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vidwat

The Indian Journal of Management

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defining excellence

VIDWAT (विद्वत) in Sanskrit means: know, understand, find out, learn, ascertain, discover and expound.

"Vidwat – The Indian Journal of Management", published by Dhruva College of Management, Hyderabad, reflects this array of meanings. It is a vehicle for a wide range of researches from across the globe to bring their insights to B-Schools as well as practicing managers.

"Vidwat – The Indian Journal of Management" is a bi-annual publication. Its objective is to encourage and publish applied research in all the functional areas of management. It lays emphasis on management issues that are relevant to academicians and practicing managers.

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Editorial - *a million dollar question* ++

Current issue of Vidwat brings an array of articles including Op-Ed "Corporate Governance - Will It Deliver Value Than Fluff For India?", a thought paper "Big Data lead to big monetization", and a few select case studies of DICWC-Dhruva International Case Writing Competitions held Dec, 2013.

In this age of growing competitiveness, management is more about commercialization and profit making. However, there are rare breed of leaders like Dr. Y R K who view management as being uniquely rooted and firmly grounded in Principles. Yaga Consulting is impelled by his unique and profound knowledge-driven-non commercial vision. Having known for consulting with reputed organizations it could have become a premier commercial consulting corporation of India.

"Has Y R K sacrificed quantitative growth by being grounded in values and principles?"- *is a million dollar question*

Sri. Durga Prakash, leading luminary as well as votary of Business Analytics wrote an exquisite essay on Big data. The author nicely explains about various advantages of big data to research driven organizations. He also mentions about open source alternatives like Hadoop, R etc; as technological alternatives to realize value from big data.

Prof. Santhisree and Dr. Prasad in their article address very important aspects in consumer finance sector. Indian chit fund services sector is not well organized and the implications are unsavoury for the economy. In fact, the unorganized chit fund sector is 100 times to that of organized. Though, chit funds are referred to as 'financial vehicles of the poor', this industry is very susceptible to fraud and cheating. In 2013, Sachin Pilot had to submit a list of 87 companies in parliament for foreclosure suspecting them as of Ponzi scheme typology! The authors describe as how individuals are vulnerable to these schemes alongside throwing light on certain loopholes in government regulations.

As per live Mint -The Wall Street Journal, there are 43 foreign banks in India with a network of 334 branches. These banks are important with assets accounting at least 0.25% of the total commercial banks assets in India. Prof. Pandya in his article on performance of foreign banks, finds that the foreign banks are critical to Indian economy. But there is no statistical postulate to prove his optimism.

Ethiopia is known for teff, avocado and tea. The country is rich in natural resources-but unfortunately untapped. In fact, UNIDO identifies this country as one of the world's destinations for hide and leather. Approximately 72 percent of enterprises account for leather in Ethiopia. The capital Addis Ababa itself has at least 600 registered leather processing enterprises. As found by one African research study, in spite of huge investments in education, infrastructure, agriculture, the labor still remain unskilled. Prof. Moorthy and Prof Rao, in their study "on training in small and medium enterprises in Dilla-Ethiopia." They predicate that right training can not only upgrade technical skills but improves human skills too.

As always, there is a surprise element that dispels the myth *"is Gross National Happiness-utopian?"* in the form of a filler that runs through the entire length of the journal.

May I request the elite reader to critique, comment, counsel on this issue and contribute articles for future issues.

Happy reading…

EDITORIAL TEAM

Op-Ed: Corporate Governance – Will It Deliver Value Than Fluff For India?

Dr. Y.R.K.Reddy

Lack of shareholder activism amongst domestic institutional investors, abusive related party transactions, poor quality of board discussions, lack of independence of boards, weak disclosures and soft enforcement – these have been listed internationally as key lacunae in Indian Corporate Governance. Apart from the many FIIs and international corporate governance commentators over the years, the IMF has also pointed out similar gaps in recent months. Yet, the markets do not seem to punish Indian corporates or for that matter any of those in emerging markets that suffer from similar weaknesses. On the contrary, there is a shift of primary and secondary equity markets towards non-OECD countries, as brought out in a brilliant study by Mats Isaksson and Serdar Celik. This shift from 2006 onwards is especially to China which has overtaken the United States as the largest IPO market in 2010. This, against a background of weak corporate governance scores assigned for India and China in an Asian Corporate Governance Association – CLSA Asia-Pacific Markets study in 2012. The scores for 2012 place China at 9th place amongst 11 Asian economies with a score of 45% and India at 7 with a score of 51%. The scores are against a global bench mark of 80% to which the closest in Asia is Singapore with a score of 69%.

It is increasingly becoming evident that the corporate governance discourse originating in the UK got inspired by assertions and assumptions that belie reality. In the process, the much hoped for-corporate governance premium has remained unsubstantiated both at the country as well as the company levels and the markets have hardly disciplined anyone. First, among several reasons, is that the popular standards are derived from the normative mechanisms associated with the widely-held corporation which needed to fix the problem of the separation of ownership from control - the classic agency issue. On the other hand, such widely-held companies are an exception in most markets that are dominated by inter-generational business families, first generation entrepreneurs and State-owned enterprises holding significant stock and control in their firms and allowing limited float in the market. Second, there has been undue attention to the boards and shareholder rights in the codes and standards that demand staid apparent measures that may not lead to value-enhancing outcome. Thus, several popular corporate governance mechanisms have not withstood research scrutiny unambiguously for their effectiveness in performance enhancement, risk mitigation and overall shareholder returns.

Third, there has been insufficient effort to integrate corporate governance criteria into financing decisions by providers of finance. In fact, the providers of finance have been at the centre of market failure in rewarding and punishing corporates based on corporate governance. With the result, while many seem to demand good corporate governance standards from their potential investees as a socially hygienic act, their decisions are often on the basis of -promise of profit with corporate governance as insignificant collateral. Fourth, the profile of investing industry has changed dramatically in recent years, with the sovereign wealth funds taking the top slot amongst the emerging markets followed by insurance companies, mutual funds, pension funds, securities companies, private equity and hedge funds. Most of these investors have increasingly short-term targets that assign insignificant value for corporate governance standards. The size of patient capital appears to be progressively shrinking in equity markets. Perhaps, this signals the short-comings of fiduciary capitalism that one hoped would impact markets positively.

Fifth, the corporate governance standards practiced by most of these institutional investors have been not merely opaque but bestowed with regulatory arbitrage opportunities, if not regulatory forbearance. So, they appear to take the role of standard setters for their potential markets but not necessarily followers of the spirit of corporate governance themselves. It is indeed the poor performance of some of these (such as the equity weighed funds) that have driven retail investors out of many markets in favour of relatively dormant and safer assets. Sixth, the securities regulators in many emerging markets straddle the fence between the populist -comply or explain and the hard-nosed -comply or else. Their dilemma gets aggravated in the context of the pulls for achieving greater depth in financial markets and developing capital markets with a liberalist stance. The regulatory ambivalence often gets exacerbated with the hope that the self-regulatory organizations i.e. the stock exchanges and professional bodies

Y.R.K.Reddy, PhD, an International Advisor and Speaker in corporate governance policy and capacity whose professional work spans 40 countries and international bodies, was a distinguished Chair Professor of Strategic Management. He is contributing, **as an invited expert,** to the high-level meets of OECD-Paris in reviewing afresh the Principles of Corporate Governance due to be issued in 2014. Contact: yrk@academyofcg.org

should be first-enforces of market discipline or the patrol-police. Seventh, the policy environment within which corporate governance can thrive requires reasonably sound institutions including those that assure rule of law, justice and fairness. Where market institutions and the government are weak or captured (or both), no degree of good standards would make corporate governance a competitive proposition for the seekers of finance.

The argument here is indeed not against good corporate governance as such nor to take away the credit due to SEBI for its continued and creditable work. It is against the pedestrian and symbolic approach of all players especially the providers of finance who have indeed failed the corporate governance movement till now. A deeper insight and a national policy are required connecting up the missing links and establishing a framework that truly promotes efficiency, effectiveness and entrepreneurship - amongst all forms of legal entities. Listed or unlisted, providers of finance or seekers of equity or debt or the intermediaries. The need is imminent going by a study of the McKinsey Global Institute that estimates a shortage of USD 10.2 trillion of equity during the next decade among companies in the emerging markets. As the study implies, it is imperative that there are substantive improvements in the intermediation between individual savings and corporate needs to be able to reduce these gaps. Or to put it crudely, make people gain confidence in markets than in the underside of mattresses.

Editorial Team - Vidwat is proud to bring in a glimpse of Dr. Y R K's persona

Dhruva College of Management co-partnered in GLOBE (Global Leadership & Organizational Behavior Effectiveness) with Wharton School. As part of this epoch making research, Dhruva interviewed Dr.YRK along with many top CEOs. YRK's "Yaga Consulting" was the first we did write as a full fledged case-thanks to his untiring intellectual support. This case was adjudged the best at IIM Lucknow 2006. (for full text , please see *archives* www.dhruvacollege.net)

Yaga Consulting - Value Premise

- India's First Strategy Boutique that operates on the premise that what is given away comes back in multiples
- No Solicitations for Business
- Seeking no finance from the Public – through either debt or equity
- Seeking only understanding and relationships that can feed knowledge: reinforce, expand, and elevate it.

Ideas can be powerful. The idea of perpetual material progress has captivated human beings, especially during the last two centuries. Yet, the notion that it is natural for human beings to seek constant progress or growth – material or otherwise – is a relatively new one. For many millions of years, humankind has evolved without being enchanted by the idea of outer progress. Many thousands of communities, even today, do not care for it. It is not that they did not learn and change – in the sense they may have made themselves new tools or discovered new ways to live or to express themselves – but what was central to their lives was not progress but liberation, nature worship, living according to one's Dharma or belonging to a group.

Material Progress became a big idea after the Industrial Revolution, when great strides in technology made more materialistic growth possible. The work of Darwin, Bacon, Adam Smith and others legitimized and even glorified the idea of the progressive modern man. Within these two centuries this idea of progress as the greatest driving force for nations snowballed into a frenzy of mining and extraction from the earth, producing and transporting stuff and marketing them to encourage relentless consumption.

Source : Seetha Ananthasivan

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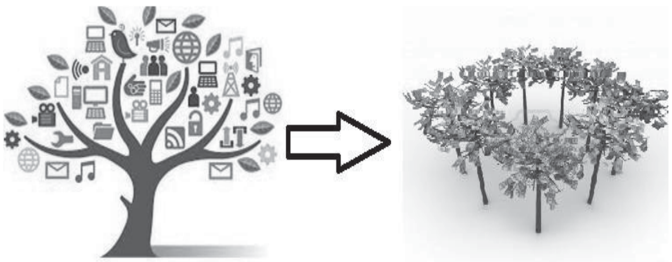
Big Data Led Big Monetization

Sri Durga Prakash



"We believe that predictive analytics will be the difference between the Leaders and Laggards in the next economic cycle"
Durga Prakash, Leader - Big Data Analytics, Tech Mahindra

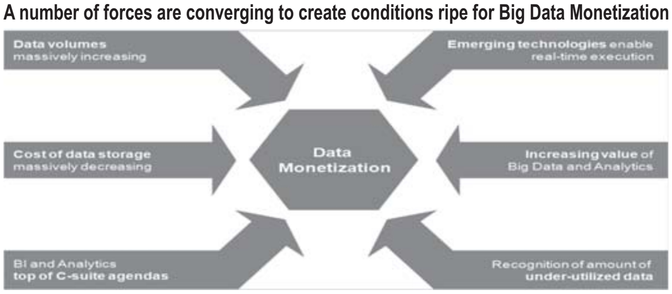
Big Data is a set of technologies that enable collection and analysis of very large data sets that yield valuable results, commercially or otherwise. Deriving these results is truly a journey from Information to Insight to Foresight.

Our definition of Big Data Monetization is the ability to generate new revenue streams from data held inside organizations and external data sources, by processing the data into usable forms or generate usable observations and insights from it.

That every minute, 47,000 apps are downloaded from the Apple AppStore. That 204,166,667 e-5

mails are sent, that Google returns over 2 millions online searches or that a bewildering $250,000 is spent online on retail or gaming sites. Staggering numbers when you consider what their daily totals must be. The point of this is simple: as the data explosion continues to grow in size, there is an enormous opportunity for businesses to harvest it and create big data-centric solutions and services. There is an enormous potential out there for smart companies to collect data and grow their business by turning data into a commercial proposition. Some may refer to it as the monetization of data. We call it harvesting the digital age, for monetization.

A number of forces are converging to create conditions ripe for Big Data Monetization



An interesting example of Big Data is using the data science to stitch together partial datasets and make reliable predictions of what the missing data is. This technique is being used by several companies to move basis for consumer market research through the brief encounters that typically occur on the web: You can only ask a few questions. But, using tracking cookies and data science; these brief encounters can be stitched together into a large and deeply profiled-Virtual panel" that produces reliable results. Practitioners here include Data Scientists and, you guessed, Google.

There are going to be winners and losers in Big Data. The latter will be the ones who can't see that data developments that are already shaping their Industry.

you don't necessarily have to outrun your competition-but, you do have to outthink them

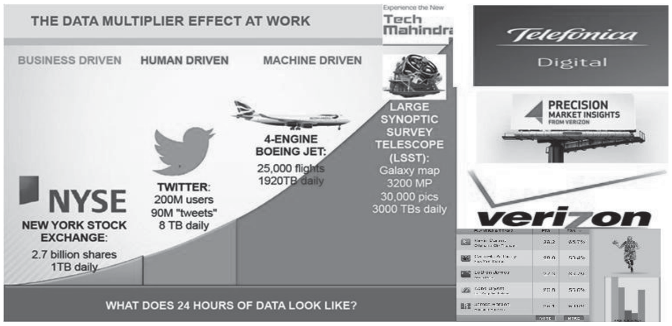
Sir Francis Bacon, an 18th-century founder of the modern scientific method, famously argued that - Knowledge is Power. With all due respect to this great scientist, in the 21st century, - Knowledge is Profit" for those firms that deploy big data analytics solutions to reduce risks, make smart decisions and create differentiated, more personal customer experiences. The answers are in the data - but only if companies look for them. Big Data is the fuel and analytics is the engine that companies need to discover, deploy, and profit from the knowledge they gain with the information.

In the past, firms spent many years and many dollars building Enterprise Data Warehouses (EDWs) and using Business Intelligence (BI) tools to report historically on businesses performance. Today, we have new tools that can deliver a more detailed, granular level data interpretation - and new platforms that enable near real-time analytics to be seamlessly integrated into both virtual and physical domains. What's different now? Advanced statistical, data mining, and machine learning algorithms dig deeper to find patterns that traditional BI tools may not reveal. Big Data has

Sri Durga Prakash, Leader – Big Analytics, Tech Mahindra

breathed new life into the possibilities because more data can mean more and better predictive models.

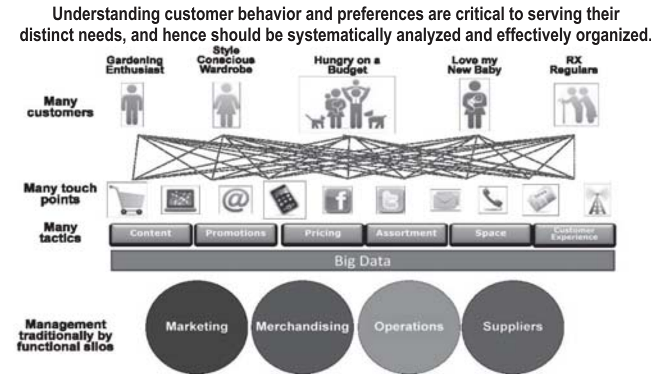
According to Thomas Davenport, and Jeanne Harris, authors of Competing on Analytics, the new science of winning refers to the skills, Big Data technologies, applications and practices for continuous iterative exploration and investigation of past business performance to gain insight and drive Foresight led business planning.

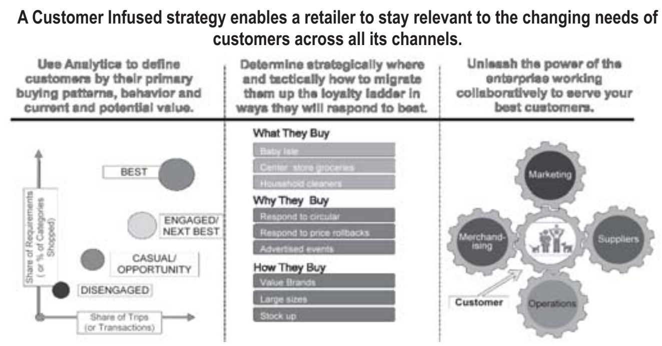


According to Gartner hype Cycle 2012, Big Data continues to be one of the named hype which can disrupt the business model and bring new age entrepreneurs who can do Predictive Selling by analyzing the large sets of data that is not only within Enterprise but also outside of the enterprise be it Structured competition data or unstructured data from social networks. For example Alibaba, Chinese largest ecommerce provider implemented Big Data Analytics and predicted that during the full moon time , there can be more sales in china and captured the opportunities with the help of Big Data Analytics led Predictive Selling. Another example in Telecom Industry in Europe. Telefonica Digital built Dynamic Insights offering on the top of very large and rich Big Data reserves it has for the European market. It has launched Dynamic Insights and SmartSteps, which offers location, based targeted, advertisement services for retail and other industries using the Big Data Analytics platform it has built. Telefonica Digital targeting revenues of €5 Billion by 2015. Similarly Verizon Information Services in USA launched Precision Market Insights in October 2012. MileagePlus United created US$1 Billion subsidiary organization to monetize it's loyal customers. China Mobile has created a separate Line of Business to focus on monetizing what it deems -The Internet of Things.

Be it SmartSteps, Dynamic Insights, Precision Market Insights or Mileage Plus, all these new business initiatives by these established multinational companies are Big Data Analytics led Monetization avenues, these companies launched by unlocking the potential of rich corporate assets they own , which is BIG DATA

Tesco has set up a large business unit of US$1 Billion to monetize the grocery store shopper data with consumer package goods companies in UK/USA.





It is not the Big Data which makes difference; It is Big Insight which help Corporate to Unlock the potential of their data. 21st century is a very different place: companies now have the technology at their fingertips to mine, analyze and extract value from data and turn this as a commercial offering, giving users nuggets of information that allow them – with great certainty – to create a competitive advantage. Some might find the prospect of ever burgeoning data volumes a scary one, but the digital revolution is only set to continue and evolve into something bigger. The question is what companies can do about it. There is immense value to be had in analyzing data but can businesses harvest this huge growth? The answer is yes, but they just need to have a concept about what it is that they want to analyze and offer as a commercial proposition to customers. Technology such as Hadoop, RevolutionR and Tableau will take care of the rest. Large Global System Integrators like Tech Mahindra offers Big Data Analytics technologies services and solutions.

A Study on Problems of Chit Fund Companies and The Satisfaction Level of the Customers

Ms V.N.Santhisree
Dr J Chandra Prasad

Abstract

The southern states of Kerala, Tamil Nadu, and Andhra Pradesh, where the MFI crisis got precipitated, account for 1/3rd of the chit fund industry in India. The total size of the industry in the country is estimated at Rs. 35,000 crore. The total number of registered companies in the country is 30,000 and the unregistered sector is 100 times bigger than the registered one. The industry grew around 20 percent last year, against a usual growth of 10-15 percent. Typically, these companies cater to middle-income group clients, due to the high cost of operations and cap on revenue. However, with the crisis in the micro finance sector, chit fund companies are now eager to tap lower income group households. Thus, over the past year, chit funds of lower denomination, with a higher number of participants, fuelled the growth of the industry in the southern states. Today chit fund in India is highly institutionalized and stand in the status of a financial industry. The money circulated in the registered chit fund industry ranges from 10-50 percent of the bank finance. But, the number of chit fund schemes registered has been on the trend of decline over the years ending 2012. It is as evident from the fact that the rate of decline in the number of chit fund schemes, registered between 2005 and 2012 are around 12 to15 percent. This is indicative of the problems and crisis haunting the chit fund industry. In this paper it is attempted to identify the various problems and difficulties faced by the chit fund companies and also to assess the extent the chit fund industry succeeded in fulfilling the requirements and expectations of the subscribers. The data is collected from the chit fund operators of 12 registered chit fund companies and 6 unregistered chit fund companies and opinion of chit fund subscribers for a sample of total 1220 subscribers has been collected in the state of Andhra Pradesh.

Key words: Microfinance institutions, registered chit fund companies, unregistered chit fund companies.

1. Introduction

A country like India, which is most predominantly agricultural country, and is industrializing itself, the trade, communications and transport needs of the country are increasing on a massive scale. This situation increased the credit needs of the country. The organized banking sector is limiting its credit to certain types of business and under severe restrictions and conditions to extend credit, the credit needs of various sectors is being met on a large scale by the non-banking sector of the economy. The role of non-banking finance companies and chit fund companies has been increasing in serving the credit needs of the middle class and poor rural segment of the economy.

Chit funds are designed as support structure for needy people who cannot get loans from banks or some money lender in the situations when they are unsure of their cash flows or some big expenses coming on the way. The concept of Chit funds works very well when all the participants in the group are well known to each other and have high level of trust between them. These social networks would help people with the availability of immediate funds in the time of urgent need. As some of the subscribers in the survey shared their good experiences with chit funds told that they met all their life obligations like sister's marriage, daughter's marriage, father's medical expenses, buying new house, children's education expenses were met solely through this type of monthly chit fund investment. There are some problems which stood as obstacles to the chit fund industry and are ruining the reputation of the business.

1.1 Problems faced by Chit Fund Companies in Andhra Pradesh

Accepting deposits from the public: The reasons why some of the chit fund companies in A.P. in recent years defaulted to the customers are collecting deposits from the public by attracting thousands of customers, assuring them high interest rates than banks and investing crore of rupees collected from the thousands of people and invested these amounts in real estate business, finance business, investment and resorts and movie making business and end up with huge losses and failed to pay the amounts due to the customers. These companies are collecting deposits on personal guarantee without leaving the opportunity to the court to seal their other businesses.

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Reserve Bank of India, amended the MNBC (RBI) Directions, 1977, in exercise of the powers conferred by Sections 45J, 45 K, &45L of the RBI Act, 1934, (2 of 1934) prohibit MNBC from accepting deposits from public except from the share holders and any deposit accepted and held by the MNBC other than from its share holders as on date shall be repaid on maturity and shall not be eligible for renewal.

Increased operational costs and insufficient commission: Operational costs like salaries, office rent, stamp duties, paper work and office equipment costs etc., are very high. The 5 percent commission is insufficient to meet the operational costs. Though the foreman enjoys the first bid amount without any deduction the liquidity problem arises because of 100 percent chit amount deposit with the bank.

Frauds and Malpractices: Diversion of funds into other businesses, intentionally delaying the payments to the subscribers, attracting deposits from the public, conducting unregistered chits in the roof of registered business are some of the mal practices practiced by the chit fund companies.

Lack of control and regulations on unregistered business: The unregistered chit fund business in A.P. is more than 6 times to the registered business. Mushroom growth of unregistered companies creating unhealthy condition to the industry. Most of the registered companies are turning to be unregistered firms as there are no stringent norms and conditions and control over this business.

Lack of financial planning and discipline among the subscribers: Most of the registered chit fund companies default because of the irregular and delayed payment of future subscriptions by the subscribers. Well established and financially sound companies appointing agents for selecting good customers but small and new companies cannot afford for this. The financial indiscipline of the customers damages the industry.

Processing delays: Nearly 65 percent of the subscribers who prefer the unregistered companies are due to the reason of easy access to money and 32 percent of them because of fewer formalities. Basing on the opinions collected from the customers the money will be given to the winning subscriber immediately where as in registered companies, after submitting the collateral, it will take 15 days to 30 days to collect the money. Because of these reasons people prefer unregistered companies.

Complicated collaterals: Most of 33 percent of the customers invest in unregistered companies opinioned that no collateral is required and 37 percent opinioned it is very reasonable and viable. The collateral requirement in registered chit company is complicated than unregistered chit companies. In registered chit companies, according to the size of the liability they demand collateral like salary certificate, income tax returns, LIC surrender value, bank guarantee or personal surety.

Registered companies are away from Low income group: For registered companies it is not profitable to run low value chits as the commission charges are very low (5 percent). Low income people preferring unregistered companies as there are no rules and stringent norms and collateral requirement with the companies.

Stringent norms and control: The infant registered companies are suffering more with the stringent norms and control by the government.

Lack of Government support and concentration on the industry: Actually industry does not need financial support from the government. But government should morally support the industry. Even after the enormous development of banking system, insurance and credit system in the country, still lakhs of people are benefiting out of chit funds. Though chit funds lend for unproductive consumption needs, it is important to cater the social needs of the people in the economy.

2. Objectives and research methodology

- To identify the problems faced by the chit fund industry
- To assess the customer expectations and requirements and the extent to which the chit fund industry could stand customer centric.

Data is collected through two sets of structured questionnaires one set each for Chit Operators and Chit Subscribers respectively. The sample size of the chit operators consists of 228 managerial and operating staff of the select 12 registered chit fund companies in the state of Andhra Pradesh along with branches and 6 unregistered chit fund companies under study. On the other hand the total sample of chit subscribers is 1220 of which 782 are from 12 registered chit fund company subscribers and 438 are from 6 unregistered chit fund company subscribers / members, selected through random sampling from different regions of the state according to the population density of the regions. Totally, a sample of 540 is collected from Telangana region, 615 from Coastal Andhra and 65 from Rayalaseema regions.

3. Analysis:

A total of 30 variables in the opinion survey of 228 chit operators and 1220 chit subscribers in relation to the problems faced by chit fund companies irrespective of the type of the formation of the companies and the opinion of the 1220 subscribers with respect to their satisfaction level with the service of the companies is analyzed and the null hypothesis of the study is formulated as under.

Hypothesis H0: The difference among the chit fund operators with respect to their opinion on the problems faced by chit fund companies is not significant.

Hypothesis H0: The difference among the sample subscribers respect to their opinions on the problems of the chit fund companies is not significant. 14

Hypothesis H0: The difference among the sample subscribers with respect to their satisfaction level is not significant.

Table – 1: Opinion of the chit operators on problems faced by chit fund companies

	Type of chit fund		
Reasons	Registered	Un Registered	Total
Diversion of chit amounts	46(71.9) (36.5)	18(28.1) (17.6)	64(100.0) (28.1)
Accepting deposits	2(22.2) (1.6)	7(77.8) (6.9)	9(100.0) (3.9)
No legal action	22(73.3) (17.5)	8(26.7) (7.8)	30(100.0) (13.2)
All above	56(44.8) (44.4)	69(55.2) (67.6)	125(100.0) (54.8)
Total	126(55.3) (100.0)	102(44.7) (100.0)	228(100.0) (100.0)
Chi Square value 31.057			

Note: 1. Figures in side brackets indicate percent to Row Total.

2. Figures in lower brackets indicate percent to Column Total.

Source: Survey

The null hypothesis is rejected at the chi-square value at 5% level of significance and degree of freedom 3. Hence it is inferred that there is significant difference among the chit fund operators with respect to the problems face by the chit fund companies.

From Table-1 the main reason for registered chit fund companies' default is diversion of chit amounts. The main reason for unregistered chit fund firm defaults is no proper legal action. Hence, it is concluded that though most of them opined that the important reason for the default of the companies is diversion of funds, it is not only the reason but all the other given reasons are also considerably affecting the default of the companies.

Table-2: Opinion of the subscribers on general problems of the chit fund companies

Reasons	Total
Expansion of commercial bank branches all over the country	159(13.0)
Frauds of chit fund companies	137(11.2)
Less encouragement	134(11.0)
Default of the chit fund companies	159(13.0)
Increasing number of chit fund branches and operating other businesses like Real estate and Resorts to satisfy the increasing operating costs.	171(14.0)
Political issues	97(8.0)
Increased salaries to the employees and commission to the agents.	98(8.0)
High registration fees for the chit group	122(10.0)
Not operating low value chits because of low commission charges.	143(11.7)
Total	1220(100.0)
Chi-square value 2.454	

Note 1. Figures in side brackets indicate percent to Column Total.

Source: Survey

The hypothesis is accepted at chi-square value at a significance level of 5% and degree of freedom- 8 and it is concluded that the deference in the opinions among the sample subscribers on the general problems of the chit funds is not significant. Hence we can say that there is no difference of opinions on the issue.

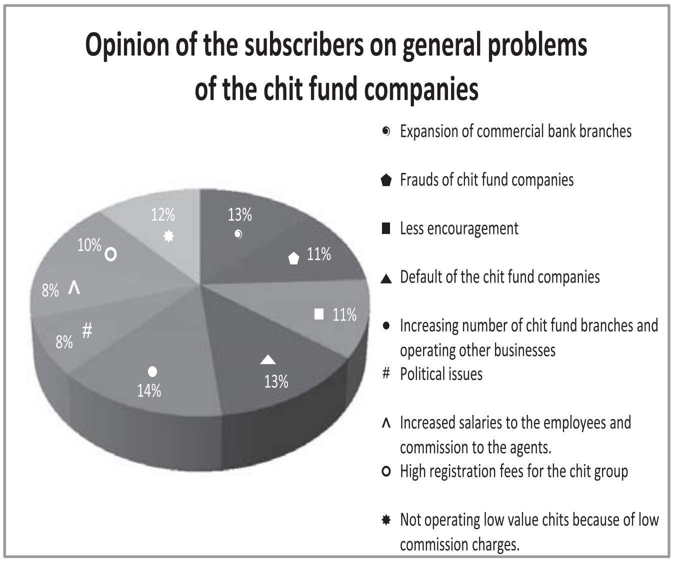

Table – 3: Opinion of the subscribers on the working and proliferation of chit fund companies

opinion	Friedman Mean Rank
Default of the company	8.67
Wontedly Delaying in paying prize money to the subscriber	8.17
Stressing more on security submission	6.02
Harassing the subscriber with Legal formalities if there is any delay in the subscription money.	6.02
Improper communication regarding chit dividends and premiums	6.02
Poor service of the foreman	6.02
Unscrupulous protection of returns	6.02
Higher penal charges	6.02
Lower agency network	6.02
Linkage of one scheme payments to the other scheme during the payment of prized money	6.02
Processing delay of the prized money	6.02
Need to visit frequently for the prized money	7.00
Total 1220	

Note 1. Figures in side brackets indicate percent to Row Total.

2. Figures in lower brackets indicate percent to Column Total.

Source: Survey

Friedman's test is used to identify the series of problems faced by the chit subscribers from the chit operators which are of significant influence on the chit subscribers building the relationship block. As can be seen from the table-4, Default of the company (8.67) is being ranked first followed by the statement wantedly delaying in paying prize money to the subscriber (8.17). Need to visit frequently for the prized money (7.00). All the remaining problems have been given equal rank with 6.02. This clearly indicates the most significant problems are: default of the company, wantedly delaying the prize money and frequent visits of the subscribers for prize money.

Table-4: Satisfaction Level of the chit subscribers (Figures in Nos)

Satisfaction Level	Type of Chit		
	Registered	Un Registered	Total
Satisfied	432(61.28) (55.24)	273(38.72) (62.33)	705(100) (57.79)
Neither Satisfied Nor Dissatisfied	100(76.34) (12.79)	31(23.66) (7.08)	131(100) (10.74)
Dissatisfied	250(65.1)	134(34.9)	384(100)
	(31.97)	(30.59)	(31.48)
Total	782(64.1) (100)	438(35.9) (100)	1220(100) (100)
ANOVA (F Value)	**5.604**		

Note 1. Figures in side brackets indicate percent to Row Total.

2. Figures in lower brackets indicate percent to Column Total.

Source: Survey

ANOVA test results revealed that null hypothesis is rejected for satisfaction levels of customers. It can be inferred from the test results that, there is a significant difference in the satisfaction levels of customer towards the type of Chit entity.

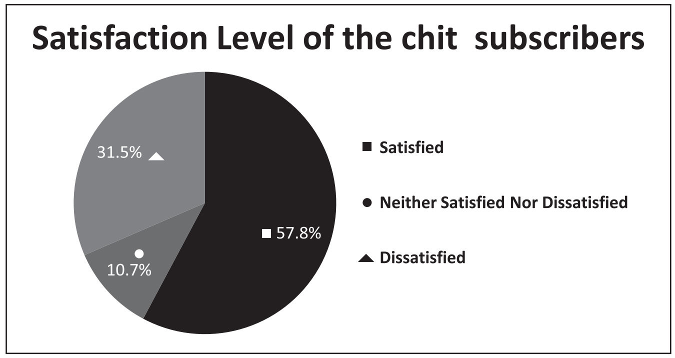

Table - 4 presents the satisfaction level of chit subscribers of both registered and unregistered firms.

Among the registered company subscribers, most of them (57.8 percent) opined that they are satisfied with the company, and 31.5 percent of them opined dissatisfied and 10.7 percent of them neither satisfied nor dissatisfied with the company.

1. Summary and conclusions

The main reasons for the problems faced by chit fund companies as it is opined by the sample subscribers are diversion of chit amounts into various other businesses like real estates, movie making and resort business. There are other reasons like accepting deposits against the rule and not imposed by proper legal action. Various other external reasons include expansion of bank branches all over the country, frauds of chit fund companies, lack of government support and regulation, increased operational expenses and higher registration fee for the chit group in some companies, as it is evident from the opinions of the sample, subscribers are creating, more problems to the subscribers and putting themselves into problems of default and winding up of the business in between by practicing processing delays, higher penal charges, linking one scheme with other scheme, including poor service of the foreman. Most of the registered chit fund companies default because of the irregular and delayed payment of future subscriptions by the subscribers. Well established and financially sound companies appointing agents for selecting good customers but small and new companies cannot afford for this. The financial indiscipline of the customers damages the industry. For registered companies it is not profitable to run low value chits as the commission charges are very low (5 percent). The infant registered companies are suffering more with the stringent norms and control by the government. Therefore low income people preferring unregistered companies as there are no rules and stringent norms and collateral requirement with the companies.

The lack of government concentration on chit fund business is affecting the growth and reputation of the business. There are some bad experiences people shared how they are deceived by the chit funds. One retired employee when he retired put all his money in a chit fund. The chit fund company suddenly closed and the foreman absconded without notice. He lost all his life earning money and is now helpless and became dependent on his son. There are many standard organizations which run schemes with a good track record. However, caution is needed when opting for chit funds.

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Happiness or Ananda is well within oneself.But unfortunately man is searching for it outside like a"kasturi mrig" wandering around in search of that elusive fragrance .As a matter of fact "fragrance (or happiness)"is within itself !

Even Abraham Maslow faltered in his "hierarchy of needs" theory that one has to go out from Physiological to Security to Affiliation to Esteem to Self Actualisation (a distant synonym of "nirvana).But our Indian philosophy in it's adorable "panch kosa" theory counsels one to travel inside oneself:Anna to Prana to Mana to Vigyan to Ananda,the BLISS or "ultimate happiness" or "ATMA ANANDA".And this atma is like a thread going thru all living or animate beings emanating from the source called "param atma" ...

Editor-in-chief (& Founder - AHIMSA)

Performance of Foreign Banks in India: An Empirical Analysis

Prof Bhargav Pandya

Abstract

This paper aims at analysing the performance of foreign banks based on selected ratios for the period 2005-12. All ratios used in the study except ratio of burden to total assets registered statistically significant change during the study period. Performance of foreign banks as measured in terms of profit per employee and business per employee has been quite good as evidenced by the statistically significant change in these ratios during the study period. Cost of fund for foreign banks remained more or less stable implying that foreign banks managed to raise funds at steady rate during the study period. Foreign banks recorded steady return on assets during the study period. Foreign banks recorded highest return on equity of 31% during the study period where as the lowest return on equity was -70%. Average net interest margin of foreign banks was 3.49% with a standard deviation of 1.463% during the study period. Maximum net interest margin recorded was 10%. This indicates that on an average foreign banks managed to earn 3.49% return on their investments after deducting their debt obligations. Ratio of net NPA to net advances of foreign banks averaged 3.62% during the study period which is a cause of concern for foreign banks

Key words: Foreign banks, ratio analysis, profitability, total assets

Introduction

Foreign banks have played an important role in the Indian economy, especially in the priority sectors. Globalization has compelled the banking sector to reach out to more customers in order to expand their business. This meant opening banking businesses even in the foreign countries. Many of the private banks were interested in expanding their business all over the world. They opened up branches across the globe to serve large number of customers, and also improve service to the existing customers. This change was a blessing for India. Currently, the foreign banks are growing tremendously in India. Many foreign banks have started operating in many parts of India giving a boost to the banking sector and ensuring increase in gross mobilization of funds in the economy.

Statement of the Problem

This study is primarily aimed at analyzing the performance of foreign banks based on host of ratios. The ratios used in the study measure profitability, capital adequacy and NPAs of foreign banks during the study period. It also analyzed the burden and wage expenses of the foreign banks during the study period.

Objectives

The study aims to realize following objectives.

- To analyze the performance of foreign banks during the study period
- To highlight the key trends in performance parameters of foreign banks during the study period

Literature Review

There have been many attempts in the past to analyse the profitability of banks in general and also to compare the performances of different bank groups. Most of these studies tried to study the performance of banks during the post-liberalisation period. During the pre-liberalisation period, the Indian banking sector was characterised by state ownership and administered interest rates. Thus, the performance of banks during this period was dependent to a great extent on policies undertaken in the banking sector. One of the earlier studies (Verghese, 1983) found that changes in the interest rate were the most important factor determining profitability of banks during the post-nationalisation but pre-deregulation period. The trend has changed after the adoption of the liberalisation policies. Banks have gained considerable commercial freedom within the broad regulatory framework. Nag and Shivaswamy (1990) in their study found that foreign banks as a group compared to their domestic counterparts showed outstanding results in terms of various indicators of performance, particularly profitability.

Mittal and Aruna (2007) compared the profitability of various bank groups using ratio analysis during the period 1999-00 to 2003-04. The study found that foreign banks were the most profitable bank group in India followed by private sector banks and public sector banks. The study also noted that the profitability of the

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public sector banks have witnessed improvement over the last five years. A study by Das (1999) also opined that there is convergence in the performances of different bank groups in India. The Report on the Committee on Financial Sector Assessment (CFSA) noted that the relatively higher productivity ratios of new private sector banks and foreign banks in terms of business per employee could be due to increased mechanisation, lower staff strength and increased outsourcing activities as compared to public sector banks. Public sector banks have a legacy of labour-intensive work procedures and greater penetration in rural areas, which also result in comparatively low business per employee' (RBI, 2009).

A study by Reddy (2002) pointed out that reduction in employee strength through voluntary retirement schemes and reduction in non-performing assets mainly through write-off schemes were the two major developments in the banking sector of India during the post liberalisation period which had a positive impact on the profitability of banks.

Another study by Sensarma (2006), however, opined that foreign banks are less cost efficient as compared with other bank groups in India. This study compared the performances of different bank groups for the period from 1986 to 2000.

Research Methodology

The present study is analytical in nature as it aims at analyzing the performance of foreign banks during the period 2005 to 2012. It covers all foreign banks that were operating in India during the study period. The relevant data for the study has been sourced from RBI website. Different ratios have been analyzed to measure the performance of foreign banks during the study period.

For the purpose of data analysis and interpretation, mean, standard deviation, t-test have been used. Hypotheses have been tested using one sample t test for entire sample of all foreign banks.

Hypotheses of the study

Following hypotheses were tested to analyze the performance of foreign banks.

1. There has not been a statistically significant change in the Ratio of Interest Income to Total Assets of foreign banks during the study period

2. There has not been a statistically significant change in Net Interest Margin of foreign banks during the study period

3. There has not been a statistically significant change in the Ratio of non-interest income to total assets of foreign banks during the study period

4. There has not been a statistically significant change in Ratio of burden to total assets of foreign banks during the study period

5. There has not been a statistically significant change in the ratio of Ratio of operating profits to total assets of foreign banks during the study period

6. There has not been a statistically significant change in the Return on assets of foreign banks during the study period

7. There has not been a statistically significant change in the Return on equity of foreign banks during the study period

8. There has not been a statistically significant change in Cost of funds of foreign banks during the study period

9. There has not been a statistically significant change in Business per employee of foreign banks during the study period

10. There has not been a statistically significant change Profit per employee of foreign banks during the study period

11. There has not been a statistically significant change in capital adequacy ratio of foreign banks during the study period

12. There has not been a statistically significant change in Ratio of net NPA to net advances of foreign banks during the study period

Results and Discussion

Ratio of interest income to total assets

The mean interest income to total assets ratio of the foreign banks were found to be 6.07 % during the study period with a standard deviation of 1.179%. This implied that foreign banks earned 6% return on their total assets by way of interest income. Foreign bank witnessed relatively lowest variability in their interest income to total assets ratio during the study period as its coefficient of variation was 29.31%.

Ratio of non-interest income to total assets

Average ratio of non-interest income to total assets of foreign banks was found to be 3.5% during the study period.

Net Interest Margin

Average net interest margin of foreign banks was 3.49% with a standard deviation of 1.463% during the study period. Maximum net interest margin recorded was 10%. This indicates that on an average foreign banks managed to earn 3.49% return on their investments after deducting their debt obligations.

Ratio of non interest income to total assets

Mean ratio of non interest income to total asset of foreign banks was found to be 3.5% with a standard deviation of 4.32% during the study period. This ratio was as high as 28% and lowest was -1%.

Ratio of burden to total assets

Burden ratio averaged at 0.13% during the study period with a standard deviation of 2.92 %. The maximum burden ratio recorded was 14% and lowest was -13%. As the average burden ratio is only 0.13% which implies that foreign banks performed well in reducing their non interest operating expenditure against non interest operating income as a percentage of its total assets.

Ratio of operating profits to total assets

Foreign banks registered mean operating profits to total asset ratio of 3.38% during the study period. This ratio was highest to the tune of 16% and lowest to the tune of -12% during the study period. Coefficient of variation of this ratio was reported to be 87.69% indicating higher variation during the study period.

Return on assets

Foreign banks reported average return on assets of 1.5% with a standard deviation of 2.81% during the study period. Lower standard deviation implies that foreign banks return on assets has remained steady during the study period. The highest mean return on assets for foreign banks was 10% where as the lowest was -21%. As measured in terms of coefficient of variation it remained quite volatile with a CV of 187.47%.

Return on equity

Average return on equity of foreign banks was reported to be 6.83% with a standard deviation of 9.61% during the study period. Foreign banks recorded highest return on equity of 31% during the study period where as the lowest return on equity was - 70%. The variability in average return on equity of foreign banks was quite high as the coefficient of variation was 140.70%.

Cost of funds

Average cost of funds of foreign banks was 3.91% during the study period with a standard deviation of 2.27%. It implies that foreign banks' cost of funds did not vary statistically significant during the study period and has remained more or less same.

Business per employee

Average business per employee of foreign banks was reported to be Rs. 1338.21 lakh with a standard deviation of Rs.1012.46 during the study period. Foreign banks reported highest average business per employee at Rs. 5431 lakh during the study period.

Profit per employee

Profit per employee of foreign banks averaged Rs. 32.12 lakh during the study period. It was highest to the tune of Rs.279 lakh and lowest to the tune of Rs.110 lakh during the study period. This implies greater volatility in the average profit per employee of the foreign banks.

Capital adequacy ratio

Mean capital adequacy ratio of the foreign banks was found to be 55.72% with a standard deviation of 83.79% indicating a greater variation in the ratio. As the mean capital adequacy ratio is statistically significant higher. It indicates a sound financial standing of the foreign banks.

Ratio of net NPA to net advances

Ratio of net NPA to net advances of foreign banks averaged 3.62% during the study period. The variability in this ratio was quite high during the study period as the coefficient of variation in the ratio was 210.88%.

Testing of Hypotheses

Hypotheses were tested using one sample t-test. Table-1 shows the results of the test. Results of the test are discussed below:

Hypothesis # 1

Results of t test show that there has been a statistically significant change in ratio of interest income to total assets of the foreign banks during the study period conditions; $t(256) = 54.72, p < 0.05$.

Hypothesis # 2

Results of t test show that there has been a statistically significant change in Net Interest Margin of the foreign banks during the study period conditions; $t(254) = 38.10, p < 0.05$.

Hypothesis # 3

Results of t test show that there has been a statistically significant change in ratio of non-interest income to total assets of the foreign banks during the study period conditions; $t(250) = 12.852$, $p < 0.05$.

Hypothesis #4

Results of t-test show that there has not been a statistically significant change in ratio of burden to total assets of the foreign banks during the study period conditions; $t(253) = 0.726$, $p > 0.05$.

Hypothesis # 5

Results of t-test show that there has been a statistically significant change in ratio of operating profits to total assets of the foreign banks during the study period conditions; $t(255) = 18.24$, $p < 0.05$.

Hypothesis # 6

Results of t-test show that there has been a statistically significant change in ratio of operating profits to total assets of the foreign banks during the study period conditions; $t(253) = 8.52$, $p < 0.05$.

Hypothesis # 7

Results of t-test show that there has been a statistically significant change in return on equity of the foreign banks during the study period conditions; $t(255) = 11.33$, $p < 0.05$.

Hypothesis # 8

It is evident from the results of t-test that there has been a statistically significant change in cost of funds of the foreign banks during the study period conditions; $t(240) = 26.75$, $p < 0.05$.

Hypothesis # 9

It is evident from the results of t-test that there has been a statistically significant change in business per employee of the foreign banks during the study period conditions; $t(238) = 20.43$, $p < 0.05$.

Hypothesis # 10

It is evident from the results of t-test that there has been a statistically significant change in profit per employee of the foreign banks during the study period conditions; $t(246) = 9.796$, $p < 0.05$.

Hypothesis # 11

It is evident from the results of t-test that there has been a statistically significant change in capital adequacy ratio of the foreign banks during the study period conditions; $t(256) = 10.662$, $p < 0.05$.

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference		Decision
					Lower	Upper	
Ratio of interest income to total assets	54.723	256	0.000	6.072	5.85	6.29	Reject Null
Ratio of net interest income to total assets (Net Interest Margin)	38.101	254	0.000	3.49	3.31	3.67	Reject Null
Ratio of non-interest income to total assets	12.852	250	0.000	3.5	2.96	4.04	Reject Null
Ratio of burden to total assets	0.726	253	0.469	0.133	-0.23	0.49	Accept Null
Ratio of operating profits to total assets	18.237	255	0.000	3.379	3.01	3.74	Reject Null
Return on assets	8.515	255	0.000	1.496	1.15	1.84	Reject Null
Return on equity	11.327	253	0.000	6.83	5.64	8.02	Reject Null
Cost of funds	26.748	240	0.000	3.905	3.62	4.19	Reject Null
Business per employee (in Rupees Lakh)	20.434	238	0.000	1338.215	1209.2	1467.23	Reject Null
Profit per employee (in Rupees Lakh)	9.796	246	0.000	32.124	25.66	38.58	Reject Null
Capital adequacy ratio	10.662	256	0.000	55.722	45.43	66.01	Reject Null
Ratio of net NPA To net advances	5.045	112	0.000	3.623	2.2	5.05	Reject Null

Hypothesis # 12

It is evident from the results of t-test that there has been a statistically significant change in ratio of net NPA to net advances of the foreign banks during the study period conditions; $t(112) = 5.045$, $p < 0.05$.

Findings

All ratios used in the study except ratio of burden to total assets registered statistically significant change during the study period. Performance of foreign banks as measured in terms of profit per employee and business per employee has been significantly high as shown in Table-1. Cost of fund for foreign banks remained more or less stable implying that foreign banks managed to raise funds at steady rate during the study period. Foreign banks recorded steady return on assets during the study period. Foreign banks recorded highest return on equity of 31% during the study period where as the lowest return on equity was -70%. Average net interest margin of foreign banks was 3.49% with a standard deviation of 1.463% during the study period. Maximum net interest margin recorded was 10%. This indicates that on an average foreign banks managed to earn 3.49% return on their investments after deducting their debt obligations. Ratio of net NPA to net advances of foreign banks averaged 3.62% during the study period which is a cause of concern for foreign banks.

Conclusion

It can be concluded that foreign banks have come a long way since their entry in Indian banking sector. As majority of the ratios recorded significant change in their values, it is a clear indicator of the dynamic approach of these banks. Foreign banks have proved their operating efficiency in terms of higher profit per employee and business per employee. Besides this, they also managed to earn higher return for their shareholders as evidence in higher return on equity. As this research highlights the performance of foreign banks in terms of ratios, a detail study could be carried out in order to identify the causes that resulted into favourable or unfavourable ratios.

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Training impact on the SME Employees - A Case of Dilla Town Area in Ethiopia

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INTRODUCTION

Training is a necessary human input for development and in the recent past training had had gained considerable importance. The trainees constitute a different audience from diverse fields or organizations. The success of any training program depends importantly on five factors: the participant (learner), the trainer (teacher), the sponsoring organization of the participants, the training institute and, the training technology employed. Training essentially is an interaction between the trainee and the trainer. Learning very much is cumulative effect of these five factors. Training attempts to create knowledge, skills and about an attitudinal change to work towards unto this last among the employees. We may speak at length about various dimensions of training but it is enough to say that minus training it would be groping in the dark. Training is light that leads you towards continuous betterment of life.. We cannot imagine a soldier or a general in the army without having undergone training in knowledge and skills related to warfare. They are trained especially in discipline, commitment and determination to serve their country. One may have knowledge in a particular area, but lacks skills to use that knowledge and also inclination to use it (attitude). In another case, one is positively inclined ready to perform but lacks knowledge and skills. They are to be in the proper functional composition and balance meeting the needs of administration and development. The whole operation in life is learnt behavior. Training may be called as neo-socialization creating an environment to acquire needed new knowledge, develop requisite skills and also to learn conducive interpersonal behavior in managing people in getting things done.

Training makes you realize where you are and where you should go and what you should do. It gives you an idea that still miles to go by. Sometimes, training throws some glimmering light on future. It makes you feel humble and modest in the area of intellectual exposure. Training is an opportunity for the participant to compare his ideas, views, convictions and knowledge. Training provides means for reflections. Training of personnel assumes greater significance and importance when it comes to development administration. We may think of several analogies likened to the impart of training. It is reminding and helping people what they are expected to do and how to do. Training invigorates the spirit of commitment. It is drawing strength from each other. Training is sometimes a fine soothing breeze. Sometimes, it opens your eyes, kindles and injects your imagination. It is something like dawn from darkness. Training provides intellectual, social and cultural contacts among the participants and trainer. Training generates flow of new ideas. It is a testing ground for the experience of the participants. Training is going into the open and receiving the sunlight. Learning in groups provides a comparative perspective. It is an opportunity for the personnel to tune with changing times and demands. It tells you that there is something better to learn and apply that learning and make things better.

Training is essential human resource development activity. It is an investment on people since people are primary in all endeavors in life in making things better. Training is for action, accomplishment, improved performance, managing men and material. It is behavior to be taught and learnt. The very existence and progress in spheres of life is based on informal and formal training. Training is to meet one's needs and contribute development. Man is born with genetically transmitted potential. We may call this as nature and nurturing this biological endowment that takes place right from the infancy up to adulthood and beyond the adult stage is the process of training the individual to fit him/her to meet his/her needs and work towards the progress of the Organization.

Now let us have a look at SMEs scenario in Ethiopia in respect of the importance and impact of training.

Poverty in Ethiopia is widespread and remains a major challenge of sustainable development and stability (Lutheran World Federation of Ethiopia, 2006; Easterly, 2002). It is estimated that close to half of the population in urban and rural areas of the country live in absolute poverty due to lack of economic opportunities,

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governance crisis, inadequate basic household income, and poor means of survival (Mammo, 2008; Serneels, 2004; EEA, 2001). A study conducted in 2003 and 2004 by the Ethiopian Economic Association and the report by the Lutheran World Federation of Ethiopia (2006) shows that nearly half of the 71.3 million Ethiopians live below the absolute poverty line, lacking an average income of 1 American dollar per day as a means of acquiring basic necessities of life. Currently, 50% of the rural and urban population of the country in the age group between 15 and 30 years is unemployed due to lack of opportunities (Serneels, 2004). In Ethiopia, there can be no credible sustained national development policy unless-otherwise the needy population is fed first and foremost.

Ethiopian Industrial Policy

Industrial policy is a contested issue, especially for low-income countries. On one hand, it is widely accepted that these countries need proactive policies to master the transition from low-productivity resourced-based societies with large informal sectors to more productive, knowledge-based and formalised patterns of productive organisation. On the other hand, deliberate interventions aimed to channel resources into preferential activities may well end up reducing allocative efficiency and creating perverse incentives for investors and bureaucrats alike. This is especially true for low-income countries, where political checks and balances tend to be weak.

The Ethiopian government has demonstrated impressive dedication and ability to create the preconditions for a market-based and socially inclusive industrial transformation. It is strongly committed to investing in technological learning in order to build new competitive advantages. This becomes evident in ambitious programmes to strengthen the Technical and Vocational Education System and to set up new universities as well as supporting institutions for specific sectors, e.g. for textile, leather and horticultural products. The government has defined priorities for diversification and industrial development. Agricultural demand led industrialization and export promotion play a key role in its strategy.

Enterprise Structure

The vast majority of Ethiopia's firms are micro and small. According to the 2003 survey of the Central Statistics Authority, 1.3 million persons were engaged in the micro enterprise manufacturing sector, 94.2% of whom were own-account workers. Only 98,000 persons were employed in small (larger than micro) manufacturing enterprises. The micro and small firms sector of the economy is mainly a sector of self-employment. 55% of the micro enterprises in manufacturing activities produce food and beverages, 23% produce textiles and garments. 85% of the businesses in the small scale manufacturing sector are grain mills.

Employment in informal micro enterprises is growing much faster than employment in the formal sector. Between 1999 and 2005, informal employment (defined as employment in firms with fewer than 5 employees) increased by 144% compared to only 16% in formal employment. By 2005, 71% of urban employment was in the informal sector (World Bank 2009). Thus formalised medium and large sized firms absorb only a very small share of the annual increase in the Ethiopian workforce, and the majority of new entrants to the labour market are forced to engage in own-account work.

The Federal Micro and Small Enterprise Development Agency and international development agencies confirm that micro and small firms rarely ever grow into a medium-sized segment, reflecting a lack of entrepreneurial and managerial capability. When micro entrepreneurs are successful, they often prefer to diversify into new activities rather than to develop and expand their respective core activity

As a result, medium-sized and large firms are barely developed. In 2002 Ethiopia had only 49 manufacturing enterprises with more than 500 workers, plus 225 small and medium sized manufacturing firms which employed between 51 and 500 persons (Ethiopian Economic Association 2005, 26). Most industries are engaged in sugar processing, brewery, cement, publishing and printing, leather tanning, and textiles.

A word about Small and Medium Enterprises (SMEs)

Small and medium enterprises (SMEs) seldom grow in productivity and employment size in developing countries, especially those in Sub-Saharan Africa. While their low performances may be attributed to the unfavorable circumstances surrounding them, recent empirical studies have identified problems within firms, especially problems regarding management. Indeed, the recent economics literature, management has been increasingly recognized as a major determinant of productivity.

Against this background, the present study focuses on SMEs management capabilities and asks whether their management capabilities can be improved by the provision of a training program, whether the benefit from the provision of management training outweighs its cost, what the good design of a training program, and related questions. The major focus of the study is on the impact of the training on employees in Small and Medium Enterprises (SMEs).

The important position of small and medium-sized enterprises (SMEs) as engines of growth is demonstrated by countries in different regions of the world. Economies in the Sub-Saharan Africa (SSA) have also recognized the positive role that SMEs can play in their development. Such businesses can create jobs, broaden the tax base, diversify risks, launch innovative products, and adopt new technology.

Small Enterprises

For government administration purposes, the definition given by the Ethiopian Ministry of Trade and Industry for small enterprises (FDRE, 1997b) describes them as follows:

Enterprises in the SME sector are defined both in terms of paid-up capital and number of workers. For the purposes of directing its policy and programme support, the MoTI has adopted a definition of micro, small and medium/large enterprises based on paid-up capital.

The definitions outlined in the SMED strategy (1997) are as follows:

- Micro-enterprises are those business enterprises with a paid-up capital of less than Birr 20,000, and excluding high tech consultancy firms and other technology establishments.
- Small enterprises are those business enterprises with a paid-up capital of above Birr 20,000 and not exceeding Birr 500,000, and excluding high tech consultancy firms and other technology establishments.
- Large and medium enterprises, by default, are those with more than Birr 500,000 in paid-up capital.

However, there are other working definitions that use the number of workers as well – a micro-enterprise is one with less than 10 employees; a small enterprise is one with 11-50; and large and medium enterprises are those with more than 50 employees.

The country is endowed with rich untapped human and natural resources, including huge water resources and one of the world's largest livestock populations. Agriculture accounts for 43 percent of GDP, industry for 11 percent, distributive and financial sectors for about 23 percent, and other social services for 23 percent. Almost 90 percent of export earnings are from agricultural produce, with coffee being the largest contributor. Other important exports are chat, live animals, hides, and gold. The government's current priority is to strengthen the industry sector through increased investment, production and export promotion.

Ethiopia has been a democratic country since 1994. After the end of the Emperor Haile Selassie regime (1930-1974), the country was reoriented to Marxism. Later, in 1992 a ― "New Market-Oriented Economic Policy" was launched and a transitional government began a process of deregulation; liberalization of trade, investment, and foreign exchange; privatization; and labour law reform. In 1994, a new democratic constitution was drafted (which embedded the rights of women in society) and since then, the government has been working with international agencies and donors to transform the economy. The bottom line of this historical sketch is to say that Ethiopians have only recently been given the opportunity to ― "rekindle" an entrepreneurial spirit driven underground for many years, and to rediscover the market economy for itself.

The Government of Ethiopia has adopted a Free Market Economy Policy, and an Agricultural Development-Led Industrialization (ADLI) Strategy to spur the overall development of the country. This includes four key components: (i) the maintenance of an appropriate macroeconomic framework; (ii) improvements in agricultural efficiency and growth; (iii) private sector development and public sector reforms; and (iv) reduction of poverty and development of human resources.

While the SME sector is expanding in the majority of countries throughout the world – in many cases creating markets and quickly adapting to the ever-changing needs of global consumers – it is clear that these smaller enterprises face particularly severe competition as many of them operate at the margins of the formal economy with far less resources to hand than the larger global players. In addition, micro and small enterprises have tended to suffer from a ― "scale bias" under national and regional industrial and enterprise development policies that are not always supportive

(ILO, 2001). For example, universally in relative SMEs face the additional burdens of procedural and administrative problems relating to registration, licensing, formalization and resource acquisition, in terms of their access to and management of finance, space, land and people.

The promotion of SMEs is becoming a popular development tool. Accordingly, governments and donors in the developing countries have shown increasing interest in promoting innovations and entrepreneurship. They have initiated various support programs with the aim to improve SMEs' competitiveness through enhancing technology and innovation capabilities such as upgrading product quality, improving design and packaging, and training to improve competitiveness. The notion is that innovation is essential for SMEs to become and remain competitive, move to higher return activities, and to grow and graduate to small and medium sized enterprise status, thus, creating new employment opportunities. Improving competitiveness is even more crucial in the context of liberalization and increasing integration into the world market. Lack of adaptation and upgrading spells defeat, while firms that keep up or even initiate their own original improvements can be expected to perform well.

STATEMENT OF THE PROBLEM

Organizations in the world are striving in competition in Global era. Globalization brought to the world a lot of changes in all the organizations whether they are small, medium and large. All the organizations are facing a stiff competition in all the fields since all the organizations are focusing on customer needs and preference. Since the focus of the organizations shifted from product orientation to customer orientation they are forced to go for quality, quantity, on time delivery, reasonable pricing etc. To maintain all the above factors very effectively the employees have to show their efficiency and effectiveness in the organizations. To meet this requirement in the organizations they should have more awareness towards the changing trends in the field of business. Changing trends are competition, quality, changing technology etc. To make employees more and more effective there is a greater need on the part of the organizations to bring awareness in the latest knowledge, skills, attitude, technology, etc.

In simple terms the global era has created stiff internal and external environmental competition. In this scenario the development of the employees in the organization to be more effective and efficient has become imperative. So the importance of training has increased in all types of organization. Keeping all those factors in view the researchers would like to study on the importance and impact of the training in small and medium scale enterprises with reference to Ethiopian context.

OBJECTIVES OF THE STUDY

1. To understand the importance of the Training in SMEs in Ethiopian context
2. To have knowledge whether there are any training programmes in SMEs in Ethiopia
3. To analyze the impact of present Training programmes

Research Design

The researchers have adopted the following simple research design keeping in view of the constraints (limitations).

Data Collection

To collect the data the researchers have taken the primary and secondary data for their research work.

A. Primary data: The researchers have administered a structured questionnaire for the employees and schedule for the Management.

B. Secondary Data: The researchers have collected secondary data from various journals, magazines, Websites of concerned area and bulletins.

Sample Size: Though there are many good SMEs in the southern region of Ethiopia, the researchers have confined the SMEies to the Dilla surroundings. Randomly 10 SMEs were selected and from these 10 SMEs 50 employees (5 from each SME) were taken for administering the Questionnaire.

Sample Units: Hotels and Restaurants, Flour Mills, Honey Production centers.

Ten (10) Managing Directors were interviewed through schedule by the researchers.

Statistical Tools: The researchers have adopted Simple percentages for analyzing the data.

Analysis of the Data (For Employees)

When the researchers asked the employees whether they have any training programmes in their organization, 45 respondents have responded positively whereas 05 respondents have said no. It is inferred that 90% of the employees of SMEs agreed that they have training programmers in their organizations. The respondents positively agreed that they are undergoing the following training programmes in their organizations. The more thrust is given to Technical Training, Front Office Training, Quality Improvement Training, Leadership Training and Personality Development Training. It shows how important the training is given in SMEs also in this region and at the same time there is a much impact on the employees through training in the above areas. 82% of the respondents have agreed that they have induction programme, while 18% of them denied it.

When the respondents were asked about the mandatory of the training programme, 82% of the employees said it is compulsory for them and only 18% of them did not agree with that.

Majority of the respondents have expressed that they are undergoing knowledge based, skill based and attitudinal based training programs. However, 80% of the respondents have agreed that they have knowledge based training programmes, 90% of them accepted that they have skill based training programmes in the organization, while 88% of them agreed that they have attitudinal based training programmes in the organization respectively.

Analysis of the Data (For Employers):

When the researchers asked the respondents for how many years they are running the organizations, they (10 respondents) reflected that their experience in running the organizations ranges from 5 to 15 years. All the respondents said that they would give first priority for training in order to increase their employees' productivity. 30 to 40 percent of employees are trained and updated every year. Training will improve the productivity of the employees, because we observed it very closely. Since employees are updated especially in their technical knowledge and skills they are more enthusiastic to reflect their newly acquired knowledge and skills when they return to the work from the training institutions.

Conclusions

The following has been inferred from the employee respondents of the SMEs:

Induction program is present in all the organizations. Though they are very small organizations, they are giving much importance towards induction which ranges from 3 to 7 days. Employees of various organizations agreed that the training program is mandatory. There is much impact of training on the employees because they are getting both internal as well as external motivation through the training. The respondents positively impacted by the organization are giving importance to knowledge based training programs. Usually it ranges from 3 to 5 days. Here it is very interesting to know about skill based training that the thrust is more since it is given the employees positively responded. It ranges from 15 to 20 days. The employees feel that they are meeting the challenges of global scenario through these training programs. It shows though they are working in a small and medium enterprises the training gives them boost to meet the day to day requirements. Therefore, there is much impact of training on the employees. All the employers responded that they will see to get the training programs for all their employees because they want to increase the productivity of the employees. They are in unison and agreed that they provide knowledge, skill and attitudinal programs for all their employees. Though the employer's affordability level is less but they too have zeal to increase their employee's productivity in the organizations. This is the reason every year all the managements are training 30 to 40 percent of their employees. Finally, with in a nutshell, though this research has been done in small and medium enterprises (in a small town) the outcome is that training has direct impact on the employees productivity and production. It is also inferred that the employees feel happy because they are getting internal and external motivation through these training programs. Not only this, but also employers are very happy with this scenario. It shows very strongly that the training programs have direct impact both on employees and employers.

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Gujarat Blood Bank, Laboratory & Diagnostic Centre

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On 15th June, 2013, Dr. Niraj Kothari the Managing Partner of Gujarat Blood Bank Laboratory & Diagnostic Center (GBB), stumbled on the news item in the local daily, Ahmedabad Mirror, that from 2012 to 2013 in Gujarat, the number of blood donors went down by 35 percent, and the number of blood donation camps organized went down by 20 percent. The news item cited the Chairman of Indian Society of Blood Transfusion and Immunohaematology (ISBTI), Gujarat Chapter, confirming these statistics. The news item sprung a question about the motivation to run the blood bank division of GBB. Dr. Niraj reflected on his 15 years journey in building GBB. He could vividly recall the challenges he faced in running GBB by balancing the constraints posed by several regulatory authorities, attitudes of donors and patients, and attitudes of doctors. Now, in the light of the news item, he had to re-assess the factors that could challenge the sustainability of GBB, especially the profitability, regulatory, demand and supply factors directly impacting the operations of the blood bank. Considering that a major share of revenue came through laboratory and diagnostics, he had to find if shutting down the operations of the blood bank would allow him to focus better. However, there were non-monetary reasons to continue operating blood bank; but again, Dr. Niraj wondered if those reasons were sufficient.

GUJARAT BLOOD BANK, PATHOLOGY LABORATORY & DIAGNOSTIC CENTRE:

GBB, Ahmedabad, a private blood bank was established on 9th August 1998 by Dr. Niraj Kothari who had just completed his Masters in Pathology, and Mr. Kantibhai Patel, a diamond merchant. Dr. Niraj Kothari recalled, "Blood banks have long served the purpose of being a life support system. In 1998 when we started operations there was hardly any major private blood bank in the city of Ahmedabad". Over the 15 years of their existence, GBB has procured advanced technology and infrastructure for its blood bank, path lab and diagnostic centre; and has managed to serve more than 10 lakh patients. It is currently operating with a 35 member team of doctors, technicians and administrative staff, and provides a wide range of health check-up and care facilities (Exhibit 1).

LEGAL SCENARIO IN WHICH BLOOD BANKS OPERATE:

“Human blood was covered under the definition of Drug[1]” under Sec. 3(b) of Drugs & Cosmetics Act, (D&C Act) hence the Act and the Rules thereof provided the legal framework[2] for regulating the operations of blood banks."(Extracted from The Drugs and Cosmetic Act and Rules) A blood bank needs to be licensed by both the state and central governments. Gujarat State Council for Blood Transfusion (GSCBT) issues the license at the state level, while the Drug Controller General, India (DCG-I) who heads the Central Drugs Standard Control Organisation (CDSCO) is the central licensing authority. Also, in order to improve the standards of blood banks and the blood transfusion services in our country, National AIDS Control Organization (NACO) has formulated comprehensive guidelines to ensure better quality control system on collection, storage, testing and distribution of blood and its components. The State AIDS Prevention and Control Societies (SACS) under NACO are responsible for ensuring availability of safe blood in blood banks and implementing the NACO programme in their respective states, but have functional independence to upscale and innovate. To ensure effective formulation and implementation of the policies and services, the National and the State Councils for Blood Transfusion coordinate with NACO and SACS respectively.

To understand the operations of a blood bank in general, refer to Exhibit 2.

CURRENT SCENARIO AND CHALLENGES:

Drug and the Cosmetic Act (1940) which governs the blood banking system in India had had multiple amendments with regard to infrastructural requirements, blood camping facility, technical mandates, manpower requirements etc. These regulatory changes were posing a challenge to manage blood bank operations.

The blood safety program in India under SACS ensures

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availability of safe blood in blood banks in their respective states. SACS don't take the responsibility to supply safe blood to public and private health facilities as and when needed. As a result, there is no supervision of blood supply from the blood banks to hospitals and nursing homes. With 24 functional blood banks in Ahmedabad (Exhibit 3), the situation is no different. In absence of centralized information system, GBB relies on its own knowledge of current patterns of blood usage and periodic data to manage the demand of blood (Exhibit 4).

A major source of voluntary blood donors is outdoor blood donation camps. As per the D&C Act, "a blood donation camp can be organised by; (a) a licensed designated Regional Blood Transfusion Centre; or, (b) a licensed Government Blood Bank; or (c) the Indian Red Cross Society ; (d) a licensed Blood Bank run by registered voluntary or charitable organizations recognized by State or Union Territory Blood Transfusion Council."(extracted from The Drugs and Cosmetic Act and Rules) In addition, a stringent list of requirements for organising a blood camp is to be complied with. The Act limits the private profit making blood banks including GBB, from organizing outdoor blood donation camps. Since this exclusion imposes a constraint on channels of sourcing voluntary blood donors, collecting blood units becomes an elevated challenge to blood banks such as GBB, which are forced to rely on donor retention and blood unit replacement mechanisms to keep a stock of blood. Following this, family replacement donors provide the bulk of blood supply at GBB and indoor blood donation camps also contribute towards meeting the requirement. To ensure retention of the blood donors GBB recognises the contribution of voluntary blood donors by providing a twenty-percent discount coupon for subsequent health check-up care facilities for self and family members.

A blood bank has to comply with infrastructural standards laid down in D &C Act with respect to the collection, processing and storage activities of a blood bank (Exhibit 5). At GBB, approximately 35% of the total floor space is currently being occupied for the blood bank operations. In Dr. Niraj Kothari's view maintaining this high space requirement for blood bank operations against utilising it for upgrading laboratory facilities where the profit margins are higher (Exhibit 6) seems unviable.

GBB has also invested in the blood component separation facilities. A patient may require whole blood or only particular components. From a single unit of blood, one unit each of red cells (RC), platelets (PC), Plasma (FFP) can be obtained through the process of centrifugation. "All of these components have different uses and patients will need different components depending on their own blood type and on their condition."(extracted from Management of Blood Transfusion Services in India: An illustrative Study of Maharashtra and Gujarat States) Also, each of these components has different storage requirements and shelf life associated with them (Exhibit 7). Though maintaining the supply of the components especially, the ones with short shelf life, is challenging but with the growing awareness and focus on the blood component therapy, GBB has upgraded itself, in terms of infrastructure and technology, to remain on par with the business environment.

With the advances in blood transfusion medicine and technology, measures to ensure quality of blood and its products are being regularly appended to the legal framework. While GBB has been regularly upgrading itself to meet these quality standards, Dr. Niraj observes that the investments (capital expenditure, human resources, materials, equipment, and other infrastructure needs) are increasingly becoming costly to afford especially for private blood banks as they do not receive any funding from either the central or state authorities.

There are semi-annual audits and inspections done by both the central and state licensing authorities, in addition to the audit by the central regulatory authority (CDSCO). GBB losses approximately four-days of operations to cater to the requirements of these audit committees. Data and record management is another major time consuming activity at GBB. Records of donors and recipients for as long as six-years are to be maintained-which also occupies a lot of space and time in terms of storage and maintenance.

At GBB, of the 35 employees, currently an eight member team of technicians is fully dedicated to the blood bank operations and around four to five administrative staff members are shared resources between the blood bank and the path lab operations. In view of proposed regulatory requirements of appropriately qualified manpower in carrying out the

1 "drug" includes: (i) all medicines for internal or external use of human beings or animals and all substances intended to be used for or in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings or animals, including preparations applied on human body for the purpose of repelling insects like mosquitoes; (ii) such substances (other than food) intended to affect the structure or any function of human body or intended to be used for the destruction of (vermin) or insects which cause disease in human beings or animals, as may be specified from time to time by the Central Government by notification in the Official Gazette

2 Section X-B of the Act covers the regulatory requirements for licensing (including renewal), functioning and operation of a blood bank. Source: The Drugs and Cosmetic Act and Rules. Retrieved September 18, 2013 from http://cdsco.nic.in/html/copy%20of%201.%20d&cact121.pdf

blood bank activities, shortage of healthcare professionals in the field of transfusion services is being seen as a future challenge. GBB is ensuring that the staff members are being trained regularly so that they qualify as per the changing regulatory norms.

In addition, lately all the blood banks in Gujarat have come under scanner after a public interest litigation filed by a resident, who has challenged the alleged commercial activities of one of the largest blood banks in the state. As a result, raising a lot of questions related to blood banks running a profitable business by selling blood donated by people, sale of blood components to private pharmaceutical companies for commercial gains, deficit at the blood banks run by public hospitals and lack of a proper network between the private and the public blood banks. This has also resulted in negativity towards voluntary donation of blood.

SHOULD THE BLOOD BANK CONTINUE?

In view of the scenario above Dr. Niraj Kothari contemplates whether to continue or close down the blood bank operations and focus more on the diagnostic centre's operations. Amidst the current legal framework, which is creating functional and networking challenges, Dr. Kothari has to resolve the dilemma of increasing investments or continuing with the spirit of serving the society.

Exhibit 1

Exhibit 2: Operations of blood bank

"Blood banking involves donor recruitment and selection, blood collection, testing, processing, storage & issue of blood and blood components. Following is the brief explanation of each of these activities:

- **Donor recruitment and retention**

Blood is accepted only from voluntary, non-remunerated, low risk, safe and healthy donors. In order to determine that the blood donation is not detrimental to the donor/ recipient specific guidelines regarding the physical examination, medical history etc. are observed. Demographic details such as name and address of donor, date and time of donor selection and donation are registered. Efforts are directed towards encouraging and retaining adequate numbers of repeat donors. To ensure this donors are provided with discount coupons on availing the services of the diagnostic centre (health check-up and care services). Also to recognize their contribution they are assured of a preference in issue of blood and its components in case of future requirement.

- **Blood collection**

Blood is drawn from the donor by a qualified physician or under his/her supervision by assistants trained in the procedure. A physician is present on the premises when the blood is being collected. The blood donor area is clean, congenial, comfortable and conveniently approachable. Standardized method is followed and equipment is used to ensure the maximum safety and hygienic standards. Thereon the sample for subsequent compatibility tests is marked for identification.

- **Testing of donated blood**

For each of the collected unit of blood, determination of the ABO group and RH(d) type is carried out. A donor's previous record of the same is not used for this purpose. Thereon mandatory tests: test for Viral Hepatitis A, Hepatitis B (HBsAg) Hepatitis C, Syphilis, HIV and malaria are carried out on the blood samples of the donated blood. Separate storage conditions are maintained till the time the testing of the donated blood is complete.

- **Blood processing**

Blood is a mix of various cells and plasma, primarily Red Blood Cells (RBC), Platelets and Plasma. These cells and plasma have different functions to perform. A patient may require whole blood or only particular components. The blood is separated into its components through the process of centrifugation because of their different specific gravities. From a single unit of blood, one unit each of red cells (RC), platelets (PC), Plasma (FFP) can be obtained. Plasma can be further separated into Cryoprecipitate (CRYO) and Cryo-Poor Plasma (CPP). To assess the requirement of the components, the current as well as past weekly and monthly trends are analysed and accordingly the processing of the whole blood into various components is done.

- Labelling for whole blood/ component
- After processing the blood, a final label is affixed on the bag with the following information:
- Name of the product i.e., whole blood or component or intended component
- The numeric or alphanumeric identification.
- The date of collection and expiry
- The name and amount of anticoagulant and the approximate volume of blood collected
- For platelet concentrate, plasma and for component obtained, the approximate volume of the components should be indicated

- **Storage of Blood and Blood components**

To limit deterioration and prevent the damage to materials in process and final products, a designated area is used for storage. Specially designed blood bank refrigerators and freezers are used for the storage of blood, blood components and blood samples only and not for any other items. The inside temperature of refrigerator and freezer is maintained at 40C ± 20C and -300C or -800C respectively and both the equipments have temperature indicator/recording facility with alarm system and provision for alternate power supply.

- **Issue of blood and blood components**

Blood/blood component is supplied only on prescription of a registered medical practitioner. Each demand of blood/blood component is raised through Blood Requisition Form (BRF), signed by a registered medical practitioner with his/her proper identification. Along with the BRF, prescribed blood sample(s) is also received.

The blood bank performs cross matching to confirm ABO and Rh(D) group of all blood units using the sample obtained. After completion of all required tests including cross matching, technician of blood bank issues the blood unit along with Compatibility (cross matching) Certificate. Communication between clinical side and blood bank is very important in issuing blood/blood components in urgent and life-saving emergencies.

The recipient's and donor's blood samples are retained for 7 days at 40C to 60C+ 20C after each transfusion. In case of a need for transfusion after 48 hours of earlier transfusion, a fresh sample is asked for to perform a cross match."

Society today is faced with a choice between two diverging paths. The path endorsed by government and industry leads towards an ever more globalised economy, one in which the distance between producers and consumers will continue to grow. The other path is being built from the grassroots, and leads towards strong local economies in which producer-consumer links are shortened.

Globalisation Destroys Local Economies and Communities

Globalisation has led to Several Social Problems

Unfair Advantage to Large Corporation

The Economics of Happiness shows how globalization breeds cultural self-rejection, competition and divisiveness; how it structurally promotes the growth of slums and urban sprawl; how it is decimating democracy.

Community is based on close connections between people, and an understanding of their dependence on one another. As we all can see when we visit a small shop in a village, people know each other and talk to one another. Nearby farmers that sell to the shop – and know the people who will be buying their produce- are far less likely to put toxic chemicals on their crops.

The stronger sense of community that stems from shorter producer-consumer links in turn has important psychological benefits. My own experience in Ladakh, as well as research here in the West, makes it clear that the rise in crime, violence, depression, even divorce, is to a very great extent a consequence of the breakdown of community. Conversely, children growing up with a sense of connection to their place on the earth and to others around them-in other and to others around them – in other words, children who are imbedded in a community-grow up with a stronger sense of self-esteem and healthier identities.

Helena Norberg-Hodge

Source : www.theeconomicsofhappiness.org

Exhibit 3: List of functional blood banks in Ahmedabad

S. No.	Blood Bank (BB)	BB with private laboratory facility	BB associated with the Hospital	Outdoor Camp Facility	BB Type
1	Adarsh Pathology Laboratory & Blood Bank	Yes	No	No	Private
2	Ami Pathology Laboratory & Blood Bank	Yes	No	No	Private
3	The Gujarat Cancer & Research Institute	No	Yes	Yes	Semi Government
4	Civil Hospital	No	Yes	Yes	Government
5	Cross World Voluntary Blood Bank	Yes	No	No	Private
6	Dr. Jivraj Mehta Smarak Health Foundation	No	Yes	Yes	Private
7	General Hospital (ESIS)	No	Yes	Yes	Government
8	General Hospital, Sola	No	Yes	Yes	Government
9	Gujarat Blood Bank (Voluntary) & Pathology Laboratory, Paldi	Yes	No	No	Private
10	Gujarat Blood Bank (Voluntary) & Pathology Laboratory, Naranpura	Yes	No	No	Private
11	Gujarat Cancer Medical College	No	Yes	No	Semi Government
12	Help Voluntary Blood Bank (Green Cross Voluntary Blood Bank Pathology & Ria Laboratory)	Yes	No	Yes	Private
13	Indian Red Cross Society	No	No	Yes	NGO
14	Institute of Kidney Disease and Research Centre	No	Yes	Yes	Voluntary

Exhibit 3 (contd.) List of functional Blood Banks in Ahmedabad

S.No.	Blood Bank (BB)	BB with private laboratory facility	BB associated with the Hospital	Outdoor Camp Facility	BB Type
15	Karnavati Blood Bank & Pathology Lab	Yes	No	No	Private
16	Sheth L.G. General Hospital & Blood Bank	No	Yes	Yes	Semi Government
17	Maha Gujarat Blood Bank (Voluntary) & Pathology Lab	Yes	No	No	Private
18	Military Hospital Blood Bank	No	Yes	Yes	Government
19	Prathma Blood Centre	Yes	No	Yes	Voluntary
20	Smt. Shardaben Municipal General Hospital	No	Yes	Yes	Government
21	Sterling Hospital	No	Yes	No	Private
22	Supratech Voluntary Blood Bank	Yes	No	No	Private
23	Sheth V.S. General Hospital & Blood Bank	No	Yes	Yes	Government
24	White Cross Blood Bank (Voluntary)	Yes	No	No	Private

Source: Gujarat State Council for Blood Tansfusion (GSCBT)

Exhibit 4: Demand and Supply of blood units

Details of the number of blood units collected and distributed in the last three years (Gujarat State Blood Bank)

Year	# Units of Blood	Blood Group (Whole Blood)								
		O^-	O+	A^-	A+	B^-	B+	AB^-	AB+	Total
2009 -2010	No. of units collected	57	3037	16	1521	26	2929	10	604	8200
	No. of units distributed	55	3000	15	1500	25	2900	10	600	8105
2010-2011	No. of units collected	53	3042	17	1419	21	2911	7	610	8080
	No. of units distributed	52	3006	15	1401	21	2893	7	605	8000
2011-2012	No. of units collected	49	2982	16	1341	20	2909	9	584	7910
	No. of units distributed	47	2942	14	1315	19	2878	9	576	7800

* Unit of Blood means 450 millilitres collected in a bag.

Source: Gujarat Blood Bank, Pathology Laboratory & Diagnostic Centre

Exhibit 5: Minimum infrastructural requirements for a blood bank

A blood bank shall have an area of 100 square meters for its operations and an additional area of 50 square meters for preparation of blood components. It shall be consisting of a room each for:

1. Registration and medical examination with adequate furniture and facilities for registration and selection of donors;
2. Blood collection (air-conditioned);
3. Blood component preparation. (This shall be air-conditioned to maintain temperature between 20 degree centigrade to 25 degree centigrade);
4. Laboratory for blood group serology. (air-conditioned)
5. Laboratory for blood transmissible diseases like Hepatitis, Syphilis, Malaria, HIV-antibodies (air-conditioned);
6. Sterilization-cum-washing;
7. Refreshment-cum-rest room (air-conditioned);
8. Store-cum-records.

Notes:

- The above requirements as to accommodation and area may be relaxed, in respect of testing laboratories and sterilization-cum-washing room, for reasons to be recorded in writing by the Licensing Authority and / or the Central Licence Approving Authority, in respect of blood banks operating in Hospitals, provided the hospital concerned has a pathological laboratory and a sterilization-cum-washing room common with other departments in the said hospital.
- Refreshments to the donor after phlebotomy shall be served so that he is kept under observation in the Blood Bank.

Source: Guidelines from Central Drug Standard Control Organization, Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India

Exhibit 6 : Financial details of GBB

Item	2010-11		2011-12		2012-13 (Half-Yearly)	
	GBB (Overall)	Blood Bank	GBB (Overall)	Blood Bank	GBB (Overall)	Blood Bank
Partner's Capital	32,00,737		39,77,966		47,68,344	
Current liability	3,70,423		5,31,771		7,27,802	
Gross turnover	57,32,493	23,52,075	67,90,952	21,87,465	99,97,895	15,66,290
Gross profit (or loss)	24,45,926		26,96,610		43,59,473	
Depreciation	3,63,133	1,44,033	3,62,533	1,37,566	3,01,697	63,389
Purchase expenditure	29,50,700	7,97,302	41,18,581	6,06,296	57,31,419	3,74,118
Administrative expenditure	16,93,845	7,91,874	14,56,575	8,65,277	29,41,055	7,74,576
Financial expenditure	3,14,396	42,823	56,550	8,862	8,267	–
Book profit (or loss)	4,34,001	3,54,709	4,45,111	3,13,808	6,79,798	2,08,589
Net profit (or loss)	1,53,736	1,14,708	1,64,820	73,808	1,80,502	88,589

- All values are in INR
- The difference between book profit and net profit is partners remuneration.

Source: Gujarat Blood Bank, Pathology Laboratory & Diagnostic Centre

Exhibit 7: Details of key components extracted from blood

	Cellular Component (Packed Red Cells)	**Plasma Component (Fresh Frozen Plasma)**	**Plasma Component (Cryoprecipitate)**	**Platelet Concentrate**
Storage Requirements	Stored in bag with/without additive solution (depending on parent whole blood) at 2˚C to 6˚C of temp. in BBR*	Separated and rapidly frozen within 6 hours of being collected at -30˚C or colder	Separated and rapidly frozen within 6 hours of being collected and stored in liquid nitrogen container at -160˚C	Separated and rapidly frozen within 6 hours of being collected between 20˚C to 24˚C in Platelet Agitator with Incubator
Shelf Life**	• 35 days if unopened • 1 day if open	One year	One year	5 days
Uses	RBCs are used to restore oxygen-carrying capacity to the blood of a patient that is suffering from an anemia due to trauma or other (perhaps chronic) medical problems	Used in patients with • Multiple coagulation factor deficiencies • Liver diseases • Warfarin (anticoagulant) overdose • Depletion of coagulation factors in patients receiving large volume transfusions	• Cryo is used most commonly for replacement of fibrinogen in patients that are bleeding or at increased risk of bleeding. • Cryo may be used to treat bleeding due to Hemophilia A or von Willebrand disease when appropriate factor concentrates are not available • and/or desmopressin (DDAVP) is contraindicated or ineffective. • Cryo may be considered to treat uremic bleeding when other modalities have failed.	• Treatment of bleeding due to Thrombocytopenia, Platelet function defects • Prevention of bleeding due to thrombocytopenia such as in Bone-Marrow failure
Usage Instructions	Before use, FFP should be thawed in blood bank in thawing bath between 30˚C to 37˚C. FFP should be administered as soon as possible after thawing or in any event within 24 hours if kept at 2˚C to 6˚C	Before use should be thawed in blood bank in thawing bath between 30˚C to 37˚C. Once thawed, cryoprecipitate should be transfused immediately but in any case not later		
Cost Incurred ***	725	475	475	475
Distribution Charges	900	600	600	600

* BBR: Blood Bank Refrigerator

** Shelf Life of any component is calculated by considering the day of collection as day zero

*** Includes processing, storage, grouping and testing charges

Source: Gujarat State Council for Blood Tansfusion (GSCBT) and Gujarat Blood Bank, Pathology Laboratory & Diagnostic Centre

The fantasies of utopian existence promoted by proponents of the technological, industrial mode of life for the last one hundred years are now demonstrably false. That's not what we got. What we got was alienation, disorientation, destruction of the planet, destruction of natural systems, destruction of diversity, homogenization of cultures and regions, crime, homelessness, disease, environmental breakdown, and tremendous inequality. We have a mess on our hands. This system has not lived up to its advertising; in developing a strategy for telling people what to do next, we first have to make that point. Life really is better when you get off the technological/ industrial wheel and conceive of some other way. It makes people happier. It may not make them more money, but getting more money hasn't worked our filling life with commodities doesn't turn out to be satisfying, and most people know that.

Source : Jerry Mander-Eternal Bhoomi, Jan-Mar-2014

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- Manuscript should be submitted in Microsoft Word format to vidwat@dhruvacollege.net
- It is recommended that a colleague peer review the draft paper one submits to Vidwat.
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"When everything is subject to money, then the scarcity of money makes everything scarce, including the basis of human life and happiness. Such is the life of the slave – one whose actions are compelled by threat to survival. Perhaps the deepest indication of our slavery is the monetization of time." - Charles Eisenstein, Sacred Economics

In this culture of 'more, more and more money', even the idea of happiness has turned into an endless quest for more of it. Neglecting Indian culture and tradition "happiness or bliss is internal to one self" lead to the present skewed material riches and degeneration. In the face of increasing trans-cultural interactions and relations, springing out of globalization, the indigenous identity and spirit are gradually becoming oblivious.

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DHRUVA CALENDAR-2014

MDPs

• Integrating Strategy Management, Dr. Ravi Prakash & Ajay Shankar Gupta	--- February
• Finance for NonFinance Manager, Prof. Gokul & Prof. Vinod, SAP Consultant, USA	--- February
• Total Enterprise Simulation, Dr. U B Raju & Prof K Gopal Rao	--- March
• SPSS for Managers, Prof. Kamakshaiah & Dr Vinay Chaganti	--- March
• Lean Six Sigma for Managers, Dr Vinay Chaganti & Prof. Kamakshaiah	--- November
• Impact of Intellectual Property Rights, Prof Ratna Geetika & Dr Konal Reddy	--- December

EXPERT LECTURES

Dr Mathew M.Monippaly,IIM,Ahmedabad	- Business Communication	---January
Dr David J.Sumanth,University of Miami,USA	- Productivity	---August
Sri GR Purushotham ,General Electric,USA	- Industrial Engineering Vs Management	---September
Dr Subba Rao Jayanthi-USA	- Strategic Finance	---October
Dr Ramsubramaniann -USA	- Strategy	---November

EVENTS

Governing Board Meet	--- August
Muqabla-all India U.G Students' festival	--- December
XVIII Convocation	--- December

MOST IMPORTANT EVENT

Alumni meet ---March 15,2014 (11AM-5PM)

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- Free books and study material
- Free summer internship abroad on merit
- Free local educational/industrial tour
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- Free finishing school
- Scholarship for top scorers in CAT/MAT/XAT/ATMA/CMAT/ICET
- Additional scholarship for girls