycle is a period over which contract trades, for example three month cycle, near month, next month, month after next month, one month contract, two month contract etc.
- **Expiry Date:** Last Thursday (working) of each contract.
- **Margin money:** Before the contract the margin money was collected by the clearing house to avoid future risk. Margin money is usually 5 to 20% of total value of traded amount.
- **Open Interest:** Number of contracts which are open. Those who take one step in the stock market they have open interest.
- **Contract size:** The number of asset that has to be delivered in one contract.
- **Basis:** Basis is the difference between cash price and Future price. Basically basis is deficiency because usually cash price is less than futures price.
- **Marking to market:** Losses and gain of each transaction will be calculated on daily basis. If there is any loss the trader should be paid such losses to the clearing house. If there is gain on the transaction it will be credited in his Demat account.

Options are a legal contract traded in the stock exchange. Options contract is a contract which gives holders the right to buy or sell underlying assets at a

fixed price within a specified period of time. Option holder should pay the premium to the option writer. In options we have in the money options, at the money options and out of the money options. European options are most popular than American options in the options contract. Options premium includes intrinsic value and time value. Option holders have a right to buy or sell of an assets and he does not have huge amount of risk. Though options writer has a more risk he is collecting the premium from the options holder. If the underlying asset is the financial asset, then the option is financial option like stock options, currency options, index options etc. Options are important because one can buy the options at lower premium and sell it at a higher premium. We can use call options and put options for hedging purpose.

Options Terminology

- **Call option:** Option holder has a right to buy the assets and seller has obligation to sell the assets. Option holder should pay premium to the option writer.
- **Put option:** Option holder has a right to sell an assets and option writer has a obligation to buy of an assets. Option holder should pay the premium to the option writer.
- **American Option:** In American option buyer can approach the seller before the expiry date to close the contract. American options are not popular in India.
- **European option:** European options are very popular in all over the world. European options are expires only on the maturity date.
- **Option premium:** Buyer has to pay the premium immediately after enter into contract.

Option holders receive such premium from the option holder.

- **Strike price:** Strike price or exercise price is a price at which option holder has a right to buy. Stock exchange decides the strike price. Option holder and option writer can decide premium only.
- **Expiry date:** The date specified in the options contract is known as expiry date. In options we have one month contract, two month contract and three month contract.
- **Exercise date:** For European options both exercise date and expiry date are the same.
- **Option holder:** The option holder is one who holding the rights. So buyer is an option holder. To get a right he needs to pay the premium to the option writer.
- **Option writer:** Option writer is a one who sells the right in order to receive a premium from the option holder.
- **In the money option:** If any option is exercisable right now we called it as in the money option. In the money option is an option it would lead to positive cash flow to the holder if it exercised immediately
- **At the money option:** Here we have neither profit nor loss if it exercised immediately.
- **Out of the option:** It would leads to negative cash to the holder if it exercised immediately
- **Assignment:** In American we have a term called assignment. If a buyer wants to exercise contract before its expiry date American options randomly pick the seller by using computer. That seller has obligation to exercise the contract

Attitude of buyer and seller

| Options | Option position | Sentiment | Profitability |
|------------|---------------------|-----------|-------------------------------------|
| Long call | Buy a call option | Bullish | Unlimited profit and limited loss |
| Long put | Buy a put option | Bearish | Unlimited profit and limited loss |
| Short call | Write a call option | Bearish | Limited profit and unlimited profit |
| Short put | Write a put option | Bullish | Limited profit and unlimited loss |

Premium of the options

Premium is made up of two components namely intrinsic value and time value. Intrinsic value is applicable only for in the money options. If the stock price is 380 and exercise price is 350 (call option) then the intrinsic value is 30. Time value is the difference between premium of the option and the intrinsic value. Time value is applicable both for in the money

option and out of the money options.

So, Premium = Intrinsic value plus time value.

DATA ANALYSIS AND INTERPRETATION

The objective of this analysis is to evaluate the profit/loss position of futures and options

Table 1: Showing November end month contract future price of Yes Bank

| Date | Market Price | Future price |
|------------------|--------------|--------------|
| 3 November 2014 | 302.75 | 304.65 |
| 4 November 2014 | 320.45 | 321.9 |
| 5 November 2014 | 331.45 | 332.6 |
| 6 November 2014 | 345.8 | 346.6 |
| 7 November 2014 | 375.9 | 376.1 |
| 10 November 2014 | 381.9 | 382.45 |
| 11 November 2014 | 371.25 | 373.45 |
| 12 November 2014 | 364.75 | 367.1 |
| 13 November 2014 | 361.35 | 362.7 |
| 14 November 2014 | 355.85 | 358.1 |
| 18 November 2014 | 363.7 | 365.4 |
| 19 November 2014 | 365.4 | 367.55 |
| 20 November 2014 | 362.05 | 362.7 |
| 21 November 2014 | 360.35 | 361.85 |
| 22 November 2014 | 362 | 362.9 |
| 24 November 2014 | 379.2 | 379.9 |
| 25 November 2014 | 379.55 | 379.6 |
| 26 November 2014 | 401.75 | 401.8 |
| 27 November 2014 | 394.05 | 394.05 |

Observation and Findings: If one person buys 1 lot i.e.1000 futures of yes bank on 3rd November 2014 for Rs304.65 per share and sells on 26th November 2014 then he will get a profit of 97.15 per share. So his total profit will be rupees 97150 rupees. The closing price of Yes Bank at the end of the contract period is

395.05 Rupees and this is considered to be settlement price.

Call Option of Yes Bank: Following table has different Strike prices with different premium rates. And first and second column explains trading date and spot market price respectively

Table 2: Showing Different Strike price premium in November last month Call option Contract of Yes bank

| Date | Market Price | 300 | 320 | 340 | 360 | 380 | 400 |
|------------------|--------------|-------|-------|-------|-------|-------|-------|
| 3 November 2014 | 302.75 | 14.2 | 6.5 | 2.5 | 1.15 | 0.4 | 0.35 |
| 4 November 2014 | 320.45 | 25.5 | 12.75 | 5.35 | 1.9 | 0.70 | 0.35 |
| 5 November 2014 | 331.45 | 35.15 | 18.75 | 8.5 | 3.25 | 1.1 | 0.50 |
| 6 November 2014 | 345.8 | 47.5 | 29.8 | 15.45 | 6.6 | 2.5 | 1 |
| 7 November 2014 | 375.9 | 77.5 | 57.9 | 39.65 | 24.2 | 13.4 | 6.95 |
| 10 November 2014 | 381.9 | 84.6 | 65.35 | 45.7 | 29.95 | 18.05 | 10.35 |
| 11 November 2014 | 371.25 | 71.75 | 54.1 | 37 | 22.6 | 12.95 | 7 |
| 12 November 2014 | 364.75 | 67.25 | 48.4 | 31.05 | 17.85 | 9.35 | 4.8 |
| 13 November 2014 | 361.35 | 66.7 | 48 | 25.9 | 12.95 | 6.45 | 3.35 |
| 14 November 2014 | 355.85 | 59 | 39.6 | 22.4 | 10.25 | 4.6 | 2.1 |
| 18 November 2014 | 363.7 | 62.55 | 42.5 | 27.55 | 13 | 5.4 | 2.1 |
| 19 November 2014 | 365.4 | 66.1 | 49.1 | 30.35 | 14.15 | 5.75 | 2.25 |
| 20 November 2014 | 362.05 | 66 | 43.5 | 24.6 | 9.75 | 3 | 1 |
| 21 November 2014 | 360.35 | 66 | 44.45 | 22.6 | 7.8 | 1.85 | 0.45 |
| 22 November 2014 | 362 | 66 | 44.45 | 22.9 | 7.9 | 1.6 | 0.45 |
| 24 November 2014 | 379.2 | 79.15 | 59.5 | 40.05 | 21.5 | 7.45 | 1.5 |
| 25 November 2014 | 379.55 | 79.5 | 59.6 | 37.55 | 19.95 | 5.9 | 0.95 |
| 26 November 2014 | 401.75 | 96.05 | 81.8 | 61.65 | 42.5 | 21.65 | 5.3 |
| 27 November 2014 | 394.05 | 95.05 | 75.1 | 53.8 | 35.6 | 14.55 | 0.15 |

Observation and Findings: Option Holder of Yes bank

- If a person buys call option on 3rd November 2014 at a strike price of 300, the premium payable is 14.2. This is in the money option; hence premium includes both intrinsic value and time value. Intrinsic value is 2.75 rupees and time value is 11.45 rupees.
- On expiry date the spot market price is 394.05. As it is in the money for the buyer and out of the

money for the seller. Hence buyer is in huge profit (those who bought on 3rd November)

- Maximum loss of the buyer is (300 strike price on 3rd November 2014) 14.2 Writer of yes bank
- Seller's maximum profit will be the premium
- In this example seller incurred a loss of rupees 79.85 per share.

Put European Option of Yes Bank

Table 3: Showing Different Strike price premium in November last month Put Option Contract of Yes Bank

| Date | Market Price | 300 | 320 | 340 | 360 | 380 | 400 |
|-----------------|--------------|------|------|-------|------|-------|-------|
| 3 November 2014 | 302.75 | 9.9 | 21.6 | 31 | 56 | 37.85 | 91 |
| 4 November 2014 | 320.45 | 3.87 | 10.9 | 23.2 | 42.5 | 58.35 | 77.55 |
| 5 November 2014 | 331.45 | 2.15 | 6.4 | 15.95 | 30.1 | 37.85 | 67 |
| 6 November 2014 | 345.8 | 1.25 | 3.4 | 9 | 19.6 | 48.2 | 54.2 |
| 7 November 2014 | 375.9 | 1 | 1.95 | 3.9 | 8.55 | 17.45 | 29.5 |

| | | | | | | | |
|------------------|--------|------|------|------|-------|-------|-------|
| 10 November 2014 | 381.9 | 1 | 1.9 | 3.85 | 7.85 | 15.55 | 28.5 |
| 11 November 2014 | 371.25 | 0.95 | 1.95 | 4.15 | 9.55 | 19.45 | 32.55 |
| 12 November 2014 | 364.75 | 0.9 | 2 | 4.6 | 10.9 | 22.15 | 34.8 |
| 13 November 2014 | 361.35 | 0.9 | 2.05 | 4.65 | 11.55 | 24.45 | 36.5 |
| 14 November 2014 | 355.85 | 0.65 | 1.6 | 4.45 | 12.1 | 26.25 | 47.3 |
| 18 November 2014 | 363.7 | 0.35 | 1.05 | 2.45 | 7.8 | 19.4 | 38.75 |
| 19 November 2014 | 365.4 | 0.3 | 0.8 | 2.15 | 7 | 18.8 | 38.75 |
| 20 November 2014 | 362.05 | 0.35 | 0.7 | 1.8 | 7.2 | 20.6 | 38.55 |
| 21 November 2014 | 360.35 | 0.2 | 0.35 | 0.95 | 6.15 | 20.65 | 40.1 |
| 22 November 2014 | 362 | 0.1 | 0.3 | 0.7 | 5.2 | 18.45 | 40.1 |
| 24 November 2014 | 379.2 | 0.15 | 0.15 | 0.5 | 1.5 | 7.15 | 21 |
| 25 November 2014 | 379.55 | 0.1 | 0.1 | 0.25 | 0.85 | 6 | 22 |
| 26 November 2014 | 401.75 | 0.05 | 0.05 | 0.1 | 0.2 | 0.4 | 3.7 |
| 27 November 2014 | 394.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 4.95 |

Observation and Findings

- **Buyer of the Put option:** If a person buys put option (1 lot i.e. 1000 shares) on 3rd November 2014 at a strike price of 400 rupees, the premium payable is 91 rupees per share. If person holds this put option till expiry date he will incur loss of Rupees 85.05 per share. His total loss will be

85050 Rupees.

- **Seller of the put option:** In above case, Seller of the put option will get a maximum profit of Rupees 85.05 per share. His total profit will be 85050 Rupees

State Bank of India

Table 4: Showing November end month contract future price of SBI

| Date | Market Price | Future Price |
|------------------|--------------|--------------|
| 3 November 2014 | 1518.35 | 1509.4 |
| 4 November 2014 | 1550.35 | 1545 |
| 5 November 2014 | 1576.6 | 1569.1 |
| 6 November 2014 | 1577.4 | 1569.8 |
| 7 November 2014 | 1649.65 | 1642.7 |
| 10 November 2014 | 1692.15 | 1683 |
| 11 November 2014 | 1674.8 | 1680.75 |
| 12 November 2014 | 1645.1 | 1655.25 |
| 13 November 2014 | 1652.1 | 1655.6 |
| 14 November 2014 | 1654.15 | 1663.8 |
| 18 November 2014 | 1701.3 | 1706.55 |
| 19 November 2014 | 1708.85 | 1711.45 |
| 20 November 2014 | 1677.95 | 1679.8 |
| 21 November 2014 | 1702.15 | 1702.55 |
| 22 November 2014 | 1702 | 1703.5 |

| | | |
|------------------|--------|---------|
| 24 November 2014 | 1725.6 | 1731.9 |
| 25 November 2014 | 1743.4 | 1745.6 |
| 26 November 2014 | 1767.5 | 1768.15 |
| 27 November 2014 | 1837 | 1837 |

Observation and Findings

- If a person sells one lot i.e.200 futures of State Bank of India on 18th November 2014 and Buys on 22nd November for Rupees 1702 per share in cash market then he will get a profit of Rupees 4.55 per share. His total profit will be 910 Rupees. If he buys on 20th November then he

gets a profit of Rupees 22.80 per share. His total profit will be Rupees 4560.

- If a person Buys one lot future on SBI on 3rd November 2014 and sells on 27th November 2014 then he will gets a profit of Rupees 328 per share. His total profit is Rupees 65600.

Call option of SBI

Table 5: Showing Different Strike price premium in November last month Call option Contract of SBI

| Date | Mkt. Price | 1550 | 1600 | 1650 | 1700 | 1750 | 1800 |
|------------------|------------|--------|--------|-------|--------|-------|-------|
| 3 November 2014 | 1518.35 | 28.65 | 15.1 | 7.6 | 3.9 | 2 | 1.2 |
| 4 November 2014 | 1550.35 | 39.4 | 20.95 | 9.95 | 4.85 | 2.25 | 1.35 |
| 5 November 2014 | 1576.6 | 48.4 | 25.75 | 12.35 | 5.55 | 2.55 | 1.35 |
| 6 November 2014 | 1577.4 | 47.55 | 24.8 | 11.65 | 5.2 | 2.35 | 1.25 |
| 7 November 2014 | 1649.65 | 103.05 | 67.75 | 41.25 | 24 | 13.05 | 7.15 |
| 10 November 2014 | 1692.15 | 137.7 | 98.65 | 65.1 | 41.2 | 24.6 | 14.35 |
| 11 November 2014 | 1674.8 | 136.85 | 95 | 63.6 | 38.7 | 23.2 | 13.2 |
| 12 November 2014 | 1645.1 | 114.1` | 76.35 | 46.9 | 27.5 | 15.6 | 8.45 |
| 13 November 2014 | 1652.1 | 112 | 74.4 | 43.7 | 24.9 | 13.3 | 6.9 |
| 14 November 2014 | 1654.15 | 117.4 | 77.65 | 45.35 | 24.75 | 12.35 | 5.65 |
| 18 November 2014 | 1701.3 | 115.35 | 111.15 | 70.65 | 40.85 | 22.3 | 10.55 |
| 19 November 2014 | 1708.85 | 161.45 | 114.85 | 73.85 | 41.25 | 21.45 | 9.45 |
| 20 November 2014 | 1677.95 | 130 | 84.1 | 45.1 | 20.7 | 8.6 | 3.25 |
| 21 November 2014 | 1702.15 | 155 | 103.4 | 57.9 | 25.75 | 9.8 | 3.3 |
| 22 November 2014 | 1703.5 | 151 | 102.8 | 56.8 | 23.65 | 7.8 | 2.85 |
| 24 November 2014 | 1725.6 | 181.85 | 131.95 | 82 | 40.4 | 14.45 | 3.9 |
| 25 November 2014 | 1743.4 | 193.65 | 145.15 | 94.7 | 49.4 | 16.9 | 3.45 |
| 26 November 2014 | 1767.5 | 221 | 169.05 | 116.8 | 66.95 | 24.55 | 5 |
| 27 November 2014 | 1837 | 287.15 | 238.3 | 189.4 | 134.05 | 84.3 | 36.6 |

Observation and Findings

Buyer of the call option:

- Settlement Price is 1837
- If strike price is 1600 (3rd November 2014) option holder has to pay the premium of Rupees 15.1 per share as on 3rd November 2014

- In above case buyer of the call option gets a profit of Rupees 221.9 per share (237-15.1) so his total profit will be Rupees 44380.
- This is in the money option, because on 3rd November the market price was Rupees 1518.3.

Writer of the call option:

- Seller gets only premium if he is in profit.
- If his buyer has a right to buy at 1800 (On 25th he is entered into the contract) He gets a premium

of Rupees 3.45 per share.

- His maximum loss is unlimited

Put European Option of SBI

Table 6: Showing Different Strike price premium in November last month Put Option Contract of SBI bank

| Date | Mkt. Price | 1550 | 1600 | 1650 | 1700 | 1750 | 1800 |
|------------------|------------|-------|--------|--------|--------|--------|--------|
| 3 November 2014 | 1518.35 | 68.75 | 103.35 | 143 | 195 | 200 | 288 |
| 4 November 2014 | 1550.35 | 43.15 | 74.55 | 111.45 | 164.55 | 201.1 | 271 |
| 5 November 2014 | 1576.6 | 28.3 | 54.594 | 94 | 132 | 184 | 225 |
| 6 November 2014 | 1577.4 | 28.2 | 54.1 | 89.7 | 135.9 | 180.45 | 230 |
| 7 November 2014 | 1649.65 | 12.25 | 25.6 | 48.25 | 80.6 | 119.05 | 161 |
| 10 November 2014 | 1692.15 | 7.7 | 16.55 | 32.45 | 57.55 | 90 | 128.35 |
| 11 November 2014 | 1674.8 | 7.2 | 16.3 | 32.05 | 57.25 | 92.35 | 131.5 |
| 12 November 2014 | 1645.1 | 9.5 | 21.15 | 41.45 | 70.85 | 107 | 154.15 |
| 13 November 2014 | 1652.1 | 8.25 | 19.6 | 38.9 | 68.8 | 107.95 | 129 |
| 14 November 2014 | 1654.15 | 5.4 | 14.4 | 31.7 | 58.8 | 97.5 | 139.95 |
| 18 November 2014 | 1701.3 | 2.15 | 6 | 14.95 | 33.85 | 64.75 | 101.85 |
| 19 November 2014 | 1708.85 | 1.25 | 4.15 | 12.35 | 29.5 | 59.3 | 99.5 |
| 20 November 2014 | 1677.95 | 1.5 | 5.25 | 16.05 | 40.15 | 76.85 | 120.7 |
| 21 November 2014 | 1702.15 | 0.4 | 2.1 | 6.7 | 23.1 | 55.7 | 89.3 |
| 22 November 2014 | 1703.5 | 0.4 | 2.05 | 5.65 | 20.8 | 54 | 89.3 |
| 24 November 2014 | 1725.6 | 0.1 | 0.9 | 2.25 | 9.1 | 31.95 | 69.1 |
| 25 November 2014 | 1743.4 | 0.1 | 0.6 | 1.05 | 4.25 | 20.65 | 58 |
| 26 November 2014 | 1767.5 | 0.15 | 0.25 | 0.45 | 1.05 | 5.85 | 33.8 |
| 27 November 2014 | 1837 | 0.05 | 0.05 | 0.05 | 0.1 | 0.25 | 0.75 |

Observation and Findings

- Buyers pay off: If a person buys one lot of SBI i.e.200 shares, for Rupees 1700 (strike Price) should pay Rs 288 as a premium. This contract is expire on 27th November 2014 and settlement price is Rs 1837. If he holds till expiry date he will incur a loss of Rs 288 per share. So option holder's maximum loss will be the premium.

- Writer of the put option: In above example writer of the option gets a profit because of strike price is less than the market price so option holder should not exercise the contract.

Tata Steel

Table 7: Showing November end month contract future price of Tata Steel

| Date | Market Price | Future Price |
|------------------|--------------|--------------|
| 3 November 2014 | 345.3 | 346.9 |
| 4 November 2014 | 351.75 | 354.45 |
| 5 November 2014 | 355.95 | 357.55 |
| 6 November 2014 | 364.2 | 366.6 |
| 7 November 2014 | 371.1 | 372.2 |
| 10 November 2014 | 364.15 | 365.15 |
| 11 November 2014 | 343.75 | 344.75 |
| 12 November 2014 | 339.6 | 341.8 |
| 13 November 2014 | 336.85 | 337.6 |
| 14 November 2014 | 341.7 | 343.7 |
| 18 November 2014 | 340.7 | 341.45 |
| 19 November 2014 | 356.6 | 358.3 |
| 20 November 2014 | 349.95 | 350.7 |
| 21 November 2014 | 362.85 | 363.7 |
| 22 November 2014 | 362.3 | 362.8 |
| 24 November 2014 | 363.1 | 363.6 |
| 25 November 2014 | 367.1 | 368.2 |
| 26 November 2014 | 374.8 | 375.25 |
| 27 November 2014 | 375.4 | 375.4 |

Observation and Findings

- If a person buys one lot i.e.1000 futures of Tata Steel on 10th November 2014 for Rs 365.15 in future market and sells on 27th November for Rupees 374.8 per share in cash market then he will get profit of Rupees 9.65 per share. His total profit will be Rs.9650.
- If a person sells one lot future on SBI on 3rd November 2014 and sells on 27th November 2014 then he will gets a loss of Rupees 28.5 per share. His total profit is Rupees 28500.

Call European Option of Tata Steel

Table 8: Showing Different Strike price premium in November last month Call Option Contract of Tata Steel

| Date | Market Price | 330 | 340 | 350 | 360 | 370 | 380 |
|------------------|--------------|-------|-------|-------|-------|-------|------|
| 3 November 2014 | 345.3 | 23.5 | 16.65 | 11.65 | 7.75 | 4.95 | 3.15 |
| 4 November 2014 | 351.75 | 27.85 | 20.6 | 14.4 | 9.65 | 6.1 | 3.75 |
| 5 November 2014 | 355.95 | 32.25 | 22.6 | 15.4 | 10.2 | 6.35 | 3.75 |
| 6 November 2014 | 364.2 | 37.8 | 29.25 | 21.6 | 14.9 | 9.8 | 6.05 |
| 7 November 2014 | 371.1 | 42.6 | 34.6 | 25.16 | 18.6 | 12.9 | 8.6 |
| 10 November 2014 | 364.15 | 37.85 | 30.3 | 21.2 | 14.95 | 10.45 | 7.1 |
| 11 November 2014 | 343.75 | 21.9 | 15.3 | 10.7 | 7 | 4.55 | 3 |
| 12 November 2014 | 339.6 | 19.05 | 13.5 | 9.05 | 5.8 | 3.7 | 2.4 |

| | | | | | | | |
|------------------|--------|-------|-------|-------|-------|------|------|
| 13 November 2014 | 336.85 | 15.1 | 10 | 6.5 | 4 | 2.35 | 1.45 |
| 14 November 2014 | 341.7 | 18.85 | 12.4 | 7.9 | 4.8 | 2.9 | 1.75 |
| 18 November 2014 | 340.7 | 15.1 | 10 | 5.95 | 3.4 | 1.9 | 1 |
| 19 November 2014 | 356.6 | 29 | 20.7 | 13.5 | 8.2 | 4.5 | 2.4 |
| 20 November 2014 | 349.95 | 22 | 14.1 | 8 | 4.3 | 2.1 | 1 |
| 21 November 2014 | 362.85 | 34.2 | 23.65 | 15.5 | 8.6 | 4.4 | 1.85 |
| 22 November 2014 | 362.3 | 33.15 | 23.25 | 14.6 | 7.8 | 3.55 | 1.35 |
| 24 November 2014 | 363.1 | 35.05 | 24.3 | 15.55 | 8.35 | 3.65 | 1.35 |
| 25 November 2014 | 367.1 | 36.8 | 28 | 18.6 | 9.85 | 4.05 | 1.35 |
| 26 November 2014 | 374.8 | 43.9 | 35.7 | 25.25 | 14.85 | 6.35 | 1.55 |
| 27 November 2014 | 375.4 | 43.9 | 34.95 | 25.5 | 15.2 | 5.5 | 0.2 |

Observation and Findings

- Settlement price of Tata Steel is Rs. 375.4 per share
- If a buyer wants to purchase Tata Steel share at Rs.340 he should buy call option by paying Rs. 16.65 as premium
- If he hold contract till expiry date then he (option holder) gets a profit of Rs.18.75 per share. His total profit will be Rs 18750
- Option holders maximum loss will be the premium

- If writer of the option enters into contract with strike price Rs 380 on 3rd November 2014 then on expiry date he gets a profit of Rs. 3.15 per share. His total profit will be Rs. 3150.
- So option seller's maximum profit is the premium which is paid by the buyer or holder of the option.

Put European Option of Tata Steel

Table 9: Showing Different Strike price premium in November last month Put Option Contract of Tata Steel

| Date | Mkt. Price | 330 | 340 | 350 | 360 | 370 | 380 |
|------------------|------------|------|-------|-------|-------|-------|-------|
| 3 November 2014 | 345.3 | 6.45 | 9.9 | 14.6 | 20.25 | 29.3 | 37.45 |
| 4 November 2014 | 351.75 | 3.8 | 6.35 | 10.05 | 15 | 21.35 | 29 |
| 5 November 2014 | 355.95 | 2.75 | 4.8 | 7.9 | 12.55 | 18.5 | 24.8 |
| 6 November 2014 | 364.2 | 1.75 | 3 | 5.3 | 8.6 | 13.75 | 19.3 |
| 7 November 2014 | 371.1 | 1.35 | 2.45 | 4.25 | 6.85 | 10.8 | 15.7 |
| 10 November 2014 | 364.15 | 1.85 | 3.3 | 6.25 | 9.9 | 14.85 | 22.15 |
| 11 November 2014 | 343.75 | 7 | 10.9 | 16 | 22.2 | 29.2 | 38.25 |
| 12 November 2014 | 339.6 | 7.55 | 11.75 | 17.15 | 23.75 | 31.7 | 40.05 |
| 13 November 2014 | 336.85 | 8 | 13 | 19.05 | 26.8 | 35.25 | 40 |
| 14 November 2014 | 341.7 | 5.15 | 8.75 | 13.9 | 20.7 | 28.5 | 37.9 |
| 18 November 2014 | 340.7 | 4.8 | 8.45 | 14.5 | 22.1 | 29.65 | 39.35 |
| 19 November 2014 | 356.6 | 1.35 | 2.75 | 5.35 | 9.85 | 16.1 | 21.6 |
| 20 November 2014 | 349.95 | 1.55 | 3.55 | 7.4 | 13.4 | 21.2 | 29.55 |
| 21 November 2014 | 362.85 | 0.4 | 0.9 | 2.25 | 5.15 | 10.45 | 18 |
| 22 November 2014 | 362.3 | 0.4 | 0.85 | 2.2 | 5.1 | 11.1 | 18 |
| 24 November 2014 | 363.1 | 0.55 | 1.1 | 2.35 | 4.95 | 10 | 16.5 |

| | | | | | | | |
|------------------|-------|------|------|------|------|------|------|
| 25 November 2014 | 367.1 | 0.2 | 0.35 | 0.7 | 1.9 | 5.65 | 12.6 |
| 26 November 2014 | 374.8 | 0.05 | 0.1 | 0.15 | 0.2 | 1.25 | 6 |
| 27 November 2014 | 375.4 | 0.05 | 0.05 | 0.05 | 0.05 | 0.1 | 3.9 |

Observation and Findings

- As brought one lot of Tata Steel, those who buy put option for Rs 380 paid 37.45 as a premium for share. Settlement price is 375.4 per share. He will lose Rs 32.45 per share. His total loss will be 32850.
- In above case writer of the option gets profit of Rs 32.45 per share

- Put option holder did not receive much profit in November last month contract because of price rises of share in the cash market.
- Tata steel having low volatility in market price than other companies

Reliance

Table 10: Showing November end month contract future price of Reliance

| Date | Market Price | Future Price |
|------------------|--------------|--------------|
| 3 November 2014 | 803.4 | 806.7 |
| 4 November 2014 | 812.95 | 818.6 |
| 5 November 2014 | 807 | 812.2 |
| 6 November 2014 | 822.45 | 827.5 |
| 7 November 2014 | 869.4 | 869.85 |
| 10 November 2014 | 885.45 | 890.95 |
| 11 November 2014 | 874.75 | 880.15 |
| 12 November 2014 | 871.35 | 876.45 |
| 13 November 2014 | 879.55 | 882.9 |
| 14 November 2014 | 886.15 | 891.3 |
| 18 November 2014 | 896.45 | 899.05 |
| 19 November 2014 | 903 | 905.5 |
| 20 November 2014 | 906 | 907.4 |
| 21 November 2014 | 885.8 | 888.6 |
| 22 November 2014 | 888.15 | 889.6 |
| 24 November 2014 | 905.4 | 906.95 |
| 25 November 2014 | 879.3 | 881.3 |
| 26 November 2014 | 891.2 | 893.75 |
| 27 November 2014 | 900.75 | 901 |

Observation and Findings

- If a person sells one lot i.e.400 futures of Reliance on 20th November 2014 for Rs 907.4 and Buys on 25nd November for Rupees 879.3 per share in cash market then he will get a profit of Rupees 28.1 per share. His total profit will be 11240 Rupees. If he buys on 26th November then he gets a profit of Rupees 16.2 per share.

- If a person Buys one lot future of Reliance on 3rd November 2014 and sells on 27th November 2014 then he will gets a profit of Rupees 94.05 per share. His total profit is Rupees -37620.

Call European Option of Reliance

Table 11: Showing Different Strike price premium in November last month Call Option Contract of Reliance

| Date | Mkt. Price | 800 | 820 | 840 | 860 | 880 | 900 |
|------------------|------------|--------|-------|-------|-------|-------|--------|
| 3 November 2014 | 803.4 | 20.75 | 11.65 | 5.85 | 2.9 | 1.5 | 0.85 |
| 4 November 2014 | 812.95 | 27.85 | 15.8 | 8.25 | 4.1 | 2.15 | 1.1 |
| 5 November 2014 | 807 | 22.65 | 12.65 | 6.55 | 3.05 | 1.55 | 0.8 |
| 6 November 2014 | 822.45 | 32.55 | 19.05 | 10.15 | 4.85 | 2.45 | 1.35 |
| 7 November 2014 | 869.4 | 68.6 | 52.1 | 36.45 | 22.9 | 13.4 | 7.45 |
| 10 November 2014 | 885.45 | 89.65 | 70.5 | 56.3 | 38.75 | 26 | 16.75 |
| 11 November 2014 | 874.75 | 82.55 | 60.1 | 44.5 | 30.05 | 19.35 | 12.35 |
| 12 November 2014 | 871.35 | 74.25 | 57.5 | 40.4 | 26.4 | 16.75 | 10.05 |
| 13 November 2014 | 879.55 | 81.6 | 65.85 | 44.65 | 30.6 | 19.1 | 11.454 |
| 14 November 2014 | 886.15 | 89.45 | 69.3 | 53.25 | 35.85 | 24 | 15.05 |
| 18 November 2014 | 896.45 | 98.25 | 78.25 | 58.65 | 41.75 | 26.1 | 15.05 |
| 19 November 2014 | 903 | 103.65 | 84.35 | 65.1 | 47.3 | 30.3 | 17.35 |
| 20 November 2014 | 906 | 108.1 | 86.75 | 67.35 | 47.2 | 30.55 | 17.05 |
| 21 November 2014 | 885.8 | 90.5 | 68.4 | 47.9 | 29.8 | 16 | 7.2 |
| 22 November 2014 | 888.15 | 87 | 68.4 | 50.05 | 31.55 | 16.75 | 7.5 |
| 24 November 2014 | 905.4 | 109.7 | 84.5 | 66.4 | 45.25 | 29.3 | 14.25 |
| 25 November 2014 | 879.3 | 79.5 | 60 | 40.2 | 22.85 | 9.4 | 3.35 |
| 26 November 2014 | 891.2 | 93.95 | 71.95 | 52.8 | 31.1 | 15.3 | 4.25 |
| 27 November 2014 | 900.75 | 98.95 | 80.6 | 59.35 | 39.95 | 20.5 | 1.2 |

Observation and Findings

- If a buyer wants to hold Reliance share with strike price of Rs 800 per share, he should pay premium of Rs 20.75 per share
- If a person holds contract till the date of expiry, he will gets profit of Rs. 80 per share (i.e.100.75-20.75)
- Writer of the option will lose 80 per share if his buyer has a right to buy at Rs. 800 per share.

(Strike price 800 and Premium 20.75 on 3rd November 2014)

- November end month contract is more beneficial to the call option buyer and writer of the put option.

Put European Option of Reliance

Table 12: Showing Different Strike price premium in November last month Put Option Contract of Reliance

| Date | Mkt. Price | 800 | 820 | 840 | 860 | 880 | 900 |
|------------------|------------|------|-------|------|-------|-------|-------|
| 3 November 2014 | 803.4 | 14.1 | 24.35 | 38 | 57.45 | 74.5 | 88.9 |
| 4 November 2014 | 812.95 | 8.55 | 16.55 | 30 | 43.4 | 61.45 | 81.05 |
| 5 November 2014 | 807 | 10.5 | 19.9 | 31.9 | 43.4 | 61.45 | 81.05 |
| 6 November 2014 | 822.45 | 5.2 | 11.55 | 22.2 | 34.7 | 56 | 75 |
| 7 November 2014 | 869.4 | 1.3 | 2.9 | 6.7 | 13.55 | 23.8 | 34.75 |
| 10 November 2014 | 885.45 | 1 | 1.95 | 4.05 | 8.15 | 15.15 | 25.95 |

| | | | | | | | |
|------------------|--------|------|------|------|------|-------|-------|
| 11 November 2014 | 874.75 | 1.05 | 2.35 | 5.15 | 10.5 | 19.35 | 32.25 |
| 12 November 2014 | 871.35 | 1 | 2.1 | 4.95 | 10.7 | 19.65 | 33.3 |
| 13 November 2014 | 879.55 | 0.85 | 1.75 | 4.05 | 8.7 | 16.75 | 28.65 |
| 14 November 2014 | 886.15 | 0.75 | 0.95 | 2.35 | 6 | 12.65 | 22.45 |
| 18 November 2014 | 896.45 | 0.6 | 0.7 | 1.5 | 3.4 | 7.75 | 15.7 |
| 19 November 2014 | 903 | 0.5 | 0.7 | 0.95 | 2.3 | 5.3 | 11.95 |
| 20 November 2014 | 906 | 0.3 | 0.4 | 0.75 | 1.65 | 4 | 9.9 |
| 21 November 2014 | 885.8 | 0.3 | 0.5 | 1 | 3.2 | 8.3 | 18.55 |
| 22 November 2014 | 888.15 | 0.35 | 0.7 | 1.2 | 2.8 | 7.85 | 17.25 |
| 24 November 2014 | 905.4 | 0.2 | 0.4 | 0.55 | 0.85 | 2.6 | 7.15 |
| 25 November 2014 | 879.3 | 0.3 | 0.45 | 0.4 | 2.2 | 8.45 | 21.5 |
| 26 November 2014 | 891.2 | 0.2 | 0.15 | 0.2 | 0.3 | 2 | 10.45 |
| 27 November 2014 | 900.75 | 0.05 | 0.1 | 0.05 | 0.1 | 0.5 | 0.75 |

Observation and Findings

- If a person buys put option (1 lot i.e. 400 shares) on 3rd November 2014 at a strike price of 900 rupees per share, the premium payable is 88.9 rupees per share. If person holds this put option till expiry date he will incur loss of Rupees 88.15 per share. His total loss will be Rupees 35260.

- In above case Seller of the put option will get a maximum profit of Rupees 88.15 per share. His total profit will be 35260 Rupees
- Put option can be sold in order to earn premium.

Infosys

Table 13: Showing November end month contract future price of Infosys

| Date | Market Price | Future Price |
|------------------|--------------|--------------|
| 3 November 2014 | 3798.25 | 3813.45 |
| 4 November 2014 | 3799.55 | 3820.55 |
| 5 November 2014 | 3821.7 | 3836.6 |
| 6 November 2014 | 3831.9 | 3856.45 |
| 7 November 2014 | 3740.3 | 3762.95 |
| 10 November 2014 | 3671.6 | 3695.9 |
| 11 November 2014 | 3675.35 | 3688.3 |
| 12 November 2014 | 3671.3 | 3691.8 |
| 13 November 2014 | 3357.6 | 3377.3 |
| 14 November 2014 | 3394.15 | 3403.85 |
| 18 November 2014 | 3350.55 | 3368.1 |
| 19 November 2014 | 3271.75 | 3289.5 |
| 20 November 2014 | 3303.05 | 3311.65 |
| 21 November 2014 | 3305.65 | 3317.9 |
| 22 November 2014 | 3296.05 | 3301.65 |
| 24 November 2014 | 3275.8 | 3287.65 |
| 25 November 2014 | 3254.4 | 3262.6 |
| 26 November 2014 | 3248.9 | 3250.3 |
| 27 November 2014 | 3231.05 | 3233 |

Observation and Findings

- If a person sells one lot i.e.100 futures of State Bank of India on 3rd November 2014 for Rs 3813.4 and Buys on 24th November for Rupees 3275.8 per share in cash market then he will get a profit of Rupees 537.6 per share. His total profit will be Rupees 53760.

- If he buys Infosys Future on 19th November for Rs. 3289.5 and sells on 21st November for Rs 3303.05 in the cash Market, then he gets a profit of Rupees 13.55 per share.

Call European Option of Infosys

Table 14: Showing Different Strike price premium in November last month Call Option Contract of Infosys

| Date | Mkt. Price | 3200 | 3300 | 3400 | 3500 | 3600 | 3700 |
|------------------|------------|--------|--------|--------|--------|--------|--------|
| 3 November 2014 | 3798.25 | 605.45 | 517.3 | 417 | 315 | 218 | 135.95 |
| 4 November 2014 | 3799.55 | 605.45 | 518.3 | 419.55 | 321.7 | 242 | 138.05 |
| 5 November 2014 | 3821.7 | 639.95 | 540.55 | 441.25 | 349 | 244.6 | 154.1 |
| 6 November 2014 | 3831.9 | 649.4 | 549.95 | 450.55 | 351.65 | 256 | 167.9 |
| 7 November 2014 | 3740.3 | 556.85 | 457.5 | 359 | 273.4 | 181 | 102.7 |
| 10 November 2014 | 3671.6 | 486.2 | 387.1 | 289.15 | 208.55 | 157.4 | 93.45 |
| 11 November 2014 | 3675.35 | 489.25 | 389.95 | 292 | 215 | 117.8 | 57.25 |
| 12 November 2014 | 3671.3 | 484.1 | 384.65 | 286.3 | 193.15 | 115.85 | 55.35 |
| 13 November 2014 | 3357.6 | 184 | 115.7 | 60.4 | 28.85 | 13.7 | 6.8 |
| 14 November 2014 | 3394.15 | 187.5 | 123.65 | 61.65 | 24.8 | 9.4 | 4.3 |
| 18 November 2014 | 3350.55 | 211 | 89.45 | 34.45 | 11.5 | 4.15 | 2.85 |
| 19 November 2014 | 3271.75 | 103.35 | 38 | 11.7 | 4.25 | 2.45 | 1.7 |
| 20 November 2014 | 3303.05 | 118 | 41.55 | 11.15 | 3.45 | 1.7 | 1.05 |
| 21 November 2014 | 3305.65 | 122.55 | 42.3 | 10.3 | 2.7 | 1.25 | 0.8 |
| 22 November 2014 | 3296.05 | 124.45 | 30.65 | 6.4 | 1.95 | 1.25 | 0.55 |
| 24 November 2014 | 3275.8 | 106 | 22.55 | 4.15 | 1.45 | 0.9 | 0.6 |
| 25 November 2014 | 3254.4 | 98.8 | 11.3 | 2.1 | 0.9 | 0.6 | 0.5 |
| 26 November 2014 | 3248.9 | 55.35 | 4.95 | 0.6 | 0.3 | 0.25 | 0.1 |
| 27 November 2014 | 3231.05 | 26.3 | 0.1 | 0.5 | 0.5 | 0.1 | 0.05 |

Observation and Findings

- Settlement price of Infosys is Rs. 3231.05 per share
- If a buyer wants to purchase Infosys share at Rs.3400 he can buy call option by paying Rs. 417 per share as premium (this is Deep in the money option, so he is to pay more premium)
- If he hold contract till expiry date then he (option holder) incur loss of Rs.417 per share.
- Option holders maximum loss will be the premium

- If writer of the option enters into contract with strike price Rs 3200 on 3rd November 2014 and he holds till expiry date then writer of the option gets a profit of Rs. 605.45 per share.
- So option seller's maximum profit is the premium which is paid by the buyer or holder of the option.
- Here writer have a more opportunity to get profit

Put European Option of Infosys

Table 15: Showing Different Strike price premium in November last month Put Option Contract of Infosys

| Date | Mkt. Price | 3200 | 3300 | 3400 | 3500 | 3600 | 3700 |
|------------------|------------|-------|-------|--------|--------|--------|--------|
| 3 November 2014 | 3798.25 | 0.05 | 0.1 | 2.9 | 5.35 | 11.2 | 25.3 |
| 4 November 2014 | 3799.55 | 0 | 0.05 | 2 | 4.3 | 9.8 | 21.85 |
| 5 November 2014 | 3821.7 | 0 | 0.05 | 2 | 2.6 | 7.2 | 16.9 |
| 6 November 2014 | 3831.9 | 0 | 0 | 0.1 | 2.65 | 5.85 | 13.4 |
| 7 November 2014 | 3740.3 | 0.05 | 2.2 | 3.05 | 7.25 | 17.5 | 40.55 |
| 10 November 2014 | 3671.6 | 3 | 3.8 | 5.1 | 12.35 | 30.45 | 67 |
| 11 November 2014 | 3675.35 | 3 | 1.5 | 4.75 | 11.3 | 29.45 | 68.2 |
| 12 November 2014 | 3671.3 | 3 | 1.5 | 3.5 | 9 | 25.75 | 64 |
| 13 November 2014 | 3357.6 | 16 | 38.2 | 83.85 | 151.5 | 232.25 | 319.6 |
| 14 November 2014 | 3394.15 | 9 | 23.1 | 57 | 119.55 | 202.7 | 291.7 |
| 18 November 2014 | 3350.55 | 6.9 | 22.25 | 64.55 | 143.35 | 230 | 332.4 |
| 19 November 2014 | 3271.75 | 15.25 | 48.45 | 119.6 | 219 | 309.5 | 406.05 |
| 20 November 2014 | 3303.05 | 7.3 | 29.4 | 99.5 | 187.6 | 286 | 375 |
| 21 November 2014 | 3305.65 | 5.45 | 25.35 | 88.65 | 193 | 276 | 384.55 |
| 22 November 2014 | 3296.05 | 5.6 | 28.25 | 125.05 | 188.05 | 276 | 380 |
| 24 November 2014 | 3275.8 | 5.5 | 33 | 112.15 | 216.95 | 311.95 | 405.65 |
| 25 November 2014 | 3254.4 | 5.4 | 46.5 | 135.7 | 234.7 | 334.75 | 425 |
| 26 November 2014 | 3248.9 | 4.4 | 52.25 | 147.3 | 249.8 | 344 | 450 |
| 27 November 2014 | 3231.05 | 0.25 | 63.75 | 168.35 | 270.95 | 365.9 | 464.3 |

Observation and Findings

- If a person buys one lot of Infosys i.e.200 shares, for Rupees 3700 (strike Price) should pay Rs 25.3 as a premium. This contract is expire on 27th November 2014 and settlement price is Rs 3231.05.
- He (Put option holder) has a right to sell for Rs.3700
- If he holds till expiry date he will gets profit of Rs 453.65 per share.
- Infosys put option is not useful to writer of the option, because Infosys price is decreasing in November end month contract.

RECOMMENDATION

Derivative market is not very well known to Indian Investors, so SEBI should create awareness among the investors about the derivatives product. SEBI should permit small investors to enter in derivative

market. SEBI should minimize the contact size of the Options and Futures. SEBI should come up with several programmes in order to encourage Indian Formers to hedge their risk by using derivatives against price fluctuation.

CONCLUSION

Derivative markets are useful to hedge investor's risk. A derivative market has become more popular in India. In bullish market call option holder gets more profit than put option holder. And in bullish market writer of the put option enjoys more benefit. If there is less volatility in Market Price then Call option writer enjoys more profit. Bearish market is useful for put option holders and Writer of the call option. In derivatives there are many strategies available in option which will be useful to minimize our risk

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Contributions of Tata Group Companies towards Training and Rehabilitation of Persons with Disabilities

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ABSTRACT

The Tata companies have been devoting time, effort and resources to a wide spectrum of community development initiatives. The Tata Council of Community Initiatives (TCCI), a centrally administered agency of the Tata group coordinates various community development and environmental projects run by the group companies. The TCCI in collaboration with the United Nations Development Program (UNDP), India has also formulated 'The Tata Index for Sustainable Human Development.' This index is a pioneering effort and provides the Tata companies with guidelines to fulfil their social responsibilities. It is built around the Tata Business Excellence Model (TBEL) which drives business excellence in Tata companies.

This paper studies the initiatives undertaken by the Tata group companies towards training and rehabilitation of persons with special needs. This paper will help understand that employing persons with special needs is a mutually beneficial partnership which businesses need to recognise.

Keywords: *Tata, Community, Training, Employment, Mutually Beneficial.*

INTRODUCTION

The Tata Group: An Overview

The Tata group was established by Mr. Jamshetji Tata in the second half of the 19th century. Jamshetji believed that every enterprise to be promoted by the Tatas must be in response to the need felt by the country. The name of the Tata group is practically synonymous with our country's industrialization. The Tatas gave India its first steel plant (at that time the idea of setting up an integrated steel plant by an Indian was considered a laughable idea in the west), hydroelectric plant, inorganic chemistry plant and the first five star hotel by an Indian and for the Indians- The Taj Mahal Palace Hotel in Bombay was

the most dazzling of the Tata enterprises that materialised in Jamshetji Tata's lifetime.

The Tata group today is a multinational conglomerate-the largest and most globalised corporate group in India. The group employs about 3,50,000 people and have operations in more than 85 countries. It comprises 114 companies and their subsidiaries in sectors as varied as steel, automobiles, information technology, communication, power, tea, hospitality and of these, 27 companies are publicly listed. The major companies of the group are Tata Steel, Cores Steel, Tata Motors, TCS, Tata Tea, Titan Industries, Tata

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Technologies, Tata Power, Tata Communications, Tata Teleservices and the Taj Hotels.

The 2009 annual survey of the Reputation Institute which included 600 global companies ranked the Tata group as the eleventh most reputable company in the world. Mr. Ratan Tata, present Chairman of the Tata group was elected in 2006 to Chancellor Gordon Brown's innermost economic strategy committee in the UK.

The Tata Tradition of Corporate Social Responsibility (CSR):

In CSR initiatives, the Tatas have set examples for others to follow. Tata Steel introduced eight hour working days in 1912 much before the west and started the first Tata provident fund scheme in 1920 (govt. regulation came in 1952). In 1892, Mr. Jamsheji Tata established the JN Tata Endowment for Indian scholars to take up higher studies. The trusteeship concept of ownership was also conceived and developed by the Tatas. The Tatas have created many trusts and members of the Tata family over the years have donated much of their personal wealth to these trusts. Tata Sons Ltd. holds the Tata share of equity in various Tata companies. 85% of equity capital of Tata Sons Ltd. is held by charitable trusts and thus these trusts receive 85% of the profits of Tata Sons Ltd. in the form of dividends. These trusts support multifarious causes, institutions and individuals.

The Tatas have contributed enormously to the nation's institution building. JRD Tata believed that the Tatas should lead to set up an institute of highest grade every decade or so to cater to the future needs of the nation. Tata Institute of Fundamental Research, Tata Institute of Social Sciences, Indian Institute of Science, Tata Memorial Hospital and The JRD Tata Ecotechnology Centre are some institutions established by the Tata group. Mr. J.R.D. Tata believed that Business and Industry had responsibility in eight distinct areas and that all were equally important (1) Equity shareholders (2) Other financial stakeholders (3) Workers (4) The Consumer (5) The Government (6) The community residing around factory locations (7) Indian society at large (8) The enterprise as distinct from its shareholders (Pendse, 2008). With the initiative of Mr. J.R.D. Tata several Tata companies amended the 'objects' clause of their Memorandum of Association

and inserted a special clause on the subject of "social responsibilities of a company".

Most businesses consider social responsibility as an additional cost but the Tatas see it as an essential cost of business. Since the very beginning, the group has worked for the benefit of the communities in which they operate. The group does not believe in charity for its own sake because that does not make any real impact on the society. Mr. Kishor Chaukar, a member of the Tata Group Corporate Centre says, "Sustainability is of fundamental importance and the real contribution comes when communities are enabled in a manner that has a sustained developmental impact. The way you empower people, educate them, give them instruments of income, a feeling of self respect and dignity, a reason to live" (The rainbow effect, n.d.).

The range of community development work being undertaken by the Tatas is very wide. Bigger companies of the group have in-house organizations dedicated to the community development work. Every Tata company is involved in community development and has developed its own priorities in the area. Companies are working in the areas of health, education, woman welfare, child welfare, water management, income generation, AIDS control and also supporting individuals & institutions pursuing artistic, academic and sporting excellence.

Tata companies have been recognized for their culture of social responsibility since long and many awards have been conferred to recognize this fact. In 2000, the Ministry of Finance, Govt. of India awarded Tata Steel the national award for excellence in corporate governance. In 2002, the Institute of Directors awarded Tata Steel the Golden Peacock award for excellence in corporate governance and corporate social responsibility. The Carnegie Medal of Philanthropy was awarded to the Tata group in 2007 in recognition of the group's long history of philanthropic activities.

The Peter F. Drucker Foundation for Non-profit Management (1990) believes that a healthy society requires three vital sectors: a public sector of effective governments, a private sector of effective businesses; and a social sector of effective community organisations. While the first sector is

beyond its influence, the Tatas are contributing immensely to the other two sectors.

The concept of Triple Bottom Line and the Tata Group:

The Triple Bottom Line, also called “people, planet, profit”, means measuring organisational success on the social, ecological and economic parameters. According to the Triple Bottom Line, companies need to assume responsibilities at three tiers- responsibility towards environment, responsibility towards society and responsibility towards its financial bottom line. Companies while following strict systems on the financial front shun environmental and social obligations considering them a strain on their commercial interests. On the other hand, the Tata group is a pioneer in the field of Triple Bottom Line. While corporate houses globally are adapting to this concept, the Tatas have been practicing this approach since long. The Tata companies have been devoting time, effort and resources to a wide spectrum of community development initiatives.

How CSR works in the Tata Group:

The Tata Council of Community Initiatives (TCCI) is a centrally administered agency of the Tata group which coordinates various community development and environmental projects run by the group companies. The difference in TCCI activities and that of Tata trusts is that TCCI helps a community which believes in and is willing to help itself. The TCCI has more than 15,000 volunteers and the support of CEO’s and directors of all major Tata companies. TCCI basically serves as a nodal community development and environmental network for the Tata group.

The TCCI in collaboration with the United Nations Development Program (UNDP), India has also formulated ‘The Tata Index for Sustainable Human development.’ The index is a pioneering effort and basically provides the Tata companies with the guidelines to fulfil their social responsibilities. This index is built around the Tata Business Excellence Model (TBEL) which drives business excellence in Tata companies. Anant G Nadkarni, VP, group corporate sustainability says “We have adopted a business model to drive social responsibility efforts within the group because that way you ensure a huge network. The index helps structure our efforts and quantify their effect on the communities and

people they are aimed at” (Tata index for sustainability, n.d.).

At present 42 Tata companies have signed UNGC (United Nations Global Compact) - the highest no. in the world for a business group. The UNGC is an initiative of the United Nations to encourage enterprises to follow sustainable and socially responsible practices and to also submit periodic reports on their implementation of these practices. UNGC was officially launched on July 26, 2000 and states ten principles in the areas of the environment, labour, human rights and anti-corruption. The Global Compact office is supported by six UN agencies. Until now only about 2,000 companies worldwide have become members of UNGC. The managing director of Tata Steel was invited by the then UN Secretary General Kofi Annan onto the UNGC advisory board.

Associating Local Communities in the Development Process:

The Tata group does not believe in doling out charity, rather it gets thoroughly involved in the projects that it supports. The Tata companies involve the local communities to implement social development projects. The locals contribute resources/skills for projects and the experts from the company guide and help them wherever necessary. This involvement of locals ensures sustainable development.

Initiatives by Tata Group Companies towards training and rehabilitation of persons with disabilities.

TATA TEA

Tata Tea has one of the largest tea gardens in Munnar and is a major employer in the region. Tata Tea’s welfare centre, Srishti is located here which has been working since the 1980’s to cater to the needs of special people to make them self dependent.

Srishti runs following major projects:

- a) DARE (Development Activities in Rehabilitation) provides training in functional academics, self-help skills like cooking, weaving, gardening, painting, etc. The DARE strawberry preserve unit trains to prepare strawberry preserve. Some paintings are printed to sell as cards and the proceeds thereof

are ploughed back. The trainees are paid for work, provided with free medical aid, social cover and other benefits. DARE also facilitates admissions of suitable trainees to regular schools and vocational training centers.

- b) Athulya provides training in making stationery and in the art of making hand made recycled paper.
- c) The Aranya project while providing training in various traditional dyeing techniques like block printing, tie and dye, batik is also helping to revive the ancient art of natural dye. It is training and employing special youngsters in manufacturing natural dyes from roots, leaves, barks, seeds, saw dust, tea waste, pomegranate, jackfruit, henna etc. It identifies suitable youngsters and arranges for their further training in various institutions like Weavers Studio, Kolkata, and Chiang Mai, Thailand etc to skill them for meeting demands of national and international markets. It organises exhibitions in various cities and has business in Sri Lanka, Austria, USA and Japan.

The company also invests in securities for people in Sristi e.g. between 2003 and 2008, it invested about Rs.24 lakh. Tata Tea has helped people with special needs in the surrounding communities become productive and respected members of the society (Noronha, 2001).

TATA TELESERVICES

Drishti: Tata Teleservices (TTSL) has set up two call centres, one in Mumbai in association with National Association for the Blind (NAB) and another in Delhi in association with Blind Relief Association (BRA) which aim to provide equal employment opportunities to the visually impaired.

Technology is used to overcome impairment and ears perform the function of eyes, also several functions done manually at other call centres are automated at Drishti. TTSL's Software Development Centre has developed a customised system-Interactive Voice Response (IVR) system and each executive has two instead of one telephone. One telephone is used to access customer data and the other is used to make calls. After each call executives feed data into the system via the phone. Executives are trained on various aspects like usage of phones,

soft skills, English speaking, phone etiquette, voice modulation etc to improve their employability in the booming BPO sector. Talented employees are sent for additional computer training to TCS. Dhristi aims to provide employment to 500 to 1000 visually impaired people across India.

Project Dhristi has won the TEMA National Telecom Award for excellence in connecting people with disability and the Mrs Pilloo Dorab Khambatta Memorial Award for 2007 as best employer of blind persons.

Association with AMBA CEEIC (Centre for Economic Empowerment of Intellectually Challenged): Functional training is imparted to intellectually challenged youngsters with the help of a special learning model that helps to grasp alphabets, words and numbers as objects, and training is provided in data entry operations using a computer. These collective abilities are used to perform low- skill back office work of mainstream companies. TTSL's Bangalore and Delhi circles were the first to give them work opportunity which enabled AMBA CEEIC to showcase their work successfully getting work from organizations like the Indian Air Force, Special Olympics, Intel and Microsoft. Having experience excellent service TTSL is planning to outsource work to all 24 AMBA CEEIC centres across the country (Agarwal, 2009; Wadia, 2008).

TATA CONSULTANCY SERVICES

TCS: Maitree pioneered the Advanced Computer Training Centre (ACTC) for the visually impaired to train them for employment. A special course has been designed using modern technology to convert screen content into audio form. Trainees are selected on the basis of a rigorous merit based all- India entrance exam and are given 40 day training in the state-of- the- art lab at Jogeshwari to compete with sighted people at equal level. Trained youngsters have been employed in TCS and several companies like Standard Chartered Bank, HSBC, Taj Hotels, Tata Communications etc. This endeavour of Tata-Maitree to build awareness regarding an inclusive culture in organizations has been widely appreciated (Agarwal, 2009).

TATA INTERACTIVE SYSTEMS (TIS)

Learning Disabilities (LD) affects nearly 5-15% of school going population, timely identification and remedial education can change the course of life. TIS, a global pioneer in e-learning, ventured into Learning Disabilities (LD) in 2001 to help society by using its core competency in the area of e-learning.

TIS is working at various levels to help create awareness regarding LD and contributing to development of remedial resource material e.g. it provides support to LD clinic of Sion Hospital, Mumbai and collaborated with them to create a special book for LD students and their parents, TIS supports LD awareness workshops and donates relevant courseware, TIS volunteers help create awareness at the school level with an LD awareness Kit. TIS managed to get a module on LD introduced in MBBS syllabus of Maharashtra. It has successfully set up TLDF-TIS Learning Disability Forum, a unique platform in the country to bring together various stakeholders and help change mindset and generate solutions to help learning for children with LD. TIS was awarded Pegasus Award for 'Contribution to Society- Imparting Education' by Reader's Digest in 2007 and 2008 - the only company to be awarded for two consecutive years. TIS's LD initiative was judged as an innovative CS application by Nasscom (Wadia 2011).

TITAN

Titan has been employing disabled people since its inception in the early eighties. Tasks at the company were categorised ability wise to identify jobs suitable for people with different kinds of disabilities e.g. the physically disabled were employed for polishing watch cases, the visually impaired in the packaging and dispatch section.

The company trained these differently abled people in technical and computer skills, created a conducive environment, adopted non-discriminatory policies and also took care to design workspaces ergonomically e.g. a simple provision of handrails helps in effortless movement of the physically challenged.

About 4% of Titan's employees are differently abled while according to an NCPEDP survey the public

sector, the private sector and MNC's employ a dismal 0.54%, 0.28% and 0.05% PWD's respectively. The Company has been recognized for its CSR initiatives and has received the FICCI-SEDF Award for Social Responsibility, The Rotary Club of Bangalore Award for Corporate Citizenship and the PHDCII Award for Good Corporate Citizenship (Making it on their own, November 2009).

TATA AGRICULTURAL AND RURAL TRAINING CENTRE FOR THE BLIND (TACEB)

TACEB was set up by the National Association of the blind with a grant of Rs. 2 lakh from the Sir Dorabji Tata Trust which is also actively involved with its working. The centre, registered as a public charitable trust, trains blind persons in agriculture, handicrafts, weaving, dairy and vegetable farming, and Braille. The centre runs two year fully residential free courses while food and lodging are subsidised by the government. After completion of training, students are sent to a cooperative society for acclimatisation to the real world and then the centre considers ways to rehabilitate them. Students are provided with resources to help in their resettlement and the trust contributes when required. Of the 250 acres of the centre's land 50 acres is occupied by the centre and the rest is used to cultivate rice, sugarcane, sapota, mango, coconut and its produce is sold to help sustain the centre without charging students. Students come with broken hearts and minds, overcoming which the centre has helped them to become successful farmers, delivery boys, dairymen, musicians, priests and so on (Ramswamy, 2004).

TAL MANUFACTURING SOLUTIONS LTD

TAL Manufacturing Solutions Ltd (TAL) is a wholly owned subsidiary of TATA Motors Ltd, a pioneer in providing turnkey manufacturing solutions. TAL developed a world class artificial lower limb especially suited to Indian conditions and available at a fraction of cost compared to the imported ones. An estimated one million Indians suffer with orthopaedic disabilities and this engineering company used its expertise to change the life of these ordinary Indians, typical of a Tata group company (Keeping the disabled on their feet, January, 2002).

INDIAN HOTELS COMPANY LTD (IHCL)

The IHCL was founded by Shri Jamsheji Tata, the founder of the Tata group. The company established its first property in Bombay in 1903 - the legendary Taj Mahal Palace Hotel. The IHCL and its subsidiaries are collectively known as the Taj Group of Hotels. The group now comprises of 93 hotels in 53 locations across India and 16 international hotels in Africa, Australia, Bhutan, Malaysia, Maldives, Middle East, Sri Lanka, UK and US. The group provides hospitality skills trainings and employment to differently abled youth. Most of the trained youth find employment in a wide variety of establishments like motels, restaurants, malls, coffee shops, food chains, beauty parlours and so on.

SUGGESTIONS AND CONCLUSION

The over one billion Indian population comprises of 5-6% Persons with Disabilities. A survey conducted by National Centre for Promotion of Employment for Disabled People (NCPEDP) in 1999 found that the public sector, private sector and Multinational Corporations employed 0.54 per cent, 0.28 per cent and a dismal 0.05 per cent people with disabilities respectively. According to the World Bank (2007), instead of showing an upward trend, the employment rate of disabled people in India has fallen from 42.7% in 1991 to 37.6% in 2002.

One of the important requirements for integration of disabled people into the mainstream is employment. In India, the disabled have to face innumerable barriers and the most debilitating is the reluctance in employing them. The above case illustrates as to how Tata companies in different sectors have successfully trained and employed differently abled people making them productive and respected members of society. Organisations can learn from these experiences and create an inclusive culture so that the differently abled become a part of the mainstream and their huge potential is recognised and utilised. It is suggested that organisations take following measures to build a mutually beneficial inclusive culture:

- Formulate a policy on employing the physically challenged- 73% companies do not have a policy in place.
- Bring about sensitisation and attitudinal change towards the disabled- conduct employee

orientation programs.

- Become an 'equal opportunities' employer - reserve jobs for the disabled.
- Be accessible and adopt principles of 'universal design'.
- Support with appropriate aids and technology.
- Provide opportunities for training and skill development.
- Outsourcing work/selling products made by disabled persons.

Employing persons with disabilities and the objective of profit need not be mutually exclusive; rather it can be a mutually beneficial partnership. Companies like TCS, Titan, IHCL, TAL are world class and do not compromise with quality- they provide training and employment opportunities to the differently abled on an equal footing and not as charity. Hence, there is a strong Business Case for organisations to become an Equal Opportunity Employer benefitting both the society and the organisation in following ways:

- Brings diversity in the work force which has many business benefits.
- Creation of new source where skill pool is limited.
- Disabled employees are equally productive and trustworthy as others.
- Better attendance, less attrition and accident rate.
- Most need minimal and basic adjustments.
- Enhances employee morale.
- Enhances image of organisation.

"Disability is an outcome of the interaction of impairment, activity limitations, and participation restriction in a specific environment. Accordingly, impairment does not necessarily yield disability, if the environment poses no restrictions" (Poria, Reichel, & Brandt, 2011, p.572).

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Rural Entrepreneurs of India Redefining Business Realities by Employing E-commerce Technologies

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ABSTRACT

With the rising internet penetration and developing consumer mindset, the e-Commerce space has touched new heights. This case study depicts how entrepreneurs have promoted their business through ecommerce. Small town Entrepreneurs have finished great strides in mounting businesses and generating jobs over the past few decades, but challenges still remain. It also attempts a new vision to exploit IT adoption and identifying essential influencing factors on Ecommerce acceptance within rural and small town areas of India along with the challenges faced by them. Mitticool Clay Creation company, designs and develops an entire range and variety of clay products for regular use in the kitchen, run actively and controlled by Mansukhbhai Prajapati. The owner has also attributed much of his success on being adopters of Internet marketing as a significant option and e-commerce strategies and constantly devoting money in improving his approach along the way. The problems encountered by young entrepreneurs and young people living in the rural and small town mainly concern difficulties (financial, fiscal and legal) in locating and setting up in business and finding sufficient, ample and appropriate training, as well as high unemployment. Why entrepreneur must try to incorporate new and advance forms of technologies and services to encourage accessibility and co-ordination in their business which in turn help them to compete with other competitors that are a step ahead of them providing their customers several online services is also discussed.

Keywords: E-commerce, Mitticool, banking, rural entrepreneur, E-business, Impact of IT, innovation.

INTRODUCTION

Entrepreneurship is progressively being perceived as an essential engine of financial development. By joining existing assets with creative thoughts, business visionaries tries to incorporate esteem in their firms through the commercialization of new products, producing occupations, and expansion. The profits of entrepreneurship - new employments, higher wages and expanded riches - are particularly solid in India. The Global Entrepreneurship Monitor demonstrates that countries like India with larger amounts of entrepreneurial movement appreciate

solid monetary development. In short, business people are the connection between new thoughts and financial development whether they are from urban region or rural region.

While highlighting focus and emphasis on rustic territory, which incorporate certain physical, social and monetary qualities (Stathopoulou et al., 2004), there is expanding request and enthusiasm toward proposing entrepreneurship. It is recognized as a new form of business, a key element of rural development particularly of straggler areas (lafuente et al., 2007). However, research

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recommends that the spatial profits from rural entrepreneurial actions are exceedingly uneven. Specifically, rustic region often find it difficult to maintain high growth entrepreneurs (Acs 2001; Low, Henderson, Weiler 2005). Organizations must be creative somehow (Bhattacharyya, 2006).

Numerous development researchers and experts think supporting rural organizations with low-salary groups is a conceivable improvement strategy method to battle destitution. Some recommend that rural entrepreneurship is critical to support sound economy and if monetary improvement helps small business to become successful, new rural organizations in low- salary zones must begun through nearby activities like deployment of different amenities or technologies (Acs and Mal- ecki 2003, Lichtenstein and Lyons 2001, smilor1997, Winders 1997). As per Bhattacharyya (2006), organizations need to make something other than what's expected. This will change the standards and will add value.

It has been recommended that for further growth in rural business each ambitious person must try to consolidate technological aspect (ICT) to his/her business. This is particularly valid for a country like India where more than 70% of population dwells in rustic areas and is generally occupied with low profit farming. ICTs can overcome numerous imperative challenges. Especially, for expanding awareness about rural firm's product and services basic practice of any rural entrepreneur is to include e-commerce. Not only this, rural Entrepreneurs can also utilize e-commerce in myriad of ways some of which includes marketing, promotion, trading of goods and services over the Internet, collaborating, communicating & sharing information.

The rapid rise of e-Commerce as a legitimate market has brought a corresponding increase in its usage. Today this industry is experiencing unprecedented growth and this astonishing growth trend is expected to continue over next few years which is evident from the latest forecast from eMarketer that business to consumer (B2C) e-commerce sales growth will increase by 20% and will cross 1.5 trillion dollars in 2014.

Hence e-commerce has become a centre of attraction. Thus, rural businesses & even smallest of businesses must try to create their existence on the web &

conduct commerce to reap profits and embrace themselves to the dynamic market demand scenario.

REVIEW OF LITERATURE

The overview of various literary works clearly highlights the reality, that studies to comprehend the level of adoption of e-commerce by rural entrepreneurs to transform business realities in rural India are almost uncommon and rare. However there are some researches, surveys & studies available to ascertain the level of adoption of e-commerce by entrepreneurs which are mainly carried out in developed nations. In addition to that rural entrepreneurship and e-commerce has been centre of numerous studies in various literatures and forms the basis of our review.

Today more and more researchers are acknowledging the significance of entrepreneurship in growth and economic progress. However the principal connection between rural entrepreneurship and economic advancement has been ascribed to Schumpeter's (1934) thoughts of innovative destruction where new path breaking advancements by business people wrecked older markets and fuel new development. Recent work in this field clearly indicates that rural entrepreneurship facilitates economic & financial development by transforming idea into new products, new employments, and new firms.

Rural entrepreneurship invigorates economic development & fiscal progress through the creation, conception & transformation of learning thereby making the rural entrepreneurs dynamic change agents for the economy they are operating in. Audretsch and Thurik (2004) and Carree and Thurik (2005) perceive that business enterprise empowered development through information overflows, expanded rivalry, and expanded diversity.

Consequently, there will be a virtual agreement taken in the contemporary writing on rural entrepreneurship that it rotates around the identification of opportunities and the utilization of those opportunities (Venkataraman, 1997). Recognizing opportunities related to innovation is thus argued to constitute certain precise tool of entrepreneurs (Drucker 1985).

Rural Businesses & entrepreneurs are seen as adaptable and quick at adjusting to new innovations and technologies, these qualities are noteworthy variables for competing and taking an interest in a globalized market through e-commerce (Mann, 2002). As per (Rhodes, 2003), E-commerce is characterized as form of business exchange where the purchasers and suppliers unite electronically to improve business proficiency through bringing down exchange and correspondence costs.

E-Commerce turns to be as imperative players in the improvement of local economies and communities also in the elimination of poverty by giving jobs, especially for ladies and individuals in lower pay sections. (Kartiwi & Gunawan, 2013). The improvement of rural groups is seemingly reliant on community members' providing access to justifiable data, without which it will influence other development efforts (Kiplang'at, 1999:115). Therefore, various tools and techniques of ICT like e-commerce is a crucial apparatus for rustic improvement. Rahman and Westley (2001:558) specify that ICT is critical to the advancement of little organizations in rustic areas and can possibly achieve poverty reduction. International Telecommunications Union (ITU), in its reality telecom advancement report of (2003) states that ICT can play an important role in bringing improvement in rural businesses as given below:

- Increase access to market data and decrease exchange costs for poor (provincial) farmers and merchants (little organizations).
- Increase effectiveness, aggressiveness and market access of creating nation firms (particularly rural businesses).
- Enhance the capacity of creating nations (rustic groups) to take part in worldwide economy and to gain the comparative advantage in factor costs.

Nonetheless, the security and survival of little organizations is still debilitated by the same globalization through e-commerce operations (Jutla, Bodorik & Dhaliwal, 2002:139). An alternate Issue to note is that e-commerce is not prone to give much esteem to little organizations unless they are prepared to transform in connection to innovation use (Schlenker & Crocker, 2003:11).

E-COMMERCE IN INDIA

Internet today is the key component which has become important ingredient of quick and rapid life style for the people of India. India today is at the verge of a digital revolution. Declining prices for broadband subscription, supported by the launch of 3G services, internet penetration in rural and small towns have been propelling this trend. This has led to an escalating number of "netizens" in rural and urban India which is evident from the report of Internet & Mobile Association of India (IAMAI, 2013) which has projected that India will have 243 million internet users by June 2014 having year on year growth of 28%. Further the expected launch of 4G services will significantly expand the internet user base in the country.

In the last five years the electronic commerce market in India has registered a phenomenal growth of almost 50%. Due the staggering growth in number of Indians using internet it is expected that revenues of e-commerce companies could triple in next few years 504 billion rupees according to Crisil research. According to the Crisil report (May, 2013) companies involved in online retail business in India earned around 139 billion rupees (\$2.24 billion) as revenues in the financial year that ended on March 31, 2013. Even though this is just 0.5% of the total revenues of what brick-and-mortar retail companies are making, online retail sales have been growing much faster and are expected to be 3% of Indian retail (2020).

Khan and Mahapatra (2009) stated that technology plays a very important role in improving the quality of services offered by the business entities. E-commerce is one of the technologies which really brought revolution in the society and business arena in India. It has created numerous effects which are already visible in different areas of business, from new product design to customer services offered to consumers. Electronic commerce & its tools can also trim down cost in managing orders and interacting with a wide range of suppliers and trading partners, areas that typically add significant overheads to the cost of products and services [Rajiv Rastogi]. Thus Businesses in rural & small towns of India are increasingly adopting & utilizing the numerous e-commerce tools for business-related activities because of its enormous potential as it trims down the costs of product & service delivery, expands

market by extending geographical boundaries thereby bringing buyers and sellers together and empowers the business owners in making informed decisions.

Challenges encountered by Rural Entrepreneurs while adoption of E-Commerce/Technology:

However In spite of the fact that rural entrepreneurship is playing a pivotal role in driving the growth in rural & national economies and adoption of e-commerce tools & technologies has contributed to the growth and success of the several small businesses. There are numerous challenges which rural & small town entrepreneurs encounter while integrating and adopting various aspects of internet and e-commerce model of business. These challenges deter them to make more dynamic utilization of the technologies & vary widely among different regions of the nations. These are most commonly related to:

- **Scarcity of Funds:** Numerous entrepreneurs are unable to secure funds from external sources as they are unable to provide tangible security and credit in the market. Moreover Lack of availability of the finance, time intensive process to avail credit, delays & inability to secure to initial funding for their online business model often creates problem for rural entrepreneurs and creates disappointment among them.
- **Infrastructural & Technological Challenge:** Poor or lack of infrastructure facilities in small towns and rural areas along with inadequate knowledge on the part of the rural entrepreneurs about the utilization and adoption of ideal e-commerce tools and technologies that will suit best to their business needs also act as a constraint for them. Moreover the technological gap due to lack of technical knowhow, inadequate training facilities poses serious problem for the development of online rural entrepreneurship.
- **Dynamic Business Model:** Online model of business in India are quite dynamic in nature as result the e-commerce industry changes very rapidly. Rural entrepreneurs often find it difficult to adopt to these rapid changes in business model and are often unable to bear high cost associated with it as a result this poses threat to their long term survival in industry.
- **Competition:** With astounding growth in e-

commerce industry and rapid industrialization more and more players are entering the industry as a result the small businesses have to face stiff competition from the large business enterprises and urban entrepreneurs and their operation and production cost of business is less than that of small town entrepreneurs,

- **Electricity Failure:** Frequent long power cuts in small towns and rural areas of India creates huge challenge for online businesses and rural entrepreneurs as they have to ensure that their online business operations run smoothly & efficiently.

In addition to these challenges rural entrepreneurs encounter several other challenges like inadequate supply chain development, poor logistic facilities, complex legal formalities & government policies, lack of adequate vernacular content on e-commerce sites, shortage of skilled manpower. However many rural entrepreneurs by pursuing various mantras of success are able to develop their online presence and generate growth in business.

STRATEGY TO SUCCESS

Success & Growth in e-commerce in India is not only restricted to & dependent on rising Internet population but is also dependent on changes in supporting ecosystem. Entrepreneurs have to make exhaustive efforts to upgrade areas such as logistics, payment Infrastructure, expanding their reach by enabling mobile capable sites and supporting M-Commerce services. Focus should also be paid on offering the right content and targeting customers by exposing them to crisp and relevant information which is of utmost importance to them. Understanding the fine nuances of the industry is must for any entrepreneur and for execution of his business model so as to achieve incremental growth attributable to electronic commerce. This case study has emphasized on how this successful story of clay artesian an entrepreneur have adopted the various aspects of e-commerce technologies and where they are being used and related bottlenecks he faced during the course of entrepreneurship. It also demonstrates the fact that to gain competitive advantage an entrepreneur should develop or have the ability to learn fast, unlearn faster and relearn fastest. Mitticool is the case where Mansukhbhai, the

owner by incorporating few modern practises of e-commerce has been able to reap benefits for his firm.

Objective of the Study:

- To study the various challenges faced by rural entrepreneurs while implementing E-commerce model of business.
- To study E-commerce impact on Rural Entrepreneurship development.
- To highlight the scope of Internet marketing for new entrepreneurs with an example of clay artisan who is manufacturing & selling innovative clay products from a small town Wankaner, India.

The Case of Mitticool Clay Creation

Mansukhbhai Prajapat, *Owners*

Dist. : Rajkot (Gujarat) India

www.mitticool.in

The Business where ecommerce is a basic platform of scattering the knowledge and understanding by both counselling and training men who have already started or are looking forward to start a business. Mitticool Clay Creation, whose job is to run consistently in the world of competition while upholding the standards by providing best service and possible delivery of orders in time. Company has begun to promote their efforts through the website as a valuable way of promotion.

Profile of the company:

Mitticool is registered trademark/brandmark of MITTI COOL CLAY CREATIONS, an ISO certified company. A company design and develop an entire range and variety of clay products for regular use in the kitchen. Such products consist of hot plates, water filters, cookers, refrigerators and other such items of everyday use. The new add on to their list of product is Non Stick coated Tawas as an essential part of kitchen, company has also learned the modern technology of Non Stick coating. It is owned, run actively and controlled by a clay craftsman. Founded by Mansukhbhai Prajapati, he is an innovator and visionary man who manufactures his creation. Mansukhbhai had exposure to the clay tradition and practices since childhood, as this was his father's established profession. The company also is active on social media and has website for generating business-www.mitticool.in

About owner:

Mansukhbhai Raghavjibhai Prajapati is a famous, well known rural innovator and entrepreneur in India known for his earthen clay based practical products. Pottery is the traditional and time honored business of Mansukhbhai's family at Morbi, Rajkot. But his father who was enthusiastic to work gave up this business because it didn't get much money to him and the family. Mansukhbhai's father sent him to school in hope, expecting to get good academics and better life. But he was disappointed and saddened when he failed in the tenth standard. He did numerous odd jobs at various places. Since he wasn't able to achieve much in other fields, Mansukhbhai decided to settle to his family profession. After having gained a sound acquaintance while functioning in the pottery unit, the craving for opening his own enterprise started to nurture in Mansukhbhai's mind. During his early days, he saw all the earthen pans/hot plates (locally called as Kaladi/Tavdi) being designed, manufactured and delivered manually on the potters' wheel with all his effort (locally termed as Chhakdo)

In the critical earthquake of January 2001, Mansukhbhai suffered huge loss, because of broken stock. He circulated all the stock that escaped the quake to the quake affected people of Kutch. Later in February 2001 Sandesh Gujarati Daily, newspaper had a photo attribute on the earthquake where it evident a broken water filter of Mansukhbhai at one place with the subtitle 'the broken fridge of poor'.

This caption clicked a thought in him to work on an idea of designing a rural fridge that did not require electricity or solar power and could be used by many. Though he gave a thought of doing it after the disaster occurred in Gujrat due to earthquake in 2001, it was next year 2002 when he actually started working on his idea. Meanwhile, Mansukhbhai also got in touch with Gujarat Grassroots Innovation Augmentation Network (GIAN), Ahmedabad which has benefited him later. After a thorough journey of three years with ease of pain and hard work during which he experienced and finalised all sorts of soils and fridge designs (after thorough testing) in 2005, he finally invented his creation called as today Mitticool fridge.

A civil engineer after a look over at fridge and looking at its applications, examining it through

gave him the order for his creative work of 100 pieces and an advance of Rs. 2 lakh. The news was spread through and has been covered by many local dailies. Determined to create niche name by inventing innovated clay products named Viz; Mitticool Fridge, Non Stick Clay Tawas and Clay Cooker. Today, he is the renowned owner of the Indian patents for these products that boast and generate high efficiency and an eco-friendly nature. He himself commercialized these products and now considered as a successful entrepreneur.

Location:

Rajkot district (Gujarati: રાજકોટ જિલ્લો) is one of the district among other 26 districts of the Indian state of Gujarat. Surrounded by Morbi district in north, district is also surrounded by Surendranagar and Botad districts in east, where in south Amreli and Junagadh districts are located and Porbandar Jamnagar district in west. The district captures a region of 11203 km (total area). The city is situated between 23°08' North latitude and 20°58' North latitude and 71 ° 40' East longitudes and 70 ° 20' East longitudes. Rajkot is famous for its pleasant climate. According to the 2011 census, the population of Rajkot district is 3,799,770. A population density of 339 inhabitants per square kilometre (880 /sq mi), rajkot is one of the fastest growing district.

Use of E-commerce by the Company:

The company apart from adopting traditional techniques of marketing also uses e-commerce model of business to market & sell its products efficiently. The company has launched its own website in year 2009 where they have provided complete information about the products, owners, achievements, media updates, inquiry forms, feedback forms & contact details etc. This allows their customers to get in touch with them for telephonic orders, posting inquires etc. The company is involved in selling their products online through Craftsvilla, Nethaat etc where online shopping cart facility is available for its customers. Besides the company also entertains orders they receive from their official Facebook page. Besides selling their products the company is also using e-commerce to market their products through their own websites, social networking sites and b2b portals etc by providing regular updates to their clients and customers. Thus move to adopt e-commerce model has provided the company to

reach wide base of customers and also contributed in the growth of the company.

Generating good web presence can put www.mitticool.in on even grip and balance with larger competitors and the attempt by owner to keep his website on first page of search engine optimization is another contribution to his business. Mansukhbhai by incorporating few modern practises of e-commerce has been able to reap benefits for his firm. Hence progress in his business is the product of his innovative ideas, which he pursued, tenaciously clung to it against all odds, produced it, sold it and profited from it. Hence Mansukhbhai is another classic Example of Entrepreneur with sumptuous endeavour. Their own website (www.mitticol.in) as if now does not offer shopping cart facility for its customers to make orders. However, with saying "if there is any way to success, company's owner and its work force would devote themselves full time to building the business", is a correct statement and a salute to their efforts.

Learning points:

It has been an advice to other small and medium-sized rural businesses that the growth, expansion and advancement in approach of a web presence are nearly essential in today's competitive marketplace. Further, website needs to be appealing, easy-to-navigate, and instructive. In addition, entrepreneur must understand that business learning by other entrepreneurs and adaptability according to the changes is as much important as an integration of owner within their team, but finding a reliable service and sources provider whose philosophy matches just as with their owner is also vital. The businesses using or considering e-commerce should investigate the potential roles for the Internet in all aspects of their business & have specific policies and strategies in place so that they can develop and improve the quality of network infrastructure by making it bigger, legal and regulatory environment, which cultivate technological diffusion and create a constructive business environment. They should shift further than the thin concept of e-commerce (on line transactions) to a wider and larger view of e-commerce technological integration of external and internal processes, based on technology neutrality. The entrepreneurs should consider the needs, desires, expectations and requirements of their

customers and should develop and adopt innovative tailor made e-commerce solutions so that it can maximise their consumers' satisfaction and hence increase profitability of business.

CONCLUSION

Since rural areas accounts for 70% of the India's total population hence it is crucial to encourage rural entrepreneurs to break free from the traditional ways of doing business and adopt modern and innovative methods of doing business. This will allow them to act as catalytic agents for rural development process as they will be the pioneers of generating systems that will efficiently use rural manpower, machinery, material to create opportunities, wealth and market. The case clearly reflects that rural entrepreneurs should be able to assess their strengths & skills so as to make their places land of opportunities. It also reveals the synergic relationship that exists between the modernization of traditional businesses, rural entrepreneurship and e-commerce. As e-commerce has been able to turn several rural & small towns of India into knowledge model regions providing the opportunity to customary businesses to modernize themselves & stimulate rural entrepreneurs to utilize flexibility, speed offered by e-businesses so as to redesign their traditional business models to enhance efficiency and provide comparative advantage over its competitors. As purchasing power of rural customers is increasing with economic growth of the nation more and more small business and rural entrepreneurs are skimming through various business opportunities that can be tapped into to create sustainable business enterprises thereby giving rise to rural entrepreneurship. This has resulted in increased participation of rural population and businesses in e-businesses which might substantially boost the faith and growth of e-commerce related industries in rural India in future. However it cannot be considered as one stop solution for growth in rural entrepreneurship and considerable steps has to be taken by government, industry across the length and breadth of the nation to minimize the bottlenecks associated with the adoption of technologies by entrepreneurs so as to make them more tech savvy.

Moreover the case study has attempt a new vision to exploit IT adoption and identifying essential

influencing factors on Ecommerce acceptance within rural and small town areas of India. Also the challenges face by all the small town entrepreneurs while adopting any new technology such as ecommerce. It felt that many small rural businesses do not understand and comprehend that creating good web presence can place them on even a higher grip and balance with larger competitors and that they don't have to be technology wizards to realize and accomplish good web presence like www.mitticool.in did. While e-commerce may propose a means of growing sales and escalating income, an entrepreneur must accept the challenges while keeping him/her open to exploring this new marketing vehicle by innovating it each time.

From the case study of Mitticool clay creation it is evident that entrepreneur Mansukhbhai Prajapati has been able to use e-commerce technologies like facebook page, website, etc to its advantage by intelligently, creatively using it as a platform to promote its business, spreading the word about their innovative eco friendly products they are involved manufacturing in, thereby creating new relationships and strengthening the old ones. He was able identify & implement the perfect mix of innovation and organizational factors which many entrepreneurs fail to do leading to its success. The entrepreneur is trying to incorporate new and advance forms of technologies and services to encourage accessibility and co-ordination and help him to compete with other competitors that are a step ahead of them providing their customers several online services.

Many rural Entrepreneurs today are either planning or catering to new markets, expanding their customer base, improving their operational efficiency and business capacity thorough effective use of technology. However this will increase competition for them and therefore they must adopt innovative strategies of e-marketing to make it profitable. Thus it is imperative for entrepreneurs to have knowledge and understanding of e-commerce model and have dynamic thinking so that they can effectively execute it into profitable venture and introduce changes on periodic basis.

In the end there are so many opportunities that is available in the e-commerce horizon but rural and small town entrepreneurs India has just scratched

the surface of it so there will be positive growth in this sector in near future. Thus there will be continue convergence of digital and physical world and those who will conquer this trend will be market leaders.

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Leadership Wisdom for Service-Sector

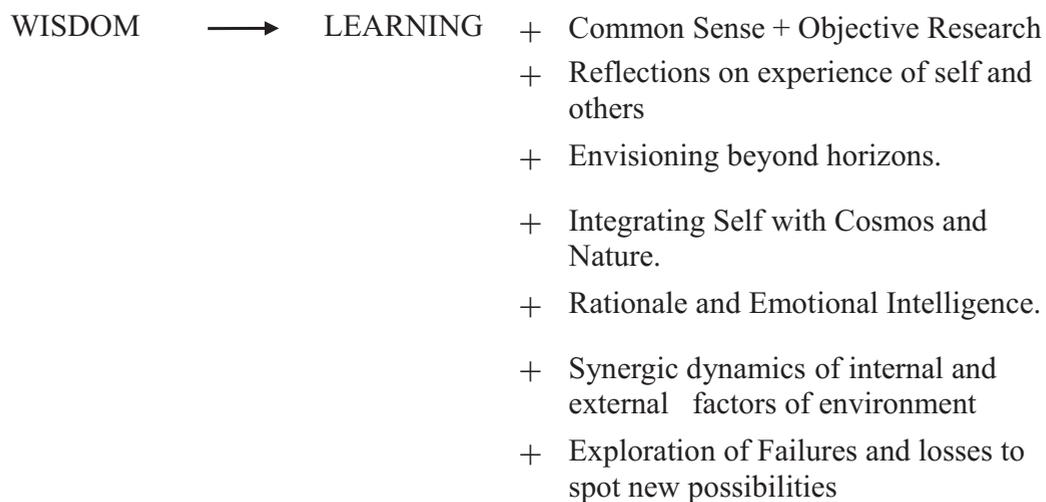
Prof. Rajendra P. Bharti*

Cable News Network, popularly known as CNN, had brought a revolution in the news industry, way back in 1980 legendary breakthrough thinker Ted Turner launched this 24/7 news channel. Globally the television viewers were amazed. They watched the assassination attempt on U.S. President Ronald Reagan, as the minutest details of the events unfurled. The people could watch from their living rooms the Gulf War on the real time basis. Their experience was unimaginable.

How did the business leader think beyond peoples' imagination? His passion with his service of television news was flying to create new horizons.

His intellect and emotions were always reinventing the synergies of different dimensions of peoples' delight and telecasting possibilities in the space. Ted Turner said, "I am the right man in the right place at the right time. Not me alone, but all the people who think that the world can be brought together by telecommunication."

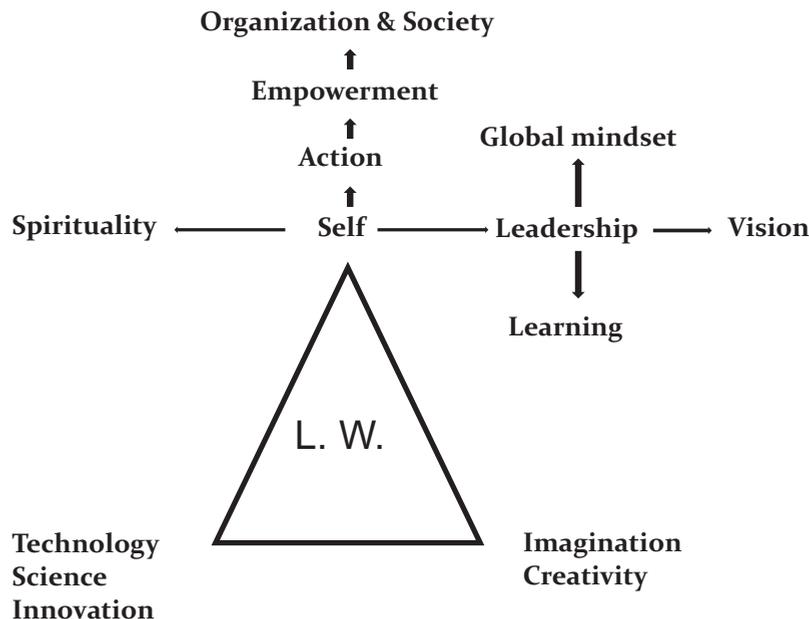
Many people think wisdom to compromise of business knowledge and fail to promote leadership wisdom which has strong potential of revolutionizing the business growth. Wisdom grows through an intelligent process starting from learning.



**Director, LBS Institute of Management & Technology, Bareilly*

Leadership wisdom for services can be created by navigating through the deep and wide expanses of the ocean of people's expressed and unexpressed aspirations about their various activities and experiences and innovative combinations of resources and technologies. Business wisdom is a dynamic and ever evolving concept and holds great importance in this world of intensifying competition. The starting point is the leader himself

as said by Ted Turner. It is orchestrated by the leader with imagination and creativity of organizational people on one hand and innovative wiring of science and technology with current and prospective customers, on the other hand. For the business leader, it is a stimulating journey of empowering self with reflective learning for explorative possibilities of serving the human society.

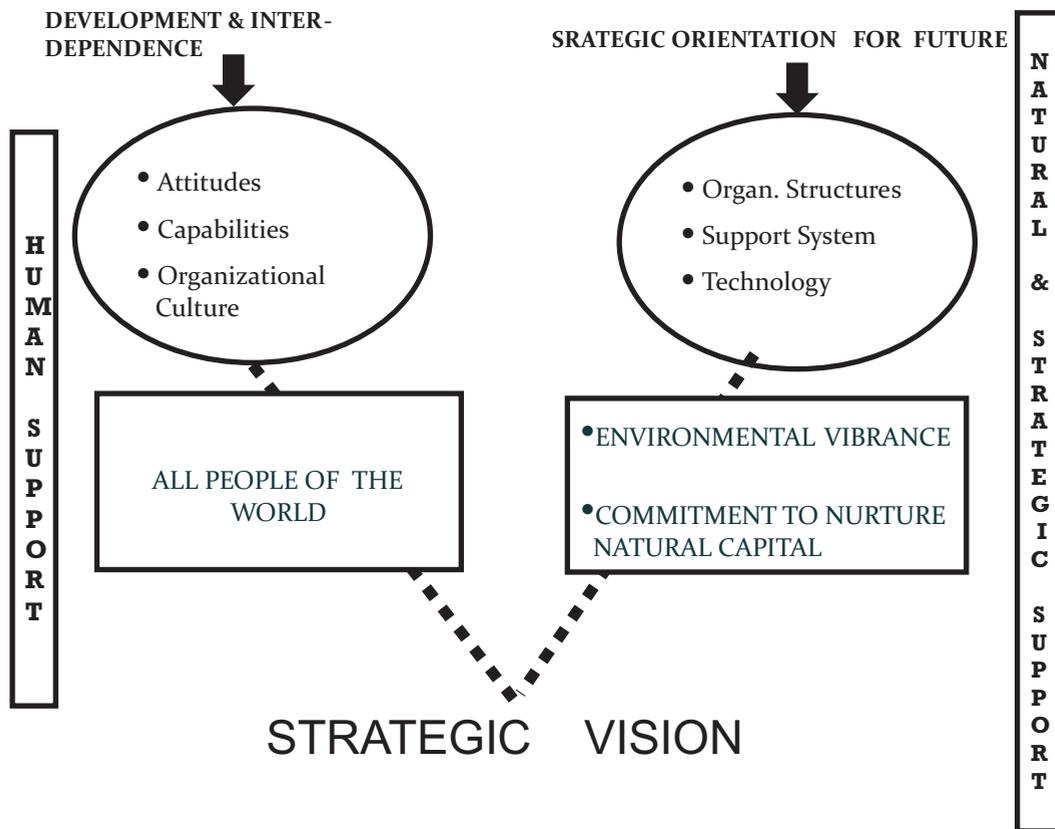


Strategic Vision is the driver of corporate wisdom and is the most important attribute of wiser business leaders, as proved by recent researches. But the major challenge is to get the strategic vision shared and internalized by all team members. Mr. Vinod Kumar, M.D. & C.E.O of Tata Communications says, "You can have the most - well thought - out strategy and a great financial plan but unless everyone understands your purpose, directions, stakeholders and how best to serve them, it will fail". The second most important attribute of corporate wisdom is the ability of managers to build passionate teams through high level of human sensitivity, interpersonal skills and primal leadership.

Strategic Vision of business leaders in service sector, works through (i) all internal and external people directly or indirectly related to the service and (ii)

environmental vibrance and commitment to nurture natural capital. The people dimension needs continuous development and fine tuning of functional interdependences through:

- i) Attitudinal Reorientation
- ii) Capability building through objective value addition to peoples' knowledge, skills and habits
- iii) Promoting Organizational Culture that supports the vision by integrating entire human resource management system with the new winning culture through (a) articulating the components of the winning culture and (b) working with people to demonstrate the positive influence that the new culture can make.



The second dimension of strategic vision works through strategic orientation for future which requires that:

- i) Organizational Structures are re-designed to serve the strategy.
- ii) Support Systems: all facilitation and support systems are revamped according to the spirits of business vision and
- iii) Technology: manufacturing, processing, communication and network technologies are upgraded to support all functions.

Leaders in service sector need to appreciate the fact that there are inexhaustible growth prospects for their business as long as they strive to create and enhance happiness of people through creating new chemistry of:

- i) Human Effort
- ii) Technological Solutions and
- iii) Natural and physical resources.

While human effort, technological solutions and physical resource remain in the focus of actions of business leaders, quite often some organizations intentionally or unintentionally happen to ignore the importance of nurturing natural capital. They simply fail to realize that nature is not only a basic support system but it is a resource generator for all businesses.

The leadership wisdom may lead to re-defining business as 'set of enterprising initiatives and actions which aim at creating, recreating, building, nurturing and developing means and resources for human life and its evolution along with a commitment to careful nurturing of natural capital. Through all such activities, business is bound to grow with strong sustainability if it does not deviate from its focus on people and environment.'

READERS' VIEW

Discussion, as the meaning of Vimarsh goes, this journal is really a wonderful forum of discussions on various exciting topics in management. The whole journal in itself is a package of knowledge and awareness. I am really enjoying being a regular reader of Vimarsh.

Congratulating the diligent efforts of the editorial board and the authors, I wish the team a great future ahead.

Dr. Nitu Saxena

Associate Professor

Editor of 'Contemporary Management'

LBSIMDS, LKO

The June 15 issue of Vimarsh, the journal of School of Business Management, IFTM University is here with me. In my opinion, this journal provides an outstanding platform to academicians, scholars, researchers and industrialists to share their views, ideas and thoughts. I heartily congratulate the editorial board for their fantastic efforts. I wish them a great success ahead.

Mrs. Manu Sharma

Assistant Professor

School of Management

IMS Unison University

Dehradun



About The Universit

Institute of Foreign Trade and Management (IFTM) was a pioneering attempt to provide the world class professional education in the brass city of Moradabad in the year 1996 by a family of public spirited entrepreneurs. It was a joint vision by a philanthropist to the core and visionary in the education arena (Late) Sri Onkar Saran Kothiwai and renowned economist Dr. R.M. Dubey. IFTM was the first institute in entire Rohilkhand region to bring BBA, MBA & MIB programmes for Management education.

Having tasted the success and feeling the appetite of ever growing demands of students and parents alike, IFTM ventured into other areas of professional education. It started offering new courses in Engineering, Pharmacy and Computer Applications to cover the entire spectrum of professional courses. Year 2002 saw the addition of another feather in IFTM's cap whereby a new Engineering institute, College of Engineering and Technology (CET) was established. It offers various undergraduate and postgraduate engineering courses in Computer Science, Electronics & Communication, Information Technology, Mechanical and Biotechnology. By the year 2010, IFTM group has established itself as a niche player by becoming a "Centre of Excellence" in various disciplines of professional education providing best in class education for Management, Engineering, Computer Applications and Pharmacy courses. All the technical and professional courses are approved by AICTE with Pharmacy course being also approved by PCI. National Board of Accreditation (NBA) has accredited all the eligible courses.

Year 2010 brought a new dawn for IFTM group and the great dedication, commitment, perseverance; untiring efforts of the entire IFTM team were noticed and appreciated by the government of Uttar Pradesh (U.P.). Hence IFTM was granted the University status by U.P. Government vide IFTM University Act No. 24 of 2010. IFTM University started the operations from the session 2010 as it already had the necessary and university compliant facilities and infrastructure. In an endeavour to expand the horizon of its offerings in professional education space, IFTM University has added more programmes at UG, PG and Doctorate levels in different disciplines. To bridge the gap between High School and Degree courses, IFTM University will also offer the Diploma courses. In addition to professional courses the University has a comprehensive plan to introduce other subjects in the field of Natural, Social and Medical Sciences.

Current times are challenging for Education sector with lot of churn happening and as the saying goes "Challenging times need unprecedented measures", IFTM University embarks upon a journey to be the "Trusted Partner of Choice" for Parents, Students, Teachers and Industry Champions. In this attempt, University now boast to house more than 11000 students and 400 faculty members till date. Thus with the humble beginning in 1996, IFTM has traversed a long path to become IFTM University by 2010. It strives to scale new heights and aspires to forge new partnerships with National & International bodies in order to make an indelible mark on the face of Indian Education.



About The School of Business Management

School of Business Management (SBM) is one of the most reputed and sought-after Centres of education in the field of management studies in the region.

This school was established in the year 1996 as Institute of Foreign Trade & Management and had been offering the BBA, MBA & MIB programmes of Management of Rohilkhand University, Bareilly, until 2000 when MBA programme came under the affiliation of the Uttar Pradesh Technical University, Lucknow. The Institute has become one of the most reputed Centres of education in the field of management studies and has been producing gold and silver medalists, as well as top ten merit holders on a regular basis since inception. In 2010, it has been reorganized as School of Business Management and is offering UG, PG and PhD in management and commerce, however, Masters of Business Administration has been a flagship course of the school, since its inception.

The School has been a constant contributor in the field of management through its research and development outputs. Doctoral research facilities are available in the various areas of management studies such as Business Economics, Security Analysis and Portfolio Management, Statistical Techniques, Human Resource Development, Supply Chain Management, Tourism Marketing, Advertising & Publicity Management and other functional area of management.

With a well connected network of alumni and reputed recruiters, the school has proven its role in disseminating relevant knowledge to the students and satisfy long list of recruiters. Parle Biscuits Pvt. Ltd., IDBI Bank, Reliance Money Ltd., DBS Bank, Yes Bank, Kudos Ltd., SMC Ltd., Designco Pvt. Ltd. and Micro Turners are just few to name among satisfied recruiters. The decision of prospective candidates to join the school for their career building thus, will be right and rewarding.

Published by :

School of Business Management

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