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Accounting and control system in financial administration of panchayats in Karnataka

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Abstract

Panchayati accounting and financial reporting aims to protect and manage public money and discharge accountability. These purposes, and the nature of public goods and tax financing, give rise to differences with commercial accounting. This is not yet reflected either in government accounting standards in English-speaking developed nations or in international public sector accounting standards. All of these are heavily influenced by private sector practices, which favour the accrual basis and consolidated reporting. This article argues for a gradual symmetric approach to accruals and a combination of government-wide and fund reporting. Panchayati system was in India from Chalukyan period. After independence formally panchayati system came into force on 1956, this local governments have played a very important role in the development of the country, in order to reduce manipulations, misappropriations, frauds in usage of money, a well-planned effective accounting system is very essential.

Key Words: Accounting, control system, financial administration, panchayats

Introduction:

Panchayaths have been the backbone of the Indian villages since the beginning of recorded history. Gandhiji's dream of every village being a republic Panchayaths having powers has been translated into reality with the introduction of the three-tier Panchayaths Raj System to enlist people's participation in rural

Reconstruction. Government of India has constantly been increasing the outlays on the various programmes for rural development. These programmes

are to be implemented by the Panchayaths. It means that the huge money is spent or disbursed by the members of

Panchayaths; utilization of those funds should be properly accounted. It needs a good accounting and audit system to control and evaluate the activities of Panchayaths. And this cannot be done without having a proper and effective accounting and control system. The present accounting system of Panchayaths as it appears from a primary observation is inadequate for proper recording of transactions of huge expenses and is

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unable to provide effective control on them. Moreover, it is not able to provide pertinent information regarding those expenses. The question of accountability arises when there exists a gap between the User and supplier of funds. For example, in case of a joint stock company, its Board Directors is accountable to its owners or shareholders who are originally the Supplier of the capital of the company. Again, the staffs and sub-ordinates of a Company is accountable to the Board of Directors as the plans and policies, Which were formulated by the Board of Directors, are performed by its staffs for Which they are paid remuneration. The similar idea can also be extended in case of Panchayats. The Members of Panchayats are accountable to the tax payers or ultimately to the voters of the relevant Panchayat as the voters elect them having some expectations in their mind that the members should have to fulfill their hope In the period of their holding office. The expected service or project works are done through the machinery of Panchayats, headed by the staffs of Panchayat. So the Staffs and workers of Panchayat are accountable to the Members of Panchayat. But, there is a basic difference between a voter and a shareholder. Voters have no Proprietary right in Panchayat organization whereas the shareholders have it and they are entitled to get the audited annual accounts of their company at the Annual General Meeting. The performance of the Members of Panchayaths is assessed at the time of election and the voters account for the gap between what they

had promised before the election and what has been achieved during the period of their holding Office. If the gap is much wider, the voters may decide not to re-elect them. The Same kind of operation is found in the election of Directors of a company. Now, in Case of corporate management a fundamental question arises: who will control the Board of directors as the shareholders have very remote and weak control over the Activities of the corporation As a result, the concept of corporate governance appears i.e. to develop a mechanism through which unregulated power and Authority of the board of directors may be checked. In case of Panchayat Administration also the members, once elected enjoys unlimited power and unrestrained control so far the ordinary people are concerned. Therefore, the Question of self-determination becomes mockery. In fact, the rural people have no other right but to caste their votes. What a specialty is seen in case of Panchayat is that the Members are also accountable to the Government. As the Government Allows both capital and revenue grants time to time, it has the right to see whether the grants under respective heads are spending properly, or there is an irregularity.

This check is imposed through auditing the account books of the Panchayats. Thus, accounting is not confined to economic or commercial organizations' only. Where there is money or where there is use of money, there is a need of maintaining an accounting system. Hence, it is true to local self-bodies, such as Panchayats,

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Municipalities etc., where public money is spent by the people, who are Not the owners of the fund or resources used there. Recording of daily transactions and preparing the final accounts is essential for an organization.

Commercial Undertakings prepare periodical accounts, i.e. trading and Profit and Loss Account and Balance Sheet to know operational results and financial position at the end of the relevant period. The primary object of Government Accounting is not to ascertain the gain or loss on the government activities in carrying out its objectives. No government is interested in knowing the net result of any operation i.e. how much surplus or deficit is resulted from the operation but it is surely interested to know the financial position after a certain period. Government accounts are designed to enable the Government to determine how much money it needs out of the pocket of the tax payers in order to run its necessary activities. The object of Panchayaths accounting is to guide how to utilize public money as the restrictions Imposed by the higher authorities, so as to give maximum benefit to the local

People. Thus, the basic features of keeping records of the gram panchayats are to represent the Annual Income and Expenditure of the Panchayat for public and for the higher authorities. It shows how much money, a particular Panchayat body has received from different sources and how the collected funds have been used during A particular period. Government uses public money for the welfare of the society.

Relationship between Panchayati Raj Institutions and Accounting

The activities of Panchayati Raj Institutions are increasing day by day. This requires more funds in order to implement the plans and programmes for improving rural economy. This needs a good accounting system including all the branches of accounting, such as Financial Accounting, Accounting, Management Accounting and Auditing. It helps to control the financial activities of Panchayati Raj Institutions. This figure is the functional relationship among various forms of Accounting. The accounting system is the major quantitative information system in almost every organization. It provides information for various purposes. The advantages of various forms of accounting can be achieved by introducing them in the accounting system of Panchayati Raj Institutions in a more practical manner. To get maximum benefits from the accounting system, an integrated approach to apply different branches of accounting should be applied in the Panchayat accounting system to make its synergic effect.

Operational definitions

Financial Accounting

A good system of Financial Accounting helps to record the financial transactions in a proper and systematic way. Accounting, as a single word, usually refers to 'Financial Accounting'. Accounting is the language of Finance. It is necessary to record the financial transactions of Panchayati Raj Institutions in a detailed manner and to classify them properly. It helps to

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measure the performance of the Panchayati Raj Institutions.

Cost Accounting

Though it is more popular in the industrial field, it is also fruitful in Panchayat Accounting. It can help in checking the misuse of funds, in maintaining the efficiency of the staff and the quality of the services and in many other ways. Cost Accounting is a quantitative method that accumulates, classifies, summarizes and interprets information. But, now the boundaries of Cost Accounting have increased tremendously. It now refers to the gathering and providing of information for decision needs of all sorts. Modern Cost Accounting is generally used as a near synonym for Management Accounting.

Management accounting

Any form of accounting which helps in the efficient management is called Management Accounting. Preparation of budgets for Panchayati Raj Institutions and the use of estimate and/or Standard Costing are techniques of Management Accounting. It is based on a single argument that without an appropriate and timely flow of information contained in the account books, effective and efficient management is impossible. Although this specialized branch of accounting can be used more effectively by big business houses, its principles may be practiced by the management of Panchayati Raj Institutions with the help of existing accountants who is not evidently specialized in Management Accounting. It will definitely mean

more authorities on the accountant, who will act as advisor to the management at various levels.

Auditing

the Panchayati Raj Institutions are entrusted with a huge amount of properties and funds for enabling them to do their duties efficiently. But, at the same time, there is much possibility of manipulation and misappropriation of funds and properties. In order to check such fraudulent work, it is necessary to set up an effective audit system for the examination of the justification and rationality of all the financial activities of Panchayati Raj Institutions.

Rationale of the Study

The activities of Panchayats raj are increasing day by day. In recent years there has been a rapid increase in the range and magnitude of economic operations of PR, particularly in Karnataka. This requires more funds in order to materialize the plans and programmes for improving rural economy. Large sum of money are now being spent each year by these bodies in providing various kinds of civic facilities to the rural people and in carrying out different types of developmental and employment promotional programmes as well. The combined annual spending of Panchayat raj operating in the State now exceeds hundreds of crores of rupees. This spending level will increase further in future when the Panchayat raj. Will be required to play a more active role in implementing the Five-year Plans.he massive increase in

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the level of spending of Panchayat raj has brought in its wake the need to strengthen the accounting and reporting systems used by these entities. In the present study, an Endeavour is made to discuss, elaborately, the accounting principles and practices that are observed by Panchayat raj in Karnataka and to examine the weakness or deficiencies that underlie such principles and practices. Efforts are also made to prescribe measures that may be adopted with a view to increasing the effectiveness of the accounting and reporting systems of Panchayat raj in Karnataka.

Review of literature

Literature review provides in depth knowledge and information to the researcher about the area of research .through literature review we can identify research gap based on the previous studies undertaken in the field. this part provides theoretical methodologies for the study to the researcher

The literature reviewed has been divided into two broad heads: -

1. General aspects of accounting, and
2. Panchayats—finance, accounting, administration and control.

General aspects of accounting

In the backdrop of changing scenario, the author, **K.R.Sharma** (2009) talks About some of he issues in accounting in the next millennium. He emphasises on Good governance, maintenance of high standards of value, accountability and Transparency. While the values

should remain the bedrock of the system, he argues, Transparency should prevail dl over, so that people may develop faith and Confidence in the system. **Sujit Sikidar** and **Hem Ch. Gautam** analyse the recent developments as to globalisation of accounting standards on the basis of a cross-country study. They strongly advocate that there should be uniformity in accounting practices throughout the world to pave the way for development of international accounting.

G.S.Batra has evaluated the emerging trends in the development of accounting standards. He has highlighted the problem areas and suggested that the Issue of compliance with the accounting standards should be monitored by an Independent body consisting of professional experts.

Jyoti Bikash Sarker (2001) examines how management accounting can be Useful in providing meaningful information for policy formulation and financial decision making at various levels of governmental operations. He discusses the basic features of different systems of governmental budgeting and narrates the Mechanics of Government Accounting in India. The generation of decision-useful data, according to the author, may greatly be facilitated if cash basis is replaced by accrual basis of Government Accounting.

G.D.Roy (2001) traces the origin of the development of accounting research In India. He is of the opinion that accounting academics should pay more attention to conceptual and theoretical issues in selecting research topics. He laments over the lack of meaningful

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data banks and urges upon the professional accounting bodies to take appropriate measures for remedying this shortcoming.

According to M.C.Maloo (2004), accounting is an evolving discipline; it has progressed step by step in response to changing social needs for intonation about Businesses. Many accounting ideas, formerly accepted on the basis of expediency, have been supplanted by other ideas useful to decision-making. Many accounting Ideas have been found unworkable in changing environments, and some provisionally accepted ideas have been found extremely relevant from the Standpoint of sound accounting theory.

Prof. H.S.Kulshrestha (1991) says that accounting should never be taken merely as a study of the method used by business for keeping their accounts. Such a View will make this branch of knowledge stagnant and the concerned academic Thinkers idle. The busy businessman has little time to think and is by nature selfish and so a lot of subjectivity is likely to be present in their accounting practices. On the contrary, an academician can take an impersonal, unselfish and social view of The matters connected with accounting. On such an approach and attitude on the Part of accounting academicians, will depend the future and character of Accounting.

Prof. A.K.Basu (1991) says that the frontiers of accounting are ever Expanding. According to him, during the earlier stages of its development, Accounting was mainly concerned

with the problems of measuring and interpreting the results of economic activities of business enterprises. But today it finds itself in the position of having to undertake the responsibilities of measuring, interpreting and communicating the results of almost all types of economic activities of an economy. This expansion in the boundaries of accounting has necessitated the Creation of several branches. If this trend continues, still more branches will come out in the future. There may also arise a need to redesign the very structure of Accounting and establish it in a separate school of measurement, thereby divorcing it from the business environment. To discuss about materiality. Gin Chong says that an item is considered Material if its non-disclosure or discloser in the financial statements would affect the decisions of preparers, auditors and users of such statements. The decision on whether to disclose an item in the statement depends on the nature and size of the Business.

Panchayat Finance Accounting And Control System

The basic principle of local finance, according to U.Bhattacharyya (1992), is to provide money to meet the cost of the services carried out without imposing an into burden upon the tax payers and without the local authorities being Unduly dependent upon assistance from the national or state exchequer. The local Bodies should be financially so sound that their dependence on government becomes minimal. Financial

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independence of the local bodies has also been considered important from the viewpoint of their autonomy.

Dubey (1972) postulates that the main responsibility for improving the socio-economic condition in the village rests with the people themselves. He argues that unless people consider community development as their own activity and realize its value and recognize its contribution to their own welfare, no substantial result could be achieved.

Naidu (1980) views that the concept of people's participation is a very comprehensive one which includes almost all the activities concerning common life. E.g. social, economic, political etc.

According to Sundaram (1984), people's active participation leads to realistic plans, better resource mobilization, better implementation with greater cooperation, better chances to develop talent for management and administration, better integration of activities, better evaluation of the success of programmes and finally wider distribution of benefits.

Viswanath (1979) observed that Panchayati Raj Institutions in India had not been very successful because the programmes were not geared to meet the real needs.

Verma (1971) pointed out that Panchayati Raj Institutions suffered mostly due to lack of expert

knowledge, scarcity of financial resources, bureaucracy and politics.

Pimplaskar (1984) also observes that the lofty ideals and the far-reaching fruit of the schemes envisaged by its precursors have not yielded the expected results. According to him, the main reason for this is that the Panchayati Raj Institutions have not been made autonomous in reality.

Statement of problem

"Impact of accounting and control system in the administration of panchayats in Karnataka"

Accounting plays a very important role for development of panchayaths, it helps for proper use of funds and reduces wastage of funds, and it improves better co-ordination in the panchayaths

Objective of the study:

1. To know present accounting practice in panchayaths
2. To study the finance resource and finance administration of panchayaths.
3. To study the accounting regulatory system in panchayaths.
4. To provide feasible suggestions for effective maintenance of finance.
5. To know and understand the public accountability in panchayaths.

Hypothesis:

In order to realize the above objectives, the following hypothesis have been formulated.

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Null Hypothesis

H01: There is no impact of accounting and control system on financial performance of panchayaths.

H02: There is no significant relationship between accounting and control system and panchayats.

Alternative Hypothesis

HA1: There is impact of accounting and control system on financial performance of panchayaths.

HA2: There is significant relationship between accounting and control system and panchayaths.

Scope Of The Study:

The scope of the study is limited to Karnataka which will cover zilla panchayaths, taluk panchayaths, and grama panchayaths in kolar districts. The District of kolar has 164 Grama Panchayats. This study is mainly confined to the kolar District. The different panchayaths bodies are taken under the purview of the study. Being a sample study, it has to remain restricted to a few numbers of villages. Grama Panchayaths, Panchayaths Samitis and the Zilla Parishad of the district. Numerically speaking, one zilla panchayat, five taluk panchayaths, 164 grama panchayaths have been selected for the study

1. It is useful for panchayats for upgrading their accounting regulation.
2. It gives scope for panchayats for effective use of finance.

Research Methodology:

Research methodology is the way of systematic solving the research problem. It helps to explain the theoretical framework and methodology adopted in the study. It outlines the various dimensions of the study and research objectives and the set of methodologies adopted to accomplish those objectives. It includes the research design, sampling framework, the sources of data, the collection of data and the framework of analysis. Research design is a framework or blue print for conducting the research. It deals with the procedures necessary for obtaining the information needed to structure and to solve the research problems. The research is conducted an impact of accounting and control system in financial administration of panchayaths in Karnataka. The research will be based on primary data and secondary data.

Methods of data collection:

Primary data

Primary data will be obtained from the panchayaths in kolar with the help of structured questionnaire. Most of the questions in the questionnaire would be closed ended giving options to the respondents to select their answers from the given alternatives. Few questions would be open ended letting the firms to explain their view points.

Secondary data

To facilitate the analysis and information needed to strengthen the arguments secondary data is used. It is collected through books, journals articles, and form the related

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websites. Informal interviews with companies may also constitute the information for analysis.

Sample size:

Sample size for the proposed research would be selected panchayaths. The respondents would be panchayaths which follow the systematic and advanced accounting regulations.

Data analysis procedure:

Data collected would be tabulated and presented graphically. The data which be gathered from questionnaire will be analyzed using percentage method to make the analysis of data more concise and simple.

Statistical Tools Used For Data Analysis:

Along with usual statistical tools such as tables percentages, mean, standard deviation, co-efficient of variation Karl' person's method for correlation was used for analyzing the data which help at arriving at sound conclusions. The present study is mainly intended to examine accounting and control system in panchayati raj institutions in karnataka

Limitations:

The following limitations can be identified during the study:

1. The study is limited to only specific districts; need to extend other districts also.
2. The research duration is up to five years duration so changes in these years are only taken into account.

Results And Discussions:

In panchayati raj institutions due to lack of accounting procedures & lack

of accounting knowledge and lack of accounting methods they are facing problems in preparing books of accounts and also they are preparing books of accounts which are incomplete in nature and not showing real financial position and operating system in panchayats which is also not useful for taking better decisions, due to lack of accounting procedures, lot of funds are misusing in the panchayati raj institutions. This accounting records are failure to exercise control on financial position of panchayats due to this crores together funds are misusing in the country especially in Karnataka. In India is majorly consist surrounded 75% villages in order to improve their financial position and overall development of village peoples, proper accounting system is very essential for betterment of local government and local people

Major Findings Of The Study:

The following findings could be identified in the study

- 1) Panchayati books of accounts are prepared on double entry system of book keeping
- 2) Panchayati books are prepared in similar to books of accounts of non trading concerns.
- 3) There is lack of accounting knowledge in accountants of panchayaths
- 4) There is no proper auditing system in panchayati books of accounts
- 5) There is no proper monitoring system in preparation of panchayati books of accounts]

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Suggestions Of The Study:

The followings suggestions could be laid down in the light of the findings

- 1) There is need to prepare panchayati books of accounts on the accrual basis of accounting.
- 2) There is need to establish proper monitoring system in preparation of panchayati books of accounts.
- 3) There is need to establish proper accounting environment in the panchayaths
- 4) There is need to provide proper training to the accountants in order improve accounting awareness among them.
- 5) There is need to adopt new methods in preparation of books of accounts in order to save time.

Conclusions:

At present in Karnataka panchayati raj institutions are preparing books of accounts on the basis of double entry system of book keeping and those books of accounts of panchayaths are prepared three levels zillapanchayati books of accounts , taluk panchayati books of accounts , gramapanchayati books of accounts , those three levels of books of accounts are monitored and audited by chief executive officer of zillapanchayati under the supervision of controller and auditor general of India and state government directions , zillapanchayati books of accounts are headed by chief accounts officer of

zillapanchayati, taluk panchayati books are headed by chief accounts officer of taluk panchayati, and gram panchayati books of accounts are prepared by village accountant, But in panchayati raj institutions need to maintain regular auditing system of books of accounts and need to monitor accountants regularly and need to improve proper accounting procedures and need to provide proper training and development programs to accounting staff for improving efficiency and reducing manipulation and frauds in financial statements.

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Abstract

The key aspect of banks is to lend loans. It is thus important that banks manage the credit risk of their loan portfolio. The non-performing assets (NPAs) now accounts for 11.8 percent of the total loans given by the Indian banking industry. It is extremely important that credit risk management needs to be understood and implemented in Indian Banks in letter and spirit. The paper examines the various facets of risk management in banks. It defines the several types of credit risks, explain the credit risk framework recommended by RBI and elaborates the credit risk quality of large borrowers. It concludes that the risk management in banks is a complex and tedious process. The paper recommends the banks should follow the RBI's guidelines and evolve its own comprehensive risk management process. A robust risk management system can help control the menace of NPAs in Indian Banks.

Key Words: Risk Management, Banks, Credit Risk

Introduction

Indian banks' gross non-performing assets (NPAs), or bad loans, stood at Rs 10.25 lakh crore as on 31 March 2018. On quarter, the pile has grown by Rs 1.39 lakh crore or 16 percent from Rs 8.86 lakh crore as on 31 December 2017. This chunk now accounts for 11.8 percent of the total loans given by the banking industry. For financial year 2018, the total bad loans of these banks rose by a whopping Rs 3.13 lakh crore. The risk management of banks, with specific focus on credit risk needs to be understood and implemented in Indian banks. The paper examines the various facets of risk management in banks.

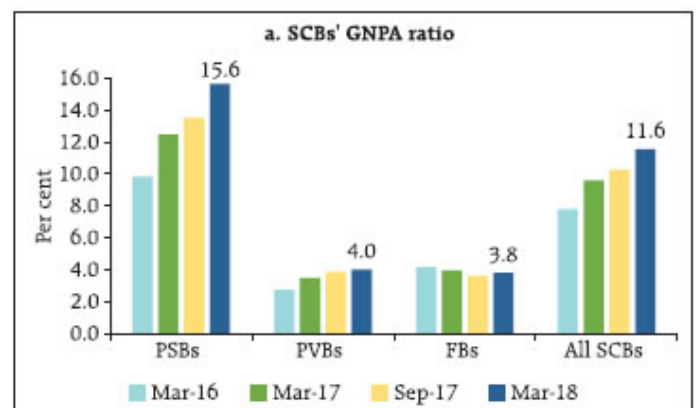
Asset Quality

The asset quality decline is reflected in increase of Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCB). The graph No 1. shows the GNPA of Public Sector Banks (PSB), Private Banks (PVB) and Foreign Banks (FB). This points towards

focus on Credit risk management of Indian Banks

Graph 1 (Source RBI)

Risk Management Defined



Risk management is the systematic process of understanding, evaluating and addressing these risks to maximise the chances of objectives being achieved and ensuring organisations, individuals and communities are sustainable

Banks in the process of financial intermediation are confronted with various kinds of financial and non-financial risks viz., credit, interest rate, foreign exchange rate, liquidity, equity price, commodity price, legal, regulatory, reputational, operational, etc.

These risks are highly interdependent and events that affect one area of risk can have ramifications for a range of other risk categories. Thus, top management of banks should attach considerable importance to improve the ability to identify, measure, monitor and control the overall level of risks undertaken.

One of the key risks faced by banks is credit risk. This risk has been explored and elaborated below.

Credit Risk

Credit risk refers to the risk that a borrower will default on any type of debt by failing to make required payments. The risk is primarily that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. The loss may be complete or partial and can arise in a number of circumstances.

Situations of credit risk include:

- A consumer may fail to make a payment due on a mortgage loan, credit card, line of credit, or other loan
- A company is unable to repay asset-secured fixed or floating charge debt
- A business or consumer does not pay a trade invoice when due
- A business does not pay an employee's earned wages when due
- A business or government bond issuer does not make a payment on a coupon or principal payment when due

- An insolvent insurance company does not pay a policy obligation
- An insolvent bank won't return funds to a depositor
- A government grants bankruptcy protection to an insolvent consumer or business

To reduce the lender's credit risk, the lender may perform a credit check on the prospective borrower, may require the borrower to take out appropriate insurance, such as mortgage insurance or seek security or guarantees of third parties. In general, the higher the risk, the higher will be the interest rate that the debtor will be asked to pay on the debt.

Types of credit risk

Credit risk can be classified as follows:

- **Credit default risk**

The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans, securities and derivatives.

- **Concentration risk**

The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten a bank's core operations. It may arise in the form of single name concentration or industry concentration.

- **Country risk**

The risk of loss arising from a sovereign state freezing foreign currency

payments (transfer/conversion risk) or when it defaults on its obligations (sovereign risk); this type of risk is prominently associated with the country's macroeconomic performance and its political stability.

Credit Risk Management:

Credit risk management encompasses identification, measurement, monitoring and control of the credit risk exposures. The effective management of credit risk is a critical component of comprehensive risk management and essential for the long term success of a banking organisation.

Credit risk management as per RBI:

- **Measurement of risk through credit scoring / rating:**

Credit rating is done with primary objective to determine whether the account after the expiry of a given period will be in a position to meet its obligation to its creditors, including bank and would not be in default.

- **Quantifying risk through estimating loan losses:**

The amount of loan losses that bank would experience over a chosen time horizon (through tracking portfolio behavior over 5 or more years) and unexpected loan losses i.e. the amount by which actual losses exceed the expected loss (through standard deviation of losses or the difference between expected loan losses and some selected target credit loss quintile)

- **Risk pricing –Prime lending rate which also accounts for risk.**
- **Risk control through effective Loan Review Mechanism and Portfolio Management.**

Principles of Credit Risk Management

The following principles need to be followed by credit risk management:

- Board of directors of a bank has to take responsibility for approving and periodically reviewing credit risk strategy.
- Senior management has to take the responsibility to implement the credit risk strategy.
- Bank has to identify and manage credit risk of all banking products and activities.

Prudential Norms for Credit Risk Management

The prudential norms for credit risk management include:

- Capital adequacy norms.
- Exposure norms
 - Credit exposure and investment exposure norms to borrowers (individuals and group)
 - Capital market exposures
 - Individual bank's internal exposure limits
- Bank's internal risk assessment committee norms.
- Credit rating system and risk pricing policy.
- Asset liability management requirements.
- Bank's loan policy norms.

Credit Risk Mitigation

The credit risk mitigation process includes:

- Credit risk mitigation reduces exposure of credit risk
 - Safety net of tangible assets
 - Safety from realizable (marketable) securities
 - Reduces exposure of risk from counterparty dealings

- in guarantees and insurance
- Risk mitigation measures:
 - Collateral securities
 - Guarantees
 - Credit derivatives
 - Balance sheet netting
- Needed procedures:
 - Documentation made for all credit related
- Transactions
 - Collateralized transactions monitored regularly
 - Legally binding terms for the credit transaction
 - Review of borrower performance profile
 - Alternate options in terms of loan restructure to changed scenarios

Credit Audit

The following need to be in place for credit audit:

- Compliance with pre-sanction and post-sanction processes set by the external and internal audit committee
- Special compliance requirement by the credit risk management committee of the Board of Directors of the bank
- Bank credit audit:
 - Quality of credit portfolio
 - Review of loan process
 - Compliance status of large loans
 - Report on regulatory compliance
 - Independent audit of credit risk measurement
 - Identification of loan distress signals
 - Review of loan restructuring decisions in terms of distress loans
 - Review of credit quality

- Review of credit administration
- Review of employee credit skills

Reserve Bank of India (RBI) Guidelines on Credit Risk Management:

RBI has issued guidelines to Bank on Managing Credit Risk. The key features include:

- Bank cannot grant loans against security of its own shares
- Prohibition on remission of debts for Urban Cooperative Banks (UCBs) without prior approval of RBI
- Restrictions on loans and advances to Directors and their relatives
- Ceiling on advances to Nominal Members – With deposits up to 50 crore (50,000/- per borrower) and 1,00,000/- for above 50 crore
- Prohibition on Urban Cooperative Banks (UCBs) for bridge loans including that against capital / debenture issues
- Loans and advances against shares & debentures: According to RBI guidelines UCBs are prohibited to extend any facilities to stock brokers. Other banks should maintain a margin of 40 per cent on all such advances
- Restriction on advances to real estate sector. Loans are provided only for genuine construction and not for speculative purposes
- RBI prohibits banks from lending more than 15% of capital to individual borrower.
- RBI prohibits banks from lending more than 40% of capital to a group borrowers

Credit Rating Framework

A Credit-risk Rating Framework (CRF) is necessary to avoid the limitations associated with a simplistic and broad

classification of loans/exposures into a "good" or a "bad" category. The CRF deploys a number/ alphabet/ symbol as a primary summary indicator of risks associated with a credit exposure. Such a rating framework is the basic module for developing a credit risk management system and all advanced models/approaches are based on this structure. In spite of the advancement in risk management techniques, CRF is continued to be used to a great extent. These frameworks have been primarily driven by a need to standardize and uniformly communicate the "judgement" in credit selection procedures and are not a substitute to the vast lending experience accumulated by the banks' professional staff.

Broadly, CRF can be used for the following purposes:

- i. Individual credit selection, wherein either a borrower or a particular exposure/ facility is rated on the CRF
- ii. Pricing (credit spread) and specific features of the loan facility. This would largely constitute transaction-level analysis.
- iii. Portfolio-level analysis.
- iv. Surveillance, monitoring and internal MIS
- v. Assessing the aggregate risk profile of bank/ lender. These would be relevant for portfolio-level analysis. For instance, the spread of credit exposures across various CRF categories, the mean and the standard deviation of losses occurring in each CRF category and the overall migration of exposures would highlight the aggregated credit-risk for the entire portfolio of the bank.

Basic Architecture of CRFs

The following elements outline the basic architecture and the operating principles of any CRF.

Grading system for calibration of credit risk

1. Nature of grading system
2. Number of grades used
3. Key outputs of CRF

Operating design of CRF include:

- Which exposures are rated?
- The risk rating process
- Assigning and monitoring risk ratings
- The mechanism of arriving at risk ratings
- Standardisation and benchmark for risk ratings
- Written communications and formality of procedures

CRFs and Portfolio Credit Risk

- Portfolio surveillance and reporting
- Adequate levels of provisioning for credit events
- Guidelines for asset build up, aggregate profitability and pricing
- Interaction with external credit assessment institutions

Mitigation of Credit Risk by Banks/Lenders

Banks/Lenders mitigate credit risk by using several methods:

(i) Risk-based pricing: Lenders generally charge a high interest rate to borrowers who are more likely to default, a practice called risk-based pricing. Lenders consider factors relating to the loan such as loan purpose, credit rating and loan-to-value ratio and estimate the effect on yield (credit spread).

(ii) **Covenants:** Lenders may write stipulations on the borrower, called covenants, into loan agreements:

- Periodically report its financial condition
- Refrain from paying dividends, repurchasing shares, borrowing, further, or other specific, voluntary actions that negatively affect the company's financial position
- Repay the loan in the full, at the lender's request, in certain events such as changes in the borrower's debt-to-equity ratio or interest coverage ratio.

(iii) **Credit insurance and credit derivatives:** Lenders and bond holders may hedge their credit risk by purchasing credit insurance or credit derivatives. These contracts transfer the risk from the lender to the seller (insurer) in exchange for payment. The most common credit derivative is the credit default swap.

(iv) **Tightening:** Lenders can reduce credit risk by reducing the amount of credit extended, either in total or to certain borrowers. For example, a distributor selling its products to a troubled retailer may attempt to lessen credit risk by reducing payment terms from net 30 to net 15.

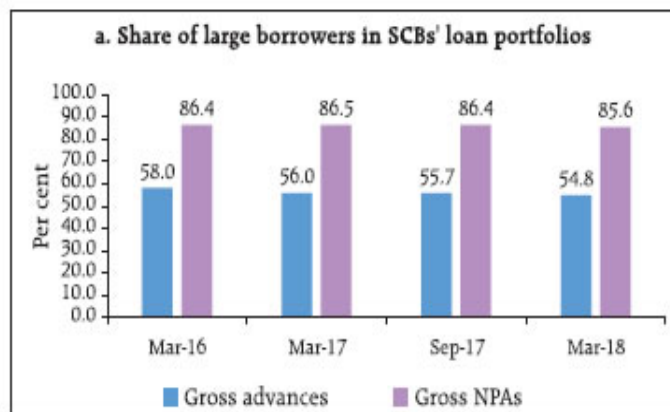
(v) **Diversification:** Lenders to a small number of borrowers (or kinds of borrower) face a high degree of unsystematic credit risk, called concentration risk. Lenders reduce this risk by diversifying the borrower pool.

(vi) **Deposit insurance:** Many governments establish deposit insurance to guarantee bank deposits of insolvent banks. Such protection discourages consumers from withdrawing money (when a bank is becoming insolvent, to avoid a bank run), and encourages consumers to holding their savings in the banking system instead of in cash.

Credit quality of large borrowers

Share of large borrowers in SCBs' total loan portfolios as well as their share in GNPA's declined marginally between September 2017 and March 2018 as shown in Graph 2. Thus, more diversification is being seen.

Graph 2 (Source RBI)



Conclusion

The risk management in banks is a complex and tedious process. The banks should follow the RBI's guidelines and evolve its own comprehensive risk management process. There are benefits from having a risk management system which can help control the menace of NPAs in Indian Banks.

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Factor Analysis: Apparel Try and Buy Services by E - Commerce Companies in Bangalore

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Abstract

The rapid development of online sites has provided a huge marketplace for Apparel Retailing. Of late online retailing is becoming another business trend in Bangalore, India. Therefore, this research study establishes strong factors that influence on e-commerce towards 'Try' and 'Buy' services. This research also recognizes the factors of e-shopping quality proportions that impact consumers' e-commerce satisfaction and e-commerce motive on online clothes shopping. Also, the research investigates the relationships between the variables for e-shopping motive. Key data were accumulated through review questionnaire with 300 respondents who've experience purchasing clothing online through e-commerce sites.

In this analysis, 20 factors have been used, and factor evaluation has been put on all the 20 factors. Principle component evaluation has been applied for the extraction of factors. Before the extraction, the assumption is that all of the primary variables come with an Eigen value adds up to 1. The respondents asked to rate the 20 factors on the pace of five-point level (1 - Strongly disagree and 5 - Strongly agree)

Convenience Sampling is selected for this study; convenience sampling is a non-probability

Sampling technique, Predicated on Saunders et al. (2009), non-probability sampling approach is thought as sampling technique offering a variety of methods to choose samples relating to personal own subjective judgments.

Throughout the research the Statistical Package for Social Research (SPSS) version 16.0 has been used for analysis, data gathered is examined, and results are discussed. The research results of the research project were mentioned to know the factors influencing most on apparel Try & Buy Services and this is based on factor analysis thru' SPSS. Finally, managerial implications have been suggested to provide useful information to the online apparel retailers. The research paper finally presents with factor analysis & conclusions for future researchers

Key Words: E-commerce, Try and Buy, Apparels, Retailing, Online Shopping

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Introduction

The Internet has changed the way consumers shop and purchase goods and services, and has swiftly evolved into a worldwide trend. Many companies have started out utilising the web with the purpose of slicing marketing costs, in doing so reducing the price tag on their products and services to be able to stay forward in highly competitive market segments. Companies also make an online search to mention communicate and disseminate information, to market their product, to use feedback and to conduct satisfaction studies with customers. Customers make an online search and then choose the products online, but also to compare prices, product features and after sales service facilities that will acquire if they choose the product from a specific store. Many experts are positive about the chance of web business.

Added to the tremendous potential of the E-commerce market, the web offers a unique chance for companies to more successfully reach existing and potential clients. Although almost all the earnings of online deals originate from business-to-business, experts of business-to-consumer shouldn't lose confidence. It's been more significant than ten years since business-to-consumer E-commerce first developed. Scholars and professionals of e-business consistently make an effort to gain a better understanding of consumer behavior in cyberspace. Combined with the development of E-retailing, research workers continue to describe E-consumers behavior from different perspectives.

A lot of their studies have posited new emergent factors or assumptions which

derive from the traditional types of consumer behavior and then look at their validity in the web context.

The Indian market is slated to expand by upwards of 7% yearly within the next couple of years which is probably the highest rates of any big rising economy. And a great deal of this expansion would be on the trunk of domestic use of goods and services. E-commerce is aiding people in smaller cities in India gain access to quality products and services similar from what people in the bigger cities get access to. It's being forecast that near 65% of online consumers would result from beyond the most notable eight large places by end of the year.

Increasing internet penetration has helped to grow the possible client pool. Internet penetration is merely about 12% users as against about 81% in America and 36% in China. However this quantity continues to go up at a regular speed because of dropping charges for broadband connections.

Indians are also progressively using cellular devices for not only search but shopping as well. The amount of smart phone users is quickly increasing in India and with 4G services is likely to get even more people heading online. There are about 900 million mobile readers and this amount is likely to touch 1.4 billion by 2015. Of 29 million are believed to be dynamic mobile internet surfers.

Innovation is supporting e-commerce companies break the inertia for online shopping by offering advantages to customers not usually available in a offline store. Business models include no question asked come back policies ranging from seven days to 31 days and

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nights, free product deliveries, try before buy service and the industry dynamics changing cash on delivery model. Creativity has really helped to uncover people as to how they are able to order products, try the merchandise and also pay when they get physical delivery of the merchandise.

It has been a significant success because Indians remain reluctant to provide their credit/debit credit card details online, buy with no the touch and feel theory and want the mental health comfort that they might actually get the merchandise once repayment has been made. These enhancements have resulted in further improvements downstream as ancillary companies are developing to aid these initiatives.

Some companies have started to build up support mechanisms for the total cash on delivery model and to attract touch and feel strategy and are also hoping to attain the much-flung edges of India, including in the interiors where traditional logistics companies remain has not found their presence. Logistics companies are also shoring up their action and have begun to build specific verticals and competence to address particular requirements of e-commerce companies.

Despite all this, it's been a remarkable story up to now. The much recognized Indian e-commerce company Flipkart.com, which modelled itself after Amazon.com and has already been commanding a valuation of US\$ 8 billion. All this has caught the interest of Amazon.com which inserted the marketplace in February 2012. It arrived in through Junglee.com, a cost assessment site and has already been among the most notable ten sites in the United States. IN-MAY 2014, Flipkart

merged with Myntra.com Indian fashion e-commerce founded in 2007 to compete keenly against Amazon and other founded offline stores in the clothes and accessories portion. Myntra persists to operate and operate separately to increase its market show from 50 to 70 % of the marketplace talk about. In 2014, Myntra's stock portfolio included about 1,50,000 products of over 1000 brands which range from international brands to developer brands in India. In July 2016 Myntra attained their rival Jabong to be India's most significant fashion platform.

Hardly any companies have a permanent eye-sight around customer acquisition, retention, and frequent conversations. Far more can be carried out in understanding the linkages between design and efficiency based on end-user experience and interpersonal integration. However to achieve a hardcore market like India your small business needs to most probably to long-term tactical partnerships alternatively than an in advance "purchase services" model. The benefit would be worthy of its weight. India has more than 3,411 operating e-commerce centers, regarding analyze conducted by eBay India for its 2011 census.

Indian web is clouded with e-commerce (B2B, B2C, B2G, and C2C type business models) start-ups and increasing like mushrooms in the garden. India- the next superpower and has more than 100 million internet surfers which are continuously growing by the launch of 3G and 4G. They would like to be online always by any internet empowered gadgets. Consumers are moving from street bargaining to online web bargaining. The normal Indian Mentality of "seeing and thinking" or "how it'll look" is

changing by producing some creative business models like "cash on delivery" by major e-commerce sites.

BLUESTONE: Bluestone, the successful online website, has launched several customers focused experience including free delivery on results and 'Home Try On' for customers where in fact the customer can reserve an appointment to test a few products from Bluestone. This service happens to be available in 16 locations in India.

CARATLANE: A close rival of Bluestone in the web jewelry market of India offers a tiny assortment of jewelry (around 500 products) which is often tried out at home. Customers can pick 5 bits of jewelry from its collection, reserve a scheduled appointment and check it out on in the conveniences of these homes. Regardless of small inventory designed for the Try-and-Buy service in comparison with competition Bluestone, this service comes in 22 towns across India.

URBANLADDER: A respected online furniture sales site has exposed to a 'Home Trial' service in which the customers can trail up to three single seater sofas in their house. This service charge is at Rs.299 and also contains a catalog of swatches of different kinds and colors of fabric that your customer can examine alongside the decor for home suitability. The service fee is redeemable after the purchase of furniture. Aside from sofa beds, this service is for all the categories such as apparels, wood, leather, and leatherette sofas.

REVIEW OF LITERATURE

From your consumers' viewpoint, e-shopping relates to the knowledge of

various encounters such as information search, website surfing, and navigation, participating ideal, post-purchase problem quality and satisfaction with one's acquisitions. Relating to Ha and Stoel (2012), e-shopping quality identifies overall consumer perceptions of the web store's performance and success in conditions of its service or product offering through its digital store.

Wolfenbarger and Gilly (2003) were centered in measuring eTailQ that incorporates factors that plays a part inexperience and satisfaction of online shopping. Initially, Wolfenbarger and Gilly (2003) developed 40 online retail quality items which composed to eight factors such as fulfilment/trustworthiness, customer support, personalization, experiential/atmospheric, simplicity, informativeness, selection and security/level of privacy. The ultimate eTailQ range is suggested to four sizes that are composed 14 items such as website design, customer support, fulfilment/stability and security/level of privacy. Examination of Wolfenbarger and Gilly (2003) research recommended that the factors of website design and fulfilment/trustworthiness are tightly related to quality of web store. For the factor of customer support only mildly related to the grade of online stores and surprisingly security not significant to gauge the quality of web store aside from the regular buyer at the web store.

Apparel purchases now constitute one of the fastest-growing sections of e-commerce. Thus, there are strong theoretical and managerial reasons to understand consumer characteristics associated with buying attire online. Consumer spending at clothing websites is increasing, which is

presenting a tough battle in this segment, which had usually been dominated by physical stores.

Profiling consumer decision-making styles within an online framework has importance to marketers, consumer affairs specialists and promoters to look for the behavioural patterns and it is also very important to the marketplace segmentation. Today's research goals to verify the affect of consumer decision-making styles on the possibility to activate in online shopping of apparels. This research clarifies the partnership between each decision style category and online shopping utilization in Indian framework with empirical research to enrich the books.

Novelty and fashion customers buy innovative products. Within their research, Cowart and Goldsmith (2007) also reported a favourable affect of the novelty and fashion awareness on online garments shopping. Internet advantages like quick access and searching, and instantaneous information revisions help customers to gain access to rare and different items (Zhang, 2006). Recreational consumers recognize shopping as a great and pleasurable activity. Hedonic value and entertainment benefits are essential shopping motivations and important factors (Babin, Darden & Griffen, 1994; Peters & Bodkin, 2007). Alternatively, price-conscious customers appreciate quality value for money and tend to be more sensitive towards sales offers (Sproles & Kendall, 1986). Impulsive and careless customers never plan their shopping. They have a tendency to buy on the spur of the moment and don't even value acquiring the best buys

(To, Liao & Lin, 2007). Puzzled by information overload on way too many

brands and stores, some customers finish up becoming indecisive (Sproles & Kendall, 1986). Habitual or brand-loyal consumers have most liked brands and stores Goswami and Khan 305 or sites for shopping. Information search and decision-making operations for these customers derive from their last shopping activities (Bettman & Sujan, 1987).

Sproles and Kendall (1986) identified consumer decision-making styles as a mental, cognitive orientation towards shopping related with their personality. Earlier literatures on varieties of buyer's behaviour were predicated on their characteristics, which range from rationale and quality consciousness to impulsiveness and lastly to information overload (Lastovicka, 1982; Maynes, 1976). Sproles and Kendall (1986) put together the conclusions of prior authors and consolidated the traits to build up a consumer decision-making styles (CSI) list. It constitutes eight basic validated consumer decision-making characteristics, with every one of them representing a crucial mental method of product utilization. CSI is the most examined instrument, which is main systematic attempts to make a methodology for calculating shopping orientations (Hafstrom, Chae & Chang, 1992; Mitchell & Bates, 1998; Wickliffe, 2004). This process is been analyzed in the framework of online shopping (Yang & Wu, 2006).

Research Gap

With this worked up schedule in lives, people don't have enough time to venture out and look for their needs. This has increased the demand for online shopping and the many services which will make the work possible for people. A lot of the companies are

controlling their online portals to sell their products online. Thus people want for comfort full online shopping, that can be attained by getting proper services from the firms. Apparels will be the one that are preferred most for shopping on the internet but because of inadequate trust and absence of touch & feel the merchandise people are reluctant to buy online. Thus to generate more trust e-commerce companies began to implement the touch and feel strategy to customers by giving try before the purchase. Thus this implausible development of e-commerce industry has activated the thought of conducting a research study on locating the factors that impact the consumers to make use of the apparel try to buy service by the e-commerce companies.

Research Methodology

Congruent to Saunders, Lewis and Thorn hill (2009), research design would be the standard plan of how to answer research question. Furthermore, research design contain objectives produced from research question, designate the sources that intend to collect data, ethical issues and awareness of the constraints such as usage of data, time, location and money.

This study is design predicated on the quantitative methodology which is developed through the conceptual platform from previous books and examined data analysis (Zikmund, 2003). Descriptive an exploratory research evaluation will be utilized in this research study. Relating to Saunders et al. (2009), the descriptive examination is talking about the characteristics of the population. On the other hand, exploratory research is

used to determine the factors affecting the consumers and studying a predicament to be able to explain the partnership between factors (Saunders et al., 2009). Overall, the descriptive study can be used to spell it out characteristics of the population; exploratory study can be used to review and describe the e-shopping on online apparel retailing and its relationship with e-shopping satisfaction and e-shopping objective.

Objectives of the Study

1. To determine the awareness level of the try and buy service in consumers.
2. To examine what factors influence the adoption of the try and buy service.

Sampling Design, Sampling Method, Tools for Data Collection, Statistics tools

- a) Population: Bangalore
- b) Sample design

Sample size: The test size chosen for the study is 300 in the region of Bangalore.

Sampling unit: All of the respondents who look for apparels online will be the test to be surveyed.

Sampling method: In such a research non-probability sampling method, i.e., convenient sampling method can be used for collecting most important data.

- c) Approach to data collection

Primary data: Most important data contain original information collected

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from test size of 300 respondents surviving in Bangalore, India.

Secondary data: The analysis also contains supplementary data, i.e., data from books, authenticated websites, and publications for the latest improvements merely to gain insights for the views of various experts.

d) Tool for data collection

The info collection tool used for the research is "Questionnaire" to get the primary data for the empirical research on consumer belief towards apparel try to buy service by e-commerce companies.

e) Developing a questionnaire

The questionnaire contains two main parts. The first part consists of both of closed finished, and available ended questionnaire and the next part involves five-point period level, i.e., from strongly agree to strongly disagree.

f) Factor Analysis has been used for factor extraction and data interpretation using statistical tool SPSS 16.0 version.

Data Analysis And Findings

All the gathered data were tabulated and examined using 'SPSS' version 16, statistical software. The total research has been split into two parts.

a) **Reliability Check:** After examining the consistency of the tool during the pilot study, trustworthiness was again computed by making use of Cronbach's Alpha ensure that you found reliable as the worthiness (0.952) was higher than 0.6 which is very reliable.

b) Factor Identification Analysis:

To recognize the latent factors 'Q,' type factor research was determined to deploy. Before, doing the Q factor analysis, the researcher conducted KMO (Kaiser-Meyer-Olkin) test to check on whether the test is enough for doing the factor analysis and thus found the value at 0.7, consequently Bartlett's Test of Sphericity was also significant. The factor analysis was done with an Eigen value higher than 1. Principal Component Axis Method and Varimax Rotation Method were used.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.930
Bartlett's Test of Sphericity	Approx. Chi-Square	4437.832
	df	190
	Sig.	.000

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy value obtained is 0.930 which means the data is adequate for conducting factor analysis.

Extraction Method: Principal Component Analysis.

Component Matrix ^a			
	Component		
	1	2	3
I look for availability of try and buy feature before placing an order.	-.144	-.682	.570
I still purchase apparels even if try and buy is not available.	.867	-.136	.211
Try and buy is important if the number of days taken to deliver the product is more.		.478	.102

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Try and buy should be available for all products.	.935		
Try and buy should be available across all pin codes.	.945	.156	
Try and buy helps to take less time to evaluate and select the apparel.	.714	.418	
Try and buy infuses more trust on online apparel shopping.	.877	-.110	.101
Try and buy will ensure more people will shop apparels online.	.902	.338	
Try and buy allows me to try out the products, before buying, at the comfort of my home.	.930		
Try and buy reduces the risk of size/fit issue.	.158	.777	-.504
Try and buy help me feel the material before making the purchase decision.	.866	.160	
Try and buy ensures lesser returns due to colour or match issues.	-.243	.889	.317
Try and buy reduces the overall purchase life cycle time.	-.229	.723	.212
Ready to pay extra charges for this service.	-.248	.585	-.278
Different sized apparel should be bought during delivery.	-.193	.770	.552
I will not buy apparels online of there is no try and buy service.		.173	.777

Try and buy will make online shopping items simple and hassle free.		-.146	-.191
Try and buy will help e-commerce companies to reduce their return rates.	-.243	.889	.317
Try and buy will help e-commerce companies to cut their operating costs.	-.180	.734	-.490
Try and buy feature should be introduced by all e-commerce companies.	.119	.180	
Extraction Method: Principal Component Analysis.			
a. 3 components extracted.			

Showing Total Variance Explained

Component	Total Variance Explained									
	Initial Eigen values			Extraction Sums of Squared			Rotation Sums of Squared			
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	
1	6.607	33.037	33.037	6.60	33.037	33.037	6.56	32.808	32.808	
2	5.338	26.691	59.727	5.33	26.691	59.727	3.80	19.009	51.816	
3	2.175	10.874	70.601	2.17	10.874	70.601	3.75	18.785	70.601	
4	1.611	8.055	78.657							
5	1.222	6.112	84.769							
6	.759	3.795	88.564							
7	.568	2.839	91.402							
8	.451	2.255	93.655							
9	.274	1.369	94.924							
10	.218	1.089	96.014							
11	.214	1.068	97.082							
12	.175	.874	97.956							
13	.139	.695	98.652							
14	.094	.470	99.122							
15	.062	.312	99.434							
16	.048	.239	99.673							
17	.027	.135	99.808							
18	.021	.105	99.913							
19	.017	.087	100.000							
20	1.786E-16	8.928E-16	100.000							

Extraction Method: Principal Component Analysis.

From the above table, all the variables having Eigen value higher than 1 are

Factor Analysis: Apparel Try and Buy Services by E - Commerce Companies in Bangalore

extracted. You will discover five factors having Eigen value higher than 1. The bigger the Eigen value of one factor, the best is the quantity of variance described by that factor. Cumulative ratio of five factors extracted collectively take into account 84.769 % of total variance i.e. information within original 20 variables.

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Rotated Component Matrix ^a			
	Component		
	1	2	3
I look for availability of try and buy feature before placing an order.	-.159	-.885	
I still purchase apparels even if try and buy is not available.	.865	-.252	
Try and buy is important if the number of days taken to deliver the product is more.	.130	.271	.393
Try and buy should be available for all products.	.928		-.111
Try and buy should be available across all pin codes.	.959		
Try and buy helps to take less time to evaluate and select the apparel.	.747	.298	.191

Try and buy infuses more trust on online apparel shopping.	.868	-.156	-.118
Try and buy will ensure more people will shop apparels online.	.923	.269	
Try and buy allows me to try out the products, before buying, at the comfort of my home.	.929		
Try and buy reduces the risk of size/fit issue.	.188	.908	.157
Try and buy help me feel the material before making the purchase decision.	.881		
Try and buy ensures lesser returns due to colour or match issues.	-.128	.418	.871
Try and buy reduces the overall purchase life cycle time.	-.139	.373	.680
Ready to pay extra charges for this service.	-.214	.616	.238
Different sized apparel should be bought during delivery.		.169	.949
I will not buy apparels online of there is no try and buy service.		-.416	.684

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Try and buy will make online shopping items simple and hassle free.	-.103		-.227
Try and buy will help e-commerce companies to reduce their return rates.	-.128	.418	.871
Try and buy will help e-commerce companies to cut their operating costs.	-.151	.869	.181
Try and buy feature should be introduced by all e-commerce companies.	.129	.179	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 4 iterations.			

Factor Analysis

1. From the rotated factor matrix, variables 2, 4, 5, 6, 7, 8, 9 and 11 have the loadings of .865, .928, .959, .747, .868, .923, .929 and .881 respectively are loaded on factor 1.

This suggests that factor 1 is a combination of these 8 variables. The factor 1 can be interpreted as the combination of “I still purchase apparels even if try and buy is not available”, Try and buy should be available for all products”, Try and buy should be available across all pin codes”, Try and buy helps to take less time to evaluate and select the apparel”, “Try and buy infuses more trust on online apparel

shopping”, Try and buy will ensure more people will shop apparels online”, Try and buy allows me to try out the products, before buying, at the comfort of my home” and “Try and buy help me feel the material before making the purchase decision” This factor can be interpreted as **Convenient and time saving**.

2. The variables 10, 14, and 19 having the loadings of .908, .616 and .869 respectively are loaded into factor 2.

This suggests that factor 2 is a combination of 3 variables. The factor 2 can be interpreted as the combination of “Try and buy reduces the risk of size/fit issue”, “Ready to pay extra charges for this service” and “Try and buy will help e-commerce companies to cut their operating costs”. This factor can be interpreted as **Demand for the service**.

3. The variables 13, 15, 16 and 18 with loadings of .680, .949, .684 and .871 respectively are loaded into factor 3.

This suggests that factor 3 is a combination of these 2 variables. The factor can be interpreted as the combination of “Try and buy reduces the overall purchase life cycle time”, “Ready to pay extra charges for this service”, “Different sized apparel should be bought during delivery”, “I will not buy apparels online of there is no try and buy service” and “Try and buy will help e-commerce companies to reduce their return rates” This factor can be interpreted as **User friendly**.

Conclusion

1. The analysis is an try to find the factors influencing consumers to the apparel try to buy service provided by the e-commerce companies. From the info examination, the factors extracted from the many variables are
 - a. Convenient and time-saving
 - b. Demand for the service
 - c. Ease of use
2. According to the Data Collected, 85.9% respondents know about try to buy service provided by the e-commerce companies.
3. The try and buy service is the most well-accepted service during online buying of apparels which constitutes 51.2% of respondents preferring this service, cash on delivery with 30.4% respondents preferring, 10.2% respondents prefer customized products and 8.2% respondents prefer with a user-friendly website.

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Abstract

This paper examines the change in book publishing scenario due to the advent of eReaders and rising popularity of book downloads in India. This is an exploratory study based on secondary data. The study examines the role of eBooks and ePublishing on Book publishing Industry. Traditional book stores have witnessed drop in the number of visitors to the store. The change in the buyer's book purchase and reading preferences have to be understood and changes adopted to ensure survival of the publishers. The Indian market is lucrative due to government initiatives to strengthen education, youth demographics and rising middle class. The research aims to generate hypothesis on the factors which will be critical to ensuring growth and stability in the publishing industry.

Keywords: eBooks, self-publishing, eReaders, authors, audiobooks, bookstores, publishers

Introduction

The entertainment industry has radically altered with the application of information and communication technology. Music and film industry reinvented its business model amidst the threat of revenue loss due to piracy and content sharing. Currently, the publishing industry is undergoing a multipronged change because of distribution, retailing and pricing impact brought in the wake of Amazon's and Flipkart's online book sales. The large book stores have faced tremendous impact and the players have changed the business model to accommodate the change in consumer behavior and preferences.

National Book Trust commissioned the National Council for Applied Economic Research to conduct a National Youth Readership Survey in 2009. Youth in the age group of 13 to 35 cited the following factors as reasons for the decline in reading: Advent of TV, Internet, e-books topped the reason at 53%, followed by issues such as poor reading culture, lack of time, cost factor, lack of motivation, lack of access to books respectively.

The growth rate for the print industry is robust at 6.1% CAGR projected for the period 2017-2021 and valued at \$2.95 million (PwC, 2017). According to the Economic times report, the book market will grow from its present valuation of Rs. 261 billion to Rs. 739 billion by 2020 (Economic Times, 2015).

Impact of eBooks and eReaders on Publishing Industry

Revenue from eBooks alone accounted for US\$125 million in 2018 and is expected to grow at a CAGR of 14.3% between 2018-2022 (The Statistics Portal - eBooks, 2018). India is home to 9000 publishers of English language print book, making it the second largest and fastest growing market. Increasing middle class and internet penetration is the reason behind the bullish trends. To ensure sustainable growth more than 70 percent of publishers in India have ensured that digital version is incompatible with smartphones, e-book versions and e-readers. Online book purchasing (15%) is tailing Electronics (34%) and Apparels (30%) on ecommerce sites.

AC Nielsen Study of the India Book Market -2015 covered 2000 consumers in the age group of 18 and above and digital books were purchased at least once by 56 per cent of the respondents, two third of them purchased more than three to four times in the year. English language book sales were the highest at fifty-five per cent.

Factors favoring Indian publishing industry

The Indian newspaper net worth of the industry is higher than the worth of the film industry

Rising Literacy Rate

The literacy rate in the country is projected to reach 90 per cent where the number of book readers is at 83 million youths.

High Population

China with a population of 1.53 billion will lose its status as the most populated nation and will be replaced by India in 2030 where India is presently number two with 1.26 billion people.

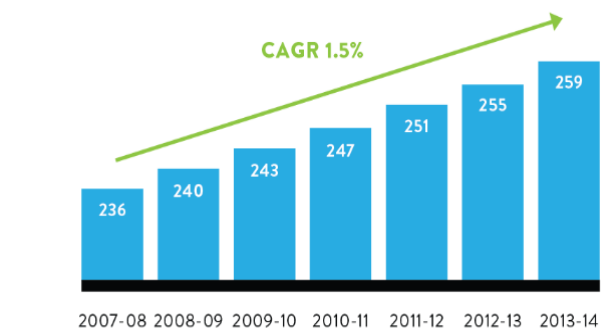
World's Fastest Growing Economy

India is expected to grow at an annual increase in GDP of 8.6% over the next three years. (*Times, 2017*)

How the above factors are driving sales

The rising literacy level and the high population of India is driving the sales for educational books. The book industry has two large divisions namely (i) General Trade Books which covers Fiction, Non-fiction and non-educational children's books, and (ii) the school books. The K12 Books account for 71 per cent of the book sales while 22 per cent is from higher education books.

K-12 STUDENT ENROLMENT
In Millions



CAGR - Compound annual growth rate.
Source: School Education: U-DISE 2013-2014.

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Figure 1 Rising Literacy Level

eBooks and the growing market for e-publishing

The digital versions of printed books sold online are referred to as eBooks. These can be easily read using personal computers, Tablets, iPad, Smart phones or eReaders. The eBooks are technologically compatible to enable reading using any type of device. International Survey on reader preferences reveal that age group of 10 to 19 are growing in their reading for recreation due to books such as Vampire Diaries and Harry Potter Series; age 30 to 39 prefer reading in electronic format while age group of 40 and above prefer to buy the most books (PWC, 2015).

Self-Publishing is growing in popularity because of sites such as Scribd, Wattpad, Smashwords and Amazon's Digital Text Platform. As non-availability of books in regional languages limited the growth of Amazon, the company entered the regional book market with eBooks available in Marathi, Malayalam, Tamil, Hindi and Gujarati. Juggernaut, a phone publishing platform has enabled digital publishing by anyone.

About e-Readers and the Key Products

e-Readers are electronic device and works with electronic ink (eInk); it is designed to offer a comfortable, internet compatible experience in reading. The device replicates all the features of a real book such as flipping the pages, book marking, highlighting, making notes and provides a black and white - ink on paper experience. It allows for reading in bright sunlight, has no backlights and that makes long hours of reading comfortable, font size can be enlarged to help the elderly, battery usage is frugal and one-time charge can last for three weeks or more.

E Readers as a concept was first pioneered by Sony in 1990 with its Data Discman and was considered to be very expensive and Sony discontinued production in 1993.

Nuvo Media, a joint venture between a German-American company, launched Rocket eBook. The device had an LCD Monochrome display and was heavy. Sony launched the first eInk based reader in 2004 but did not take it outside Japan. The problem with earlier versions of eReaders were high price of the gadget, heavy and unwieldy and limited access to online books.

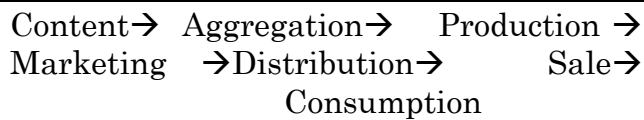
The breakthrough in eReaders came with the launch of Kindle by Amazon in 2007 for US market and in 2009 worldwide. The ease of purchase, download and heavy price discount made the Kindle immediately popular. Amazon's digital library allowed readers to pick from a large cache of books and the choice was nothing comparable to any physical Book Store. Besides books, Kindle users could access Journals, periodicals, newspapers and magazines. Kindle has improved the reading platform, made simple user-friendly interface, lightweight with ergonomic design. Wifi and 3G access and most recently Kindle Oasis with water resistant feature puts Kindle ahead of the others.

Other Players include US Book Chain - Barnes and Nobles' Nook which was launched in 2010. In 2009, Sony introduced its eReader-Daily Edition and was linked to Sony's Online Book Store. Sony also launched the Touch edition in 2009 followed by Sony Pocket Reader in 2010 and the drawback was that it was not integrated to the internet which prevented readers from downloading it directly to the device.

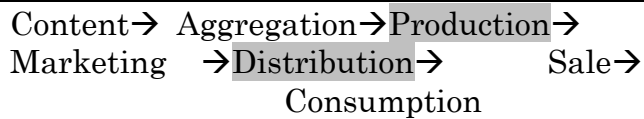
Impact of eBooks and eReaders on Publishing Industry

Value Chain for Book Publishing Industry

Print Model:



Digital Model



Production is confined to Editing and digital production while Distribution requires the setup of Content Management System instead of storage and delivery (PWC, 2015).

Discussion:

The market for eReaders is projected to rise and ePublishing has become a new norm where the earlier models of publishing industry has witnessed a change because of new technology platforms and changing consumer preferences.

Research aimed to answer the following questions will require primary data collection from book readers:

1. Do consumers enjoy carrying a portable library?
2. What is their opinion about eReaders?
3. What Product features will be valuable?
4. How much will they be willing to pay for eReaders and eBooks?
5. What reasons will make them continue to visit a book store?

Consumer research on these areas will reveal emerging preferences and will help the publishing industry cater to the consumer demands. Even as book stores such as Blossom has been able to thrive with keeping an inventory of second hand books which is 80 percent and 20 percent

of new books, Amazon also has made buying second hand books easy and accessible. Technology will continue to change behavior of book readers and new business models will have to be created by book stores and publishers.

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Abstract

Co-operative banks can play a significant role in rural financial inclusion if they ably take advantage of the technology in place. Core banking system is another way of saying the core functions of a bank it represents the core business of banking and its various services which are provided to the customers .It is a financial institution that creates demand deposits, that is deposit account which are subject to withdrawal by the owner on demand and subject to transfer to a third party by means of a cheque, in fact a modern bank performs such a variety of functions that is difficult to give a precise and general definition of it. Banking services play vital role in the development of the any economy. India is a developing country and most of the population is associated with the agricultural business and farming activity. As per Indian constitution cooperative bank helps to farmers for getting their any benefit from the government. Most of the farmers are using the co operative bank for all type of the transaction so target market is high even though these banks as well as customers are facing lots of difficulties as unavailability of core banking

Keynote : Core Banking System, co-operative bank, agriculture business

Introduction:

In view of information obtained through various Research studies and such similar articles, we get an insight on how banks have been smartly performing in doing business with the help of Core banking system that enables them gain efficiency in their operations and also helps them meet core competencies in the market.

“Customer is the King” is an old saying that accentuates the importance of customers in any business and so it becomes all the more important to satisfy the needs and expectations of customers in a more efficient and organized manner and because of all this Core banking facilities should be

strong banks in the sector, this Research project aims to find out the Effectiveness of Core Banking in Cooperative banks, to find out if their performance is in par with other banks. The study also focuses on the difficulties faced by Cooperative Banks in the implementation and the awareness, acceptability by customers of Core banking delivery channels.

II. Review Of Literature

1. Mrs Geetha S and Dr. C S Ramanarayanan in their article titled as “The impact of Core Banking Services in SBM” states that the customers of the bank preferred Core Banking Services to be provided by

banks as they gave way for easiness of operations, cost effectiveness and timely and instantaneous response. They say that the customers are going to be benefitted out of Core Banking System as it offers any time and any branch banking facility. The operational efficiency of the banks have also significantly improved after the introduction of CBS.

According to a survey conducted by them on 90 respondents who were SBM customers, the respondents aging between 35 to 45 who were graduates and also the ones who were unmarried benefitted and were more satisfied through the Core Banking system of the Bank. They conclude that majority of computer illiterates and uneducated customers show no interest in Core Banking system as they find no helping hand in the Bank's premises due to lack of sufficient employees and so these customers prefer branch banking wherein they are assisted by the counter clerks. But still CBS has brought about a significant change that has been welcomed by banks in order to create awareness on the Banking sector's presence and its benefits to a common man.

2. Cormac Petit dit de la Roche and the IBM team in their article on "The value of transforming core banking systems" states that the banks will have to meet the opportunities and threats quickly and should become much more agile in order to face competition in today's world. Competitors are trying to impress customers through the various non traditional banking methods. Banks can easily be sidelined with the introduction of new platforms. There are a number of challenges that the banks are already facing but with the advent of Core Banking system in

banks, the banks are exposed to more complexity where they are finding it difficult to cut down on cost and increase revenue due to vigorous competition. The innovation and change cannot be blocked by the Core systems. Rigid processes in the form of isolated stacks need to be allowed to transform into closely integrated and horizontal core systems. The data must be allowed to flow freely. If the processes are good enough to drive faster responses and better decisions, then these processes should be made interoperable.

The research involved key competencies like Standardized business processes; Streamlined operating environment; Automated operating environment to develop improved performance by anticipating systems performance, monitoring operations that has to be done in real time; Adaptable core banking system to have an agile and flexible environment of the bank that enables it to stay in line with ongoing shifts in the structure, Realign with that of new business needs on a continuous basis, manage customers proactively and make delivery of products consistently and faster. In order to achieve greater agility and adaptability, the banks will have to build and integrate these key competencies in order to produce and earn higher revenues.

3. Ms Ankita DhirubhaiKathiriya in her research paper on "Financial Management of Core Banking system in Cooperative Banking sector in India" states that India being a developing country where most of them are farmers rely on cooperative banks for funding farming activities. As most of these farmers are illiterates and are not aware of various CBS services, it

becomes difficult for them to adapt to core banking services provided by cooperative banks. Functioning in an environment with a highly enhanced technology is itself both a challenge and an opportunity to Cooperative banks to render better customer services and upgrade to a computerized environment. Development of technology that is modern in these banks is a difficult activity and a task to the top level management majorly because of lack of availability of required funds. It is also difficult for such cooperative banks to upgrade advanced banking environment with high technology providing 24x7 services.

Problems that are faced by customers through Core banking system should also be noticed. Most of these customers belong to the agricultural field who feel its not secured and think that it will create problems and hence do not expect for such services to be rendered by their banks. According to the Findings of this Research paper, Cooperative banks are not able to implement new technology because of resistance of employees for change and adoption and also because of the extra cost to be incurred on technical development. And hence she concludes that the implementation of Core banking services by Cooperative banks is difficult and is a costly affair.

4. Mr B Muniraja Sekhar and Dr. Sudhir in their Research paper titled “ Core Banking Solutions in Urban Cooperative Banks and Issues and Challenges” states that the Indian customers are finding it difficult to make use of technologies like ATM and prefer over the counter transactions. While the focus has always been on large Private sector and Public sector banks who are optimally utilizing

the best technologies available in order to come out as front runners in the banking arena, it is the Cooperative banks that have been left behind when it comes to Technology adoption. This sector of Urban Banking also has manpower constraints. Larger banks can afford for such IT services while small banks like Cooperative banks are left behind. Nevertheless Cooperative banks are realizing that the customers especially the youth population are demanding for modern banking practices and thereby trying to implement the same. Cooperative banks that do not understand this reality will face severe difficulty affecting its existence and hence be driven to extinction. Cooperative banks are now slowly realizing that the customers that they have and they can have are not limited to their community alone. Many Cooperative banks in Urban areas have computerized their investment operations, major accounts of loan and systems that facilitate clearing but there are still gaps in up grading of technology in Cooperative Banks.

III. Research Design

STATEMENT OF THE PROBLEM

The present study focuses on the Core Banking services provided by Cooperative Bank Limited and its branches. It covers the meaning, features, various core banking services rendered by the bank, its effectiveness and advantages and disadvantages to the customers.

Objectives of the Study:

- To understand the concept of Core Banking system especially in Cooperative Banks.
- To discover the difficulties and challenges faced by Cooperative banks in adoption and implementation of Core Banking system.
- To shed light on the Effectiveness of Core banking system of the bank on its overall performance.
- To ascertain the customers' awareness of Core banking services and delivery channels and their acceptability of Core Banking services.

Data Collection Method:

The collection of data for the purpose of study is based on two major sources namely Primary data and Secondary data. The primary data is collected through framing and distributing a structured questionnaire to the respondents. The respondents of the study include the employees and the customers of Cooperative Bank Limited. Internet, magazines, books, journals, bank websites, news paper articles and research articles are the secondary sources used for this Research project.

Sampling: Two set of questionnaires was being framed for the purpose of Research. One set of questionnaire was distributed to Employees of the bank (Head Office), sample size being 20 and another set was distributed to the customers of the bank. The sample size of customers was 50.

The Research methodology also makes use of statistical tools like tables and charts for better understanding and interpretation of the data collected. Tools like SPSS Statistics and Microsoft Excel has been used.

Hypothesis:

The Hypothesis of the study is as follows:

- Ho: Core Banking Services provided by Cooperative bank does not satisfy its customers.
- H1: Core Banking Services provided by Cooperative bank satisfies its customers.

Hypothesis Testing:

The Hypothesis statement of the study is as follows:

- Ho: Core Banking Services provided by Cooperative bank does not satisfy its customers.
- H1: Core Banking Services provided by Cooperative bank satisfies its customers.

Frequencies:

Statistics		
Satisfaction		
N	Valid	50
	Missing	0
Mean		2.7000
Std. Error of Mean		.12857
Std. Deviation		.90914

Satisfaction					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Dissatisfied	4	8.0	8.0	8.0
	Dissatisfied	18	36.0	36.0	44.0
	Neither dissatisfied nor satisfied	17	34.0	34.0	78.0
	Satisfied	11	22.0	22.0	100.0
	Total	50	100.0	100.0	

T-TEST

/TESTVAL=2.82
 /MISSING=ANALYSIS
 /VARIABLES=Satisfaction
 /CRITERIA=CI(.95).

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Satisfaction	50	2.7000	.90914	.12857

One-Sample Test						
Test Value = 2.82						
Satisfaction	t	Degree of Freedom	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
		-.933	49	.355	-.12000	-.3784

As per the calculations made with the help of IBM SPSS Statistics tool, the above result has been derived. From the above table we can observe that the t value is negative, that is -0.933.

The critical value of the test is at 95% confidence level and 5% significance level. As the sample size is 50, the degree of freedom will be 49, that is, $n-1$ so $50-1=49$. At this level the table value of t-test is at 2.0096. As the table value is greater than the t-test statistical value derived from calculations, the researcher accepts Null Hypothesis and rejects the Alternative Hypothesis.

i.e. $2.0096 > -0.933$

Hence we accept Null Hypothesis that states “Core Banking Services provided by Cooperative bank does not satisfy its customers.”

Findings And Suggestions

- According to the data so collected and analyzed, it is evident that majority of the respondents are youngsters who belonged to the age category between the of 20 to 35 (in case of employees) and 15 to 30 (in case of customers). This indicates that not only aged people have bank accounts in Cooperative banks youngsters are also showing interest in holding an account in Cooperative banks.
- As per many Research papers that most of the customers of Co-operative banks were not literates and hence they found difficult to understand the concept of Core banking and remained unaware of the same.
- The general awareness of Core Banking services and their delivery channels amongst the masses is good as most of the respondents were aware of the same, there were only a few who were not aware of the concept. This indicates that core banking these days have become all the more important for all banks to implement and improve the same.
- All the employees of the bank of the bank feel that Core banking is very beneficial especially to save time and money. They are of the opinion that the expenditure incurred on the implementation of Core Banking Solution in the bank is worth the expenditure as it has accelerated the time occupied in generating transactions, recording and reporting the same.
- Most of the employees are of the opinion that the implementation of CBS has brought about an improvement in their performance.
- The Core Banking Solution (SwiftCore) in Cooperative bank was implemented 5 years ago. The

analysis of Balance sheet of the last 5 years (that is after the implementation of CBS) shows that there has been increase in the revenue of the bank as the years passed by. And most of the employees feel that CBS has been one of the major reasons for the increase in revenue of the bank.

- The Core Banking Solution currently used in Cooperative Bank is in par with other banks which means to say that the banks' solution has been able to match the technology of other banks and is updated frequently as per the changes in the market.
- The major challenges faced by the employees while the CBS implementation were the difficulties in handling the new software as they never had much knowledge of the software when initially introduced.
- Only a few employees were trained after the CBS was implemented and the rest of them were just given an introduction of the software which led to difficulty in understanding the new software by the employees who were not trained. The employees also faced the problem of connectivity failure at times that led to delay in work.

- **Conclusion:**

In this modern era, Core Banking Solutions and services are implemented in almost all banks. One cannot do much without the presence of Information Technology in Banking area. This is the reason for the reengineering of the various functions of the bank that has resulted in the implementation of CORE Banking (Centralized Online Real time exchange). The rate of growth of computerization and the deployment of

Information technology in banking operations is less in Cooperative banks. In fact, Rural Cooperative banks are much slower in growth when compared to Urban Cooperative banks. The major performance drivers of Cooperative banks are: satisfied employees and customers, good customer relationship, stability in its financial standing and a few innovations in information technology. Various Public and Private banks are performing commendably well in this area and are trying to reach all sectors of the economy to satisfy the most common needs of customers in a more easier way.

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Abstract

“Education is our passport to the future; for tomorrow belongs to those that prepare for it today”. Therefore, education in general and higher education in particular should cater to the needs of the country, economy and marketplace and make a student ready for the industry or at least make him job ready. If this does not happen at the student level it results in a cascading effect on many areas which deters the development of a nation as a whole. Keeping this in mind Ramaiah Institute of Management studies has taken higher education very seriously as a tool in the process of nation building by improving the competencies and skill sets of the students by introducing various innovative pedagogies which has transformed the landscape of higher education. This paper describes the various activities /courses undertaken by RIMS and implemented for the PGPM students to transform the competencies of the students.

Key Words : Higher education, PGPM of RIMS

Introduction

‘The time has come to create a second wave of institution building and of excellence in the fields of education, research and capability building’.

Dr. Manmohan Singh

Global Competition is the buzz word not only for businesses and industry segments; it has also bitten the higher Education world. It should come as no surprise that Ramaiah Institute of Management Studies (RIMS) had strategically planned the transition over the years, staying true to its forward thinking culture. Being the emerging leader among Management institutes, RIMS has been planning the transitioning by inculcating skills and knowledge that enables developing the next generation of leaders, by taking the next big step of imparting the Management-DNA. RIMS is proud to be a part of nation building exercise and advocates that if this nation is going to be built to last, the

Management students should be taught to preserve the core values and beliefs and the core purpose on which this great nation was founded. All initiatives taken by RIMS are in this direction. This paper describes the innovative steps taken by PGPM towards achieving this objective.

In a recent newspaper story on “How Indian B-schools are training students to be socially conscious” Prashant K. Nanda has stated that many B-School students are given exposure to the real world to make them aware of the innate potential of businesses to make a positive impact on society.

Management Students from BIMTECH Noida travelled to Mewat in Haryana to learn about the problems in rural areas and also to educate the villagers about how to solve these problems. At IIMC, the management students consult non-profit organizations to learn how they can reach out to society, to solve problems that people in the villages confront. The

students of Great Lakes, Chennai have adopted a village and work tirelessly for the upliftment of the village. Other major B-Schools have Social Immersion Programs to create awareness in the minds of the budding managers and channelize their thought process towards creative solutions for the problems.

To quote Prashant K.Nanda, industries are welcoming such initiatives. "It is necessary to incorporate courses on community citizenship that educate students on their social responsibility towards the upliftment of the society," said Harshil Mehta, chief executive officer Dewan Housing Finance Corp. Ltd, a listed housing finance company. "Today, as the world evolves, companies are increasingly looking at multi-faceted individuals who are not only subject matter experts but are also wanting to explore other functional abilities that could enable the organization to grow beyond its boundaries."

The Post-Graduate Program in Management (PGPM) Way

PGPM– the flagship course of RIMS has always been inventive in its approach and for long carried an innovative course outline. Leading the way to find new models of learning and enabling students to be truly industry-ready; **PGPM** as part of the curriculum devised a few new initiatives to ensure that the students get more opportunities to get exposed to real world of business and also to the social environment that teaches a sense of reality and responsibility. The success of such initiatives is now openly visible in the form of students learning the tricks of survival in an ever changing competitive business landscape and also by enabling them develop a new ability of personality akin to a Management-exponent. The theme has always been to add more skills and knowledge that classroom lectures and books alone cannot provide to students. Such an initiative brings with it

an unbeatable experience ensuring that their learning is long-lasting and even internalized (or imbibed), which is much like gaining in fast-forward mode – a rarity today...

The following paper depicts a few snippets of the exclusive programs acting as the drivers of change, in achieving the overall objective of preparing students for future with social responsibilities drilled in to their minds...

Top B-Schools need to develop and hardwire 'emotional intelligence' related learning into the core curriculum. Quite often, talent from the top B-Schools, despite their aptitude and drive, tend to be individualistic...they must be able to carry others along at times, and to share and give credit where it is due. "While it is okay to be competitive, it is equally important to have people who are more self-aware, and can empathize with others... students should have a clear idea of how they are perceived by the world around them, and not just how they perceive the world," states S.K. Munjal, chairman, Hero Enterprise. True to his words RIMS have an array of projects to make this thinking a reality. The following projects immerse the students in the society as well as the industry in which they are about to work.

Make A Difference to Society Project

Objective: To groom Socially Responsible Management Students of today to be Thought Leaders of the Future

Majority of us have "Good Intentions" and believe that being socially responsible is the way to go. Usually it stops with the thought and we do not take this forward by volunteering for the social cause. "You are what you do, not what you say you'll do." This project was conceived with the idea of sensitizing the students to needs of the Society. There have been pioneers in this field like the Great Lakes Institute of Management with their Karma Yoga

projectand IIM Trichy with their Make a Difference Project, who have successfully executed socially relevant projects. PGPM at RIMS has converted this thought process in to actionable claims and has motivated the students to commit themselves for socially relevant projects by encouraging them to give back to Society from where they have drawn so much.

“At the end of life we will not be judged by how many diplomas we have received how much money we have made, how many great things we have done. We will be judged by "I was hungry, and you gave me something to eat, I was naked and you clothed me. I was homeless, and you took me in.”

– Mother Teresa

True to this, PGPM students of RIMS enjoy the opportunity of working closely with Orphanages, Old age homes, Villages, NGOs– giving them the chance to devise their thought process as well as learn to take-up responsibility towards such people who require social attention and support. It has also given the students an exposure on how to plan and even prepare for the unavoidable old age that will hit all of us at some time- a much needed Financial and Moral Lesson. A major achievement has been the students involvement in being associated with a ForestVillage that lacked electricity. They gained live experience of planning and performing in a structured manner by ensuring that they would bring Solar-panel Power to the Villagers and worked in a time-constrained and monitored environment.

Industry-Analysis

Objective: To ensure that the students gain all round understanding of industries in general and business in particular

Students always wanted to learn and gain more by getting deeper understanding of a given industry by ferreting out parameters relating to Finance, Strategies, Business-Drivers, Consumer / Client Expectations and then analysing a target-company’s performance at various levels – Geographically, Product-Popularity, P&L, Market-Capitalization, Customer-base (region-wise), CSR-initiatives and even futuristic outlook. The biggest edge has been that many students covered several industry segments making it a holistic learning. Exchanging notes with their peer groups made the students also understand the other industries in depth along with the industry on which they had conducted the analysis. Overall, every year the students gain in-depth knowledge on various industries which gives them an edge during the time of placement.

Feasibility Study

Objective: To enable the students to prepare a good Business Plan

In an endeavour to prepare a business plan for new products/services the students delve deeper in to aspects of technical feasibility, market feasibility, competitor analysis and also financial viability. Students also get a direct exposure to conducting Research and even taking part in handling a live survey. This give them the much needed exposure to positioning of products and learning about interacting skills – give them the opportunity to meet and share thoughts and inputs with variety of people. The Students also engage in doing a study of stores in a mall – which is now the much needed model with proliferation of Malls across cities.

Student Choice

Objective: To cater to and hone the inherent talents of the students

Transforming Education: The PGPM Way

“It does not take much strength to do things, but it requires a great deal of strength to decide what to do.” True to this adage, PGPM offers its students various choices ranging from Book Review to Mall survey, attending seminars and conducting seminars to writing and publishing a paper. RIMS has always encouraged students to develop on all fronts and urge them to undertake more efforts to gain worldly knowledge. Students are given the liberty to choose Managing Event like Seminars, Workshops and demonstrating the same by conducting a few in-house. The Students use all available opportunities to pick-up the threads among many options that would help them develop their personality as well as knowledge in different areas that are generally not taught in classrooms. The good news is that many of our Students opted for Book-reviews (developing a good reading habit – which is totally missing today), Learning the ropes of personality development – which gave them a direct and live environment to check out their capabilities.

These are just a few illustrative examples of how we are shaping the personality of our Students who are always inclined to develop more skills and knowledge apart from what they learn through an already elaborate and value-added course outline. PGPM is happy to once again declare that it has paved the way for Students to gain an unbeatable edge in the market. We will continue our efforts to make learning even more interesting.

“You live your life forward and understand it backward.” Therefore, to make this report complete and add veracity to these initiatives the following are the Statistics about the above special initiatives of PGPM at RIMS for the last three years along with graph.

Table showing PGPM Initiatives across 3 Years

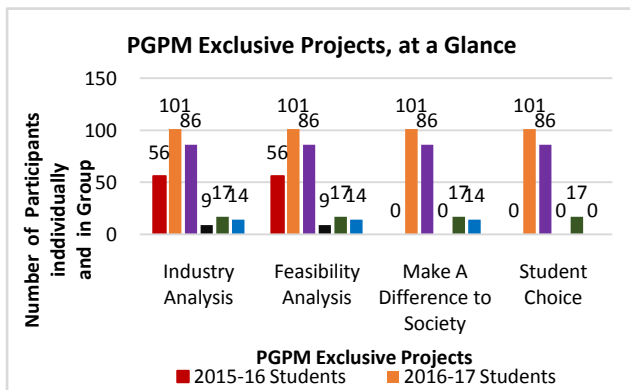
Particulars	No of Students			No. of Groups		
	2015-16 Students	2016-17 Students	2017-18 Students	2015-16 Group	2016-17 Group	2017-18 Group
Industry Analysis	56	101	86	9	17	14
Feasibility Analysis	56	101	86	9	17	14
Make A Difference to Society	0	101	86	0	17	14
Student Choice	0	101	86	0	17	0

Raju (tribal clan head): I am the head of this tribe which has been in existence for several centuries now. We have been surviving on dried barks and leaves for cooking and that’s all the light that we have seen. Only recently, some 10-20 years we have been given kerosene lamps but the smoke released is very dangerous and has been causing us health problems.

These students from Ramaiah Institute of Management Studies, Bangalore have powered 6-8 houses since yesterday. They have heard our prayers, pains and struggles and have put in immense efforts only to add value and make our lives happier and more satisfying. The students have put in their hard earned money into this project and have brought light into our lives. On behalf of our tribe and the samiti, I would like to thank them from the bottom of my heart and pray God that he gives them all the good health and wealth to carry on this noble cause.

Sidappa(tribal clan member): It’s been 30 years since we have settled down here but there has been no electricity so long. Because it is dark, we have a lot of elephants coming here and frequent animal conflicts and damages occur. It will be a great blessing if we get solar power.

Kamma (tribal clan member): During our younger days, we did not have even kerosene. We would cook from dried barks and leaves. And now for last two months we have not got kerosene even as the government has neglected us. When night falls, it gets so dark that we cannot step out of our houses because of elephants and other wildlife roam around. This is our pitiful situation. We want to say so many good things about your initiative. It feels like our prayers have been finally answered.



ANNEXURE – A: Industries Analysed by Students

- Food (FMCG)
- Cement (Metals)
- Telecom
- Print
- Cosmetics Industry
- Media & Entertainment
- Aviation
- Automobile
- Sports & Fashion
- Leather
- Coal
- Tourism
- Banking
- Textiles & Apparels

ANNEXURE – B: Feasibility-Analysis

- Fast Food
- Air-Umbrella
- 3-D Printed Drugs
- Star India Entertainment
- All-in-One Soap
- Ungli
- Thirsty Cement
- Insurance
- Wheels-to-go
- 99-Services
- Incinerators
- Fashion Accessories
- Electronic Automation

ANNEXURE – C: MADS Project (NGOs / Elderly Homes / Orphanages)

- Saraswathi Educational & Charitable Trust
- Nisarga Grama
- PIPALTREE
- Sree Shantdhama Educational & Charitable Trust
- Rainbow Home
- Mathikere Slum
- Lovedale Foundation
- BBMP
- MITU Foundation
- Sparsha Foundation
- Sree Old Age Home
- Sparsha Trust
- Sneha Sadan
- Greater Hope International Orphanage
- Peace Children Home Orphanage

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Abstract

Consumer behaviour is a part of human behaviour. The knowledge of consumer behaviour helps the marketer to understand consumers. Shopping is a major part of human activity. Today, a consumer can purchase the products through the traditional shopping and online shopping. Though both the type of shopping has its own pros and cons, in this study, an attempt is made to explore the behaviour of consumers towards online and traditional shopping under various parameters. The study focuses to determine the significant factors influencing the respondents in traditional and online shopping in Kanniyakumari District. The present study is descriptive and analytical in nature. The study is based on both primary data and secondary data. Primary data have been collected with a well-structured questionnaire from 60 respondents using Judgment sampling method. Descriptive statistics, Friedman test and Factor analysis have been used for analysis. The study identified vital factors influencing traditional and online shopping behaviour of shoppers. The convenience factor highly influences the consumer to buy the product from online store. Personal factor is the dominating factor for the consumer of traditional stores, the consumer personally touch and see the product before deciding the purchase. In the study area consumers are highly satisfied in traditional shopping than the online shopping.

Key Words: Consumer, Consumer Behaviour, Shopping, Traditional Shopping, Online Shopping

Introduction:

Consumer behaviour is a part of human behaviour. The knowledge of consumer behaviour helps the marketer to understand how consumers think, feel and select from alternatives like products, brands and the like and how the consumers are influenced by their environment, the reference groups, family, and salespersons and so on. A consumer's

buying behaviour is influenced by cultural, social, personal and psychological factors. Shopping is part of every day's life.

In general, there are two types of shopping: traditional shopping and online shopping. Traditional shopping is physically visiting a market place or a store and buy products. In traditional shopping consumers

physically choose and check out what an item or product is like, would look like, and its features. Online shopping is the process whereby consumers directly buy goods or services from a seller in real time without an intermediary service over the internet, online sites made shopping as one of the easiest tasks possible, online purchasing of goods, both expensive and cheap, is prevalent to much larger extent in recent years due to convenience, speedy transactions, saving time, attractive sales promotional offers and the like.

Statement Of The Problem:

Shopping is a major part of activity in every person's life for fulfilling their needs. Today, a consumer can purchase the products through the traditional shopping and online shopping. Online shopping and traditional shopping is entirely different to each other, but serves the needs of the consumers. Though both the type of shopping has its own pros and cons, in this study, an attempt is made to explore the behaviour of consumers towards online and traditional shopping under various parameters.

Review Of Literature:

Koufaris, (2002) revealed that online shopping behaviour has been an important topic in online shopping

researcher areas. The main reason is that most consumers are computer user and the online consumers perform all the functions of a traditional consumer on the computer with commercial web sites. **Smith and Rupp(2003)** concluded that age factor as determinant for online purchase intentions. They argued that older people who had no frequent interactions with the internet and the computer would not use the internet as a medium for purchase. **Aron M. Levin, Irwin P. Levin and Joshua A. Weller (2005)**, found that the preferences for shopping online or offline were shown to vary across products, consumers, and stages of the shopping experience. When attributes such as large selection and shopping quickly were predominant, online shopping was preferred. When attributes such as personal service and ability to see-touch-handle the product were predominant, offline shopping was preferred. **Junhong Chu et.al. (2010)**, explored the moderating effects of household (e.g., shopping frequency) and product (e.g., sensory nature) characteristics on brand loyalty, size loyalty and price sensitivity across online and offline channels for grocery products. Data was collected from one of the five leading grocery chains in Spain. The study of found that the households were more brand loyal and size loyal but less price sensitive in the online channel than in the offline

channel. Uma Maheshwari, M. and P. Geetha (2014) in their study on “online shopping behaviour of consumers in Kanniyakumari District” found out that word of mouth was the major source of information, average time spent in month towards online shopping was ten hours and spending below Rs5000. Online security was the major concern and variety of product attracted the respondents. If online retailers cultivate knowledge about Indian online shoppers, that potential customers may be converted into active ones.

Objectives Of The Study:

The following are the important objectives of the study:

1. To understand the socio-economic and demographic profile of the shoppers in Kanniyakumari District.
2. To determine the significant factors influencing the respondents in traditional and online shopping in the area of study.

Significance Of The Study:

Internet is one of the most successful innovations that have shown terrific growth in its applications, number of users and it pioneering business strategies. Online shopping has become a source of increasing competition to the traditional shopping channels, such as retail stores, mall stores catalogues especially those associated with

product areas of books and music. The present study has been made to study consumer behaviour towards traditional shopping and online shopping. The present study, will throw light on comparative consumer behaviour towards online and traditional shopping under various dimensions in the district of Kanniyakumari.

Scope Of The Study:

The study covers the area of Kanniyakumari District in Tamil Nadu. This study will give an insight into the experience of consumers in traditional and online shopping.

Methodology:

The present study is descriptive and analytical in nature. With due consideration to the objectives, the following methodology was adopted for conducting the current study.

Source of Data: The study is based on both primary data and secondary data. Primary data have been collected with a well-structured questionnaire. The secondary data have been collected from journals, books and websites.

Sampling Design: Judgment sampling method was followed to select 60 respondents in the study area.

Period of the Study: The primary data required for the study have been collected from July 2016 to September 2016.

Tools for Analysis: The present study has used descriptive statistics, Friedman test and Factor analysis for analysis.

Limitations of the Study: The present study has the following limitations:

1. Only sixty respondents could be selected due to time and money constraint.
2. The study is subjected to memory bias as the respondents did not maintain any records.

Results And Discussion:

The results of data analysis and relevant discussion in brief are presented as follows:

Profile of the Respondents:

Demographic variables are the most common means to define market segment because consumers in these segments can be easily identified and accessed. Personal factors are the criteria used to identify, understand, measure and analyse the shopping behaviour of consumers. The profile of the respondents includes socio-economic and demographic variables such as gender, age, education, occupation, marital status, type of family and monthly income of the respondents. 56.7 percent of the

respondents were female. 58.3 percent of the respondents were up to 25 years. 63.3 percent of the respondents were graduates. The highest percentage of the respondents (48.3 percent) is in the category of students. 53.3 percent of the respondents are unmarried. 51.7 percent of the respondents from the nuclear family. 65 percent of the respondents monthly were Rs 20000-40000. Majority of the respondents belongs to the young age group, graduates, were unmarried, students, from nuclear family with the family income of between Rs 20000 to 40000.

Factors Influencing Online and Traditional Shopping: Factors influencing online shopping and traditional shopping have been analysed separately by using relevant variables under each category and applying factor analysis.

Factors Influencing Online Shopping: Fifteen variables were considered for finding out vital factors influencing online shopping. Factors analysis was applied to find out dominant factors influencing online shopping. Inter correlation between the 15 variables were analysed using Principal Component Analysis (PCA) and Varimax Rotation of factor analysis.

Factors Influencing Traditional Shopping And Online Shopping In Kanniyakumari District

Table 1: Rotated Component Matrix

Variables	Component						Communality
	1	2	3	4	5	6	
No need for driving & parking	.804	-.032	.053	.082	.008	.361	.788
Shopping from home	.780	.189	.021	.070	-.053	.023	.658
No need to go stores	.636	.126	.158	.287	.236	.354	.706
Anytime shopping	.773	.237	.321	.174	.023	.299	.840
Variety of products	.702	.742	.098	.003	.046	.022	.569
Neat display of product	.729	.671	.023	.044	.234	-.120	.605
Easy selection of product	.719	.686	.123	.177	.066	.200	.625
Product comparison	.704	.657	.244	-.013	.152	.233	.571
Cost saving	.748	-.116	.786	.122	.144	.207	.723
Discount and offers	.713	-.102	.786	.037	.039	.124	.666

Delivery time	-.045	.108	.006	.859	-.004	.008	.751
Save time	-.078	.212	-.209	.740	-.087	.259	.717
Ease of operation	.154	-.057	.047	.244	.716	.156	.625
Web design	.017	.044	.289	.077	.644	.422	.677
Not to deal with pushy salesperson	-.288	.189	.310	-.243	.339	.546	.586

Source: Primary Data. Extraction method: Principal Component Analysis

Rotation method: Varimax with Kaiser Normalization

Table 1 exhibits the rotated factor loading of 15 variables and their respective communalities. It is observed that six factors were generated out of 15 variables.

Influential Factors in the Choice of Online Shopping: Factor analysis of attributes relating to online shopping identified six influential factors. The influential factors in the choice of online shopping by the respondents along with the Eigen value, percentage of variance and cumulative

percentage of variance are presented in Table 2.

Table 2: Factors Influencing Online Shopping

Influential factor	Eigen value	Percentage of variance	Cumulative percentage of variance
Convenience factor	3.071	20.475	20.475
Product factor	1.806	12.042	32.517
Economic factor	1.512	10.078	42.595
Time factor	1.419	9.460	52.055
Website factor	1.260	8.403	60.458
Push factor	1.007	6.715	67.173

Source: Compiled data

It has been observed from Table 2 that the factors such as convenience factor, product factor, economic factor, time factor, website factor, push factor are extracted. These factors accounted for about 67.173 percent of variance in the data.

Eigen value for ‘Convenience Factor’ was 3.071 and percentage of variance was 20.475. This factor provides the maximum insight for online shopping. Eigen value for ‘Product Factor’ was 1.806 and percentage of variance was 12.042. Online shopping respondents gave more emphasis to product factor, as product satisfies the expectation and

needs of the respondents. Eigen value for ‘Economic Factor’ was 1.512 and percentage of variance was 10.078. This factor gave importance to value for money spent by the respondents. Eigen value for ‘Time Factor’ was 1.419 and percentage of variance was 9.460, which is vital for busy people. Eigen value for ‘Website Factor’ was 1.260 and percentage of variance was 8.403. This website factor is also important factor for the consumers to easily understand and operate the website for purchase of the product. Eigen value for the factor, ‘Push Factor’ was 1.007 and percentage of variance was 6.715. Not to deal with pushy sales persons also influence the respondents as this irritates the consumers and makes the buying compulsory. Thus, convenience factor followed by product factor is found to be dominantly influencing factors in the online shopping by the respondents. It is surprising to note that economic factor is considered after convenience and product factor by the respondents in online shopping.

Factors Influencing Traditional Shopping: Fifteen variables were considered for analyzing important factors influencing traditional shopping. Factor analysis has been applied to find out dominant factors influencing the traditional shopping. Inter correlation between the 15 variables were analysed using Principal Component Analysis (PCA)

Factors Influencing Traditional Shopping And Online Shopping In Kanniyakumari District

and Varimax Rotation of factor analysis.

Table 3: Rotated Component Matrix

Variables	Component					Comm unality
	1	2	3	4	5	
Touch and feel the product	.778	.044	.373	.131	.085	.772
Reliability	.778	-.088	-.010	-.014	-.051	.615
Social interaction	.515	.262	.315	-.051	.288	.499
Security	.719	.146	.298	-.091	-.066	.682
Personal contact with seller	.630	.129	.308	.131	.144	.633
Large variety of product	.095	.748	-.100	-.017	.281	.760
All products under one roof	-.088	.624	-.363	-.261	.290	.672
Many brands and retailers	.178	.594	.474	-.055	.077	.567
No need of computer or internet	.262	-.252	.751	-.099	.192	.719
Offer and discount	.088	.099	.020	-.066	-.336	.609

	.727	.090	.437	.152	.077	
Bargaining power	.193	.099	.437	.152	.077	.529
Compare cost	.152	.252	-.066	.082	-.029	.753
Quick delivery	.252	.052	.128	.093	.055	.543
Customer service	.077	.352	-.087	.043	.077	.349
Assistance from sales person	-.088	.381	.158	.121	.066	.616

Source: Primary Data. Extraction method: Principal Component Analysis
Rotation method: Varimax with Kaiser Normalization

Table 3 exhibits the rotated factor loading of 15 variables and their respective communality. It is observed that five factors were generated out of 15 variables.

Influential Factors in the Choice of Traditional Shopping: Factor analysis of attributes relating to traditional shopping identified five influential factors. The influential factors in the traditional shopping by the respondents along with the Eigen value, percentage of variance and

cumulative percentage of variance are presented in Table 4.

Table 4: Factors Influencing Traditional Shopping

Influential factor	Eigen value	Percentage of variance	Cumulative percentage of variance
Personal factor	4.043	26.956	26.956
Product factor	1.544	10.295	37.252
Technology factor	1.301	8.674	45.925
Monetary factor	1.241	8.270	54.195
Support factor	1.190	7.932	62.127

Source: Compiled data

It has been observed from Table 4 that the factors such as personal factor, product factor, technology factor, monetary factor and support factor are extracted. These factors accounted for about 62.127 percent of variance in the data.

Eigen value for the factor, 'Personal Factor' was 4.043 and percentage of variance was 26.956. The consumers give more importance to self satisfaction. Eigen value for the factor, 'Product Factor' was 1.544 and percentage of variance was 10.295. The consumers emphasized on touch and feel aspect. Eigen value for the factor, 'Technology factor' was 1.301 and percentage of variance was 8.674. This factor is another influencing

factor as there is no need of use of technology. Eigen value for the factor, 'Monetary factor' was 1.241 and percentage of variance was 8.270. This factor gives importance to value for money spend by the respondents. Eigen value for the factor, 'Support factor' was 1.190 and percentage of variance was 7.932. The support factor enables the respondents to have smooth and tensionless shopping. Thus, personal factor and product factor is found to be dominantly influencing factors in the traditional shopping by the respondents. In the case of traditional shopping also the economic factor is considered after personal and product factor by the respondents.

Conclusion: Every consumer has individual buying inclination. Consumer purchase behaviour is highly dynamic. The study identified vital factors influencing traditional and online shopping behaviour of shoppers. The convenience factor highly influences the consumer to buy the product from online store. Personal factor is the dominating factor for the consumer of traditional stores, the consumer personally touch and see the product before deciding the purchase. In the study area consumers are highly satisfied in traditional shopping than the online shopping.

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