

## IN PERSPECTIVE :

**JOBLESS FUTURE**

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- Mg. Editor

Futurists have long been following the impacts of automation on jobs—not just in manufacturing, but also increasingly in whitecollar work. Those in financial services, for example, are being lost to software algorithms, intelligent computers, and robotics. Terms used for this phenomenon include “off-peopling” and “othersourcing.” As Jared Weiner of Weiner, Edrich, Brown recently observed, “Those jobs are not going to return—they can be done more efficiently and error-free by intelligent software.”

In a world of self-driving cars and big data, smart algorithms and Siri, we know that artificial intelligence is getting smarter every day. Though all these nifty devices and programs might make our lives easier, they're also well on their way to making "good" jobs obsolete. A computer winning "Jeopardy" might seem like a trivial, if impressive, feat, but the same technology is making paralegals redundant as it undertakes electronic discovery, and is soon to do the same for radiologists. And that, no doubt, will only be the beginning. (From the book “Rise of the Robots: Technology and the Threat of a Jobless Future” by Martin Ford)

It's estimated that between 35 and 50 percent of jobs that exist today are at risk of being lost to automation. Repetitive, blue collar type jobs might be first, but even professionals — including paralegals, diagnosticians, and customer service representatives — will be at risk.

This isn't just science fiction, it's happening now. Manufacturing are the first places we see robots and automation eliminating human jobs, but it's hard to think of an industry that will be left unaffected as robots and AI become more affordable and widespread. Rather than fight this advancement and wring our hands over the robots “stealing” our jobs, maybe it's time to envision a jobless future. Most people are in jobs they don't particularly enjoy, with lots of mundane and repetitive tasks. Is it not our obligation to pass those jobs to machines? From a business standpoint, any consultant would tell you that any task that can be systematized and automated *should be*. Many jobs are not jobs humans should waste their time doing. The challenge is to rethink our economic model to ensure the people who will do something more interesting and enjoyable can afford to do so.

The old model of work provided an enormous level of predictability. In previous eras, people had a sense of job security and knew how much they would earn on a monthly basis. This gave people a certain sense of confidence in their ability to maintain large amounts of debt. The consumer economy thrived on this system for more than half a century. Location-based and formal jobs will continue to exist, of course, but these will become smaller slices of the overall economy. Criticism about the jobless future says There is an enormous failure of imagination among those who think that we face a jobless future. The weavers of the 1811 Luddite rebellion, who smashed the machine looms that were threatening their livelihood, couldn't imagine that their descendants would have more clothing than the kings and queens of Europe. Machines expanded the demand for the labor of weavers, augmented by machines, because it lowered the cost of fabric, and human creativity found new uses for that cheaper fabric, including decorating it with a constantly changing palette of color, cut, and design but also inventing entirely new kinds of uses, from surgical meshes to spacesuits. (Continued on Page No 11)

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## LEAN MANUFACTURING COMPETITIVE SCHEME- LMCS with Special Reference to Ayurveda Sector

Prof. Latha Nair\*

Manufacturing has been considered as the main engine for growth of economy of any country. It is a fact that in India, the share of manufacturing sector in GDP has stagnated to 13-14% only since many years. Getting alert on the not so welcome situation, the National manufacturing Policy of Government of India envisages share of manufacturing to reach a target of 25% of the National GDP by 2022. In order to achieve and sustain this growth rate, the manufacturing sector has to attain competitive advantage through cost reduction and quality improvement.

The project Lean Manufacturing Competitive Scheme – LMCS, designed and implemented by Ministry of MSME, Govt of India, is meant for revitalizing Micro Small and Medium Enterprises in different dimensions like Productivity, Profitability and Cost Reduction which are ultimately aimed at achieving following long term objectives.

- Competitive advantage
- Prevents sickness
- Economic development of the nation

Lean Manufacturing techniques which are successfully practiced by Japan over the years, aim to reduce production cost and increase productivity and competitiveness.

Following are some of the LM techniques introduced in Indian Industries.

- a. 5S: This is a work place improvement programme which aims to keep all items in the work place in order. See Fig 1
- b. Visual Control: These are warning signs, signals, markings on the floor and safety instructions to be displayed in the work place
- c. Standard Operating Procedures- SOPs : This aims to convert all verbal instructions to standard written form.
- d. Just in Time ( JIT): JIT intends to manufacture right product at the right time in right quantity which results in zero inventory.
- e. Value stream mapping (VSM): VSM helps to arrive at the best process lay out of all resources in the manufacture of a product.
- f. Poka Yoka: This is the mistake proofing which ultimately leads to Zero Defect situation.
- g. Single Minutes Exchange of Dies or Quick Change Over ( SMED): This technique intends to use

innovative methods to reduce cycle time there by increase number of production batches, small as well as large, as per customer requirements.

- h. Total Productive Maintenance( TPM):This involves team work where all employees work together to improve overall operational efficiency of equipments.
- i. Kaizen: This is an employee empowerment program where top and operating level staff are expected to work for achievement of overall efficiency and competitive advantage of the firm through innovative suggestions and commitment.

### LMCS in Ayurveda Sector

Industry profile.

The Ayurveda Industry in India is probably the oldest medical care system in the world. The history of herbs in ancient India is so old that the traditional method of healing with the herbs has been even mentioned in the ancient Vedas . The Rig Veda, which is believed to date back to 3000 BC mentions the practice of Ayurvedic healing, while the Atharva Veda classifies the field of Ayurveda into eight divisions each dealing with a different part and functions of the body and organs.

The ancient herbal healing methods of Ayurveda deals with the use of herbs and natural products to tackle health conditions. India has a well established system of medicine , Ayurveda, which uses plants and minerals for the welfare of humans.

Ayurveda medicines are produced by several companies in India, but, Kerala is considered as the cradle of this ancient form of medicine and treatment. Kerala has almost 760 units having GMP certification.

By and large the production process of Ayurveda medicines which are prescribed by Sages and Saints contained in the pal leaf documents are followed even now. But of late Ayurveda colleges are established which have done yeomen services by identifying these documents and introducing diagnostic analysis and modern technology to integrate new and old practices.

LMCS programme is implemented in a cluster of 10 AYURVEDA Units through the following LM Techniques.

- 5S; Visual control; SOP
- Kaizens
- VSM
- SMED
- ITR

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## TQM

In a manufacturing organization product quality depends on following:

- Quality of input materials
- Quality of Process
- Reliability and accuracy of operating machines.
- Higher level of competence of the employees
- Precision level of calibration of measuring of machines

LMCS has focused on all these aspects directly contributing enhancement of quality level of overall parameters. This is evident from the following aspects which we have highlighted in the project.

- Better housekeeping
- Process modification for better performance
- Methods to improve quality of input materials
- Use of modern techniques and technology where ever possible.
- Reduction of waste by innovative methods like elimination at source and recycling.

The project has resulted in high contribution to Value Stream Mapping by reducing waste in various areas like ,

- Transportation
- Inventory
- Movement
- Reduction in Waiting time
- Preventing Over production and Over processing
- Under production
- Focus on Zero Defect Concept.

### Employee Involvement:

The success of this programme depends, to a great extent, by eliciting the full co-operation of employees. This is possible only through gaining their involvement in the project activities. This is achieved through introducing brainstorming sessions for calling their suggestions and encouraging their participation at regular intervals.

### Change of Mindset

By and large, most of our industrial workers are inward looking and confined to their own chosen field of work and specialization. However the success of this programme depends on creativity and innovation. This is possible through encouraging "Out of box thinking" or Lateral thinking.

In order to achieve the transformation we have adopted following steps:

- Encourage "Multiple tasking" so that each worker is trained to several other Tasks/Work stations.
- Promote suggestion scheme" and 'rewards'. Recognize best suggestions at every month.

- Organize "KAIZEN DAY" once in a month and encourage workers to present their suggestions for modification / steps to reduce waste and promote productivity.

### Work Place Improvement through 5S ; VC & SOP

On the outset the objective assessment of the LMTs via 5S, VC and SOP in LMCS AYURVEDA is adjudged in the category of "EXCELLENT". See Fig 2

5S is introduced in 10 units and all the firms met the target fixed at the beginning of the project. 5S introduced a new organizational culture and desirable ambience for the workers and supervisors to focus on the following aspects.

- Cost consciousness
- Waste consciousness

This is a change of mind set which is not only desirable but also essential to achieve ' employee Involvement which is the basic theme for the success of LMCS concept. The positive ambience obtained after implementing 5S has pleased the managers and owners. They felt that the customers are pleased with the clean and tidy atmosphere prevailing in the factories. This is evident from the fact that all firms who are exporting their products have shown increase in their export order.

Visual control has great potential in improving stress management. In the past both in the FG store and RM store, materials and medicines were kept in a haphazard manner. Visual control was introduced in the cluster through following methods

- Arrangement of stores in proper order with as per 5S
- Introduced Location diagram in RM store and FG store.

This has resulted in easy identification of items and reduced time for searching location. This has also reduced waiting time in the production floor. Since these steps are common in all units, the quantitative terms are as follows.

- Reduction in waiting time= 2 hrs/day= 25%
- Reduction in Man power in stores@ 2 persons

S OP is an important document indicating the detailed process chart of all medicines. We introduced SOP for all machines also. Sop was made and systematically displayed which can be accessible to the concerned workers.

This has resulted in the following improvements.



- Quality improvement of medicines
- Accident free operation of machines
- Enhances Preventive maintenance
- Promotes flexible working time.

### Improvements resulting from kaizens

Kaizen as an LM technique is very important. We have given top most priority for this aspect in our project. We are happy to state that the original target fixed by us in the beginning of the project is fully implemented and in fact exceeded in some cases. In addition to monetary benefits, kaizen has a more powerful effect on Employee involvement. In general, kaizen is defined as continuous Improvement. This has two dimensions.

- Material benefits
- HR benefits

As we know material benefits are further divided into quality benefits; quantity benefits and monetary benefits. The cluster has achieved both these benefits.

In regards to HR benefits, they are subdivided into following areas.

- Employee Involvement
- Better participation through suggestion scheme introduced through frequent brain storming sessions.
- Holding Kaizen day every month has encouraged the employees to present their suggestions to improve production and reduce cost and improve quality.
- Promotes “Innovative skill and Creativity”.

Multiplier effect:

Kaizen opens up new vistas of opportunities such as the following.

- Diagnostic analysis: Analytical skill of data
- Opportunity for team work
- Employee involvement
- Change of mind set

### VALUE STREAM MAPPING

We have selected value stream Mapping as an important LM technique because of following two reasons:

- Higher scope of benefits
- Most relevant in the case of Ayurveda Industries which are following the ancient traditional manufacturing methods

At the same time we have taken special care not to infringe, in any way the “spirit” and “value” of old and traditional processing practices. Details are given in subsequent paragraphs.

### Scope:

The scope of VSM is very wide from the fact that “value addition” is the heart of LMCS. It is through value addition we are able to attain benefits in all areas like material saving, quality improvement and monetary gains through cost reduction and increase in productivity and high turn over.

VSM has wide areas of application in LMCS Ayurveda cluster, as is evident from the following areas of operations.

- Better house keeping
- Use of better input materials
- Modified process
- Use of improved machines like calibration
- Use of better techniques and technology
- Recovering waste through value added and non value added processes like alternative use of process waste.

In addition to above, value addition is implemented in the following areas also.

- Reduce transportation and loading and unloading cost
- Reduce inventory by reducing purchase and prevent deterioration in the store due to obsolescence
- Reduced unnecessary movement of materials and men in the process floor, store and FG store
- Reduce waiting time of workers in the production floor due to non availability of materials or tools.
- Better supervision by providing SOPs.
- Prevent over processing by SOPs and initiating new methods
- Prevent over production through better PPC- production Planning Control and through effective supply chain management.
- Prevent under utilization of existing production capacity through a. better dimensioning of unit and b. better utilization of existing plant and machinery and floor space
- Introduce diagnostic analysis to prevent repetition of defects based on the concept POKA YOKA.

### SMED

LMCS Ayurveda has taken the LM technique SMED as an important KRA (Key Result Area) and carried out extensive study and analysis. We achieved the results through the active participation and involvement of employees, managers and supervisors

Benefits from SMED is achieved in all units of the cluster in following areas

- Process modification
- Supporting services

The results led to following benefits:



- Reduction in cycle time
- Reduction in waiting time and increase in productivity
- Increase in turn over
- Increase in capacity utilization

See Table 1

Reduction in Inventory & Improvement of Turnover Ratio:

Inventory turn over ratio is a powerful tool to determine the effective utilization of inventory used to produce and sell the products. In other words this determines the efficiency of conversion of raw materials into products and services. We have given our special attention to reduce the RM. The result is very encouraging as explained in subsequent paragraphs.

Inventory reduction:

Raw material Inventory is defined as;

$$RM = \text{Purchase} + \text{Opening stock} - \text{closing stock} + \text{FG}$$

When we commenced the project LMCS, the RM position was found higher than the desirable levels. This was due to poor inventory control and absence of professional management in stores. This has resulted in the following:

- Excess purchase in quantity
- Higher level of deterioration of stores
- Higher order cost and carrying cost
- Excess closing stock
- Excess holding of finished Goods

We have taken following steps to reduce the inventory:

- Replaced fixed order quantity System with that of “Fixed order cycle system”.
- Introduced FNS analysis to reduce deterioration of RM in stores.
- Introduced “First in First out “ system in stores .
- Established periodic inventory checking system.
- Reduction of FG

Higher FG was a problem in all the units. It is interesting to note that in some units which are operating as “ Captive Units”, The FGs are remained with the manufacturing units instead of transferring to the outlets for which the products are made on specific demands.

This has resulted in considerable reduction in F G and improvement of Inventory turn Over ratio. See Fig 3

### Challenges of L.M.C.S. Programme

This programme faces a number of challenges which are listed below.

Change of mind set by business manages and workers. The success of LMCS depends mainly on the following.

- Discussion to participate in the programme by the workers of the industries.
- Willingness on part of Mangers and Supervisors to spent time from their primary responsibilities to devote time for LMCS
- Co-operation from workers for to accept LMCS as an instrument for their well being and not an attempt to increase their work load or reduce their employment opportunities or their promotion chances.

### Employees Involvement

Employees involvement is different from mere participation, this means a sense of belongingness to the organization and firm commitment and determination to contribute one's might for the prosperity of the organization with a “sense of sacrifice and service”.

### Creativity a Innovation

Every problem must has a solution. Such solution can become creative only if we promote “Out –of-box thinking” among the workers. This is a challenging task.

### Diagnostic Analysis

Every problem has a course as per “Cause – Effect – Theory”. The problem could be categorized under the following heads:

- Low productivity
- High waste

Diagnostics Analysis is a process of systematical analysis of causes and finding solution. In LMCS we follow “Rensis-LiKert, 3 part diagnostic analysis”. The analysis categorized calling under the following three categories.

- Output causes
- Intervening causes and
- Root causes

Solution must be selected to suit the level of causes to get permanent solution. This is a great challenge.

### Habit Formation

Human mind is subjected to complacency. Complacency leads to ignoring problem and carry on without attending to solve the problem. Examples are our “habit” of ignoring defects like “wate rtap leaking” and failure to switch off lights / fans / Ac's, when the go out of the rooms. This problem could be solved by inculcating following aspect in their minds.

- Cost conscious
- Waste conscious

### Cost Reduction without Investment:

LMCS's motto is to reduce cost without investment. This is a great challenging task.

### Training for LM Techniques.:

Being an imported techniques from Japan, the training on various aspects of L.M. Techniques is a great challenge. Each industry is called account to select the most appropriate LMT in their factory.



**H.R.Training**

H.R. Training in LMCS is a challenging task which involves following topics.

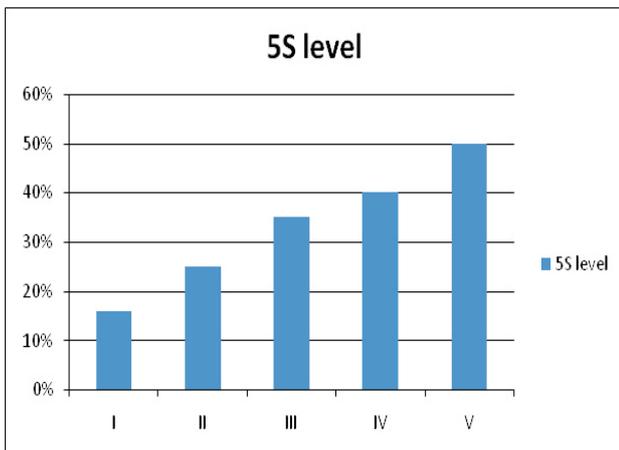
- Teams work
- Leadership.
- Conceptual Skill Development.
- Interposal Relationship
- Develop Relationship Network.
- Open thinking
- Curiosity
- Risk Taking ability
- Sustain employee's interest through out the project..

**Conclusion**

Developments due to globalization and liberalization combined with information age have resulted in change of conventional concepts of Management. Manufacture has become a strategic weapon in economic development.

Speedy economic development is possible only through application of innovation and creativity to achieve rapid rise in GDP from 13% to 25% in India. In this connection Gove of India 's imitative to introduce LMCS & ZED concepts in the manufacturing sector is a significant step. This will result in not only increased productivity but also sustainable manufacturing practices for the safety of future generation by environment protection.

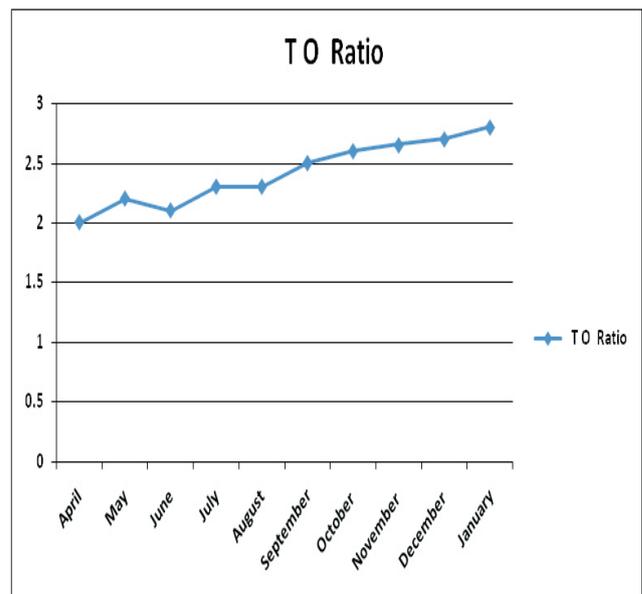
**Work place improvement through 5S  
Unit : D**



**Figure 2**

**Fig .3  
Inventory Turnover Ratio- ITR  
Unit: A**

Month	T O Ratio
April	2
May	2.2
June	2.1
July	2.3
August	2.3
September	2.5
October	2.6
November	2.65
December	2.7
January	2.8



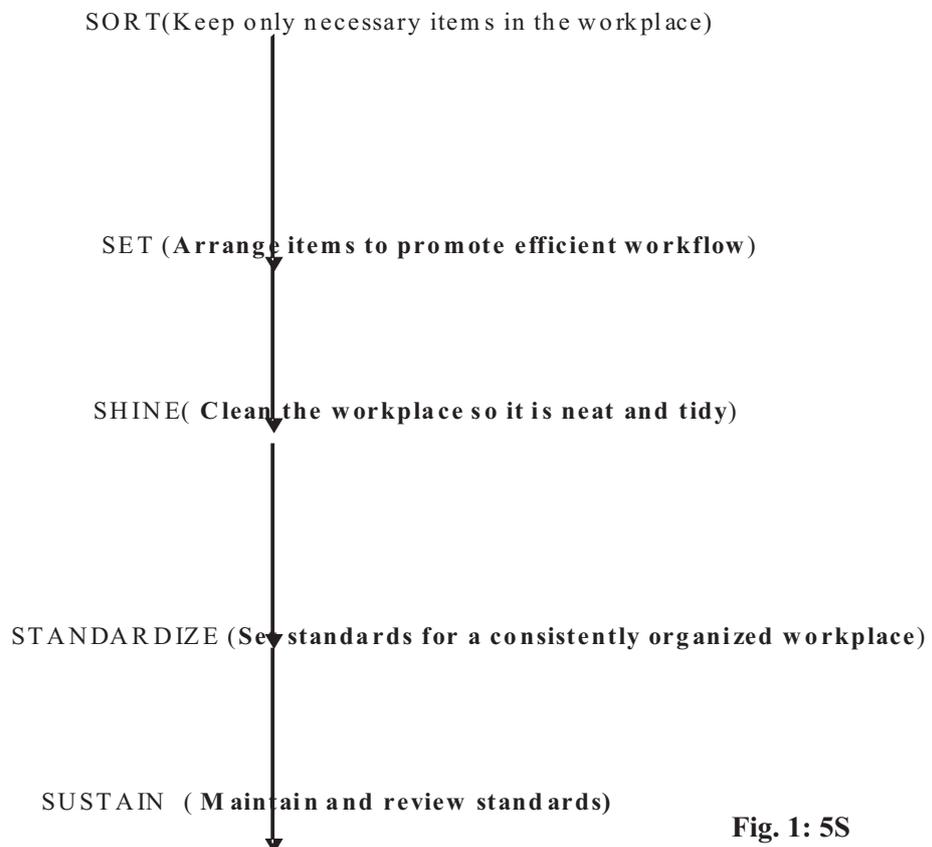
**Fig .3**



**Achievements against the targets as per the action plan of a Model Unit & benefits achieved**

**Table 1**

Project	Status at start of LM	Target set	Actual achievement	Quantity benefits	Quality benefits	Monetary benefits in lacs	
5s	24%	50%	50%	Saved 2man year & production hrs	Better stores management	3.5	
VC	5	40	40	completed	Better safety and directions		
SOP	150	300	450	achieved	Reduced waiting time		
Kaizen	Nil	60	75 plus	achieved	Employee involvement	589	
VSM	0	15	16	Increase in turn over	Productivity increased		
SMED	8 hrs	4 hrs	4 hrs	Cycle time reduced to 16.6%	Change overtime reduced & Productivity increased		
ITR	2	1.75	2.8			29	
5S	<b>TOTAL</b>						<b>621.5</b>



**Fig. 1: 5S**



## CASE STUDY – UNIT B

**CALIBRATION OF MACHINES****Introduction:-**

Ayurveda medicines are manufactured based on ancient traditional methods in terms of inputs as well as products. In view of these aspects we find the margin is hardly 4% resulting in loss for the company. To add fuel to fire, the manual filling of bottles has further increased the loss.

**Problem:**

On a sample study it is found that there is a gap between output and input. The matter was investigated and found that this method resulted in going extra medicines to the bottles. This is neither beneficial to the company nor advantageous for the patient as it is a medicine.

**Solution**

The problem is arrested by calibrating the machines and the volume be fixed at 1-1.5% higher only.

Management decided to fix the above system and for 200 ml fixed as 203 ml for 450 ml fixed 455 ml etc. AVP is producing around 30 Crs worth products of this nature yearly.

**Cost Benefit analysis:**

Cost benefit for one product is given below.

Per batch of 240 litre initial filled number is = 1142 bottles

After doing the calibration & fix the value the output = 1180 bottles.

Savings per batch = 38 bottles.

Sales value of Rasnaerandadi Kashayam = Rs. 91/-

Saving per batch = Rs. 3458/- (3.2%)

Per year products require calibration of equipment (Value of product) – 30 crores

Annual Savings due to calibration and monitoring = 96 lakhs.

## CASE STUDY 2

## UNIT : A

## BATTERY OPERATION FOR KASHAYAM

**Introduction:**

In ayurveda industry consumption of raw materials is on higher level compared to other industries. The processing time is also very high which takes around 24 hrs for a batch which includes high usage of water as it is open boiling.

**Process Method**

a). In this process 3 vessels at a time is used for a single product of higher batches.

b). Output (Water extract) of one vessel is used as the input for 2<sup>nd</sup> vessel & again to 3<sup>rd</sup> vessel.

c). By this method number of extraction is increased to 5 instead of 4 where as time consumption is the same.

**Result**

1. Concentration time is reducing and in that way steam saving.

2. Water consumption is reducing.

**Cost Benefit Analysis:****a). Water Savings**

Number of times of adding water = 5 times

. The total volume of water using for 5 X 2000 liter = 10000 liter./900 litres output

Total savings of water for 3 batches = 5000 liter

water saving = 1666 liter/ a batch of 300 litres.

Annual saving of water = 1666 X 1344 = 22,39,104 liters.

**b). Energy saving**

Total extracts for concentration = 6000 litres

Number of batches = 3 batches

Required time for Concentration = 11 hrs

Total steam for concentration of 3 batches = 400 X 11 = 4400 kg

Total steam for concentration of 1 batch = 1466 kg

Cost saving in water per year for 1344 batches = Rs 4,47,820

Annual Cost saving in steam for 1344 batches = Rs 1,00,38,366

Total Saving = Rs 1,04,86,156.



# FAST FORWARD – FROM CATCH-UP TO LEADERSHIP

-Gireesh .V\*

**Preamble** - The word 'CATCH-UP' means an effort to reach or surpass a norm / target, especially after a period of delay. The key words are **target and delay**. Post independence, India had ambitious growth targets, riding the five year plans starting from 1951. Even though there were significant gaps in the achievements, India managed to be a shining example for many developing nations, thanks to our catch up plans. India is amongst the few nations that managed to withstand the global financial crisis of 2008–09', continuing to post strong growth in the next two years. We, as a growing nation, should not be complacent with the success of catch-up plans. **We should realize that catch-up plans primarily emerge from failures.** Our primary aim should be to eradicate these failures, rise like a phoenix bird from the ashes, and ultimately **emerge as global leaders** in all walks of planning and achievements, propelling overall growth of the nation.

**Indian Economy** – India is the 6<sup>th</sup> largest economy in the world, considering the nominal GDP and the 3<sup>rd</sup> by purchasing power parity. The country can boast of as member of number of international bodies like G-20, BRICS, WTO, SAFTA, East Asia Summit, G8+5, SAARC, AIIB, RCEP, IMF, World Bank, SCO and UN. Ours is a developing economy with an average growth rate of approximately 7% over the last two decades.

India's economy never fails to surprise the world. The economy promises enormous long-term advantages such as a young demographic base, growing incomes, an educated workforce and expanding / globalized middle class, with a stable democracy. These are enough to propel the country to the rung of major economies of the world. But, the nation has not realized its full potential. The economy is marred by structural inadequacies and a general lack of consensus in policy making. When India emerged a key player in global economic affairs in the past decade with the advantage of a strengthened economy (even as key advanced economies struggled), it was expected that we would be a nodal point for businesses across the globe. Sadly, it is at this point that the economy faltered. Policymakers failed to take advantage of the good times to tackle challenges like outdated infrastructure, an overbearing bureaucracy, and a rigid labour market. As the economy jolted against these structural hindrances, growth had to slow down. A general lack of policy direction did not help and the Indian economy was left rudderless in a turbulent global economic sea. This was where the slump had set in. The GDP growth rate of 8.4% towards middle of 2014 dipped to 7.3% towards mid 2015. India has all the positives that can steer the nation to dizzying heights (thus to a possible global leadership) and negatives that can pull it down to abyssal depths. All depends on the political attitude and leadership of the country.

**SWOT Analysis of Indian Economy** – As the famous quote goes '**Aim for the moon. Even if you miss, you will land among the stars**'. But in the days of modern management, prior to aiming, a SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) would be a prudent step. SWOT analysis is applicable to individuals, societies, organisations and even nations as a benchmark. It is an ideal tool for a self assessment, as to where we stand as a nation, what and where we lack to achieve, growth opportunities available, taking into cognizance the impending and long-term threats. Needless to state, Strengths are to be converted to opportunities, weaknesses transformed to strengths, threats to be eliminated and opportunities to be consolidated.

**Strengths of Indian Economy** - India has an armory of strengths to its credits, which not much of other nations do have.

- **Demographics of India are favourable.** India still has a positive (but controlled) birth rate meaning that the size of the workforce will continue to grow, thus increased saving and investment, enabling enhanced productivity.
- **Global Diaspora** - Under fair opportunities, more than 35 million Indians living across the globe become socio-economically successful and have become the examples of the capacity of Indians to be adaptive.
- **There is much scope for increase in efficiency.** Even though the general infrastructure in India is of somewhat acceptable standards, the same is so bad in some places that even minor improvements can bring about significant improvements, in turn enhancing the productive capacity of the economy.
- **India is well placed to benefit from globalisation and outsourcing.** The near 200 year long British rule of India gave us a great leverage - one of the largest English speaking populations in the world. For industries like BPOs, India is an obvious target for outsourcing. This economic development is likely to continue in the future.
- **Positive Growth forecasts** - Global Studies forecast that India could grow at a sustainable rate of 8+% until 2020.
- **Comparative advantage in labour intensive industries** - India benefits from availability of not-so-costly, skilled human resources and also from the liberalisation of free trade in recent years.

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This paper has won the first prize in the Essay Competition held on the topic on the occasion of the PMA Formation Day-26.7.17



- Vast Industrial spread out in **Public, Private Sectors and Co-operative sectors**
- Huge demand for Domestic and Industrial goods, which promotes Indian industry.
- **Proactive and stable government at the Centre**, with continued thrust on reforms. The launch of the “**Make in India**” campaign has put the focus back on India. The recent actions of Demonetisation aimed at curbing black money and to promote Digitalisation of currency is a bold move from the Government. Further liberalization is expected shortly.
- Increasing investment in real assets leading to expansion of capacity and Inflow of Foreign Direct Investment across Industrial sectors is proving out to be a boon to the Indian economy.

**Weaknesses of Indian Economy** - India is also plagued down with a plethora of weaknesses

- **Industrial sickness** is wide spread across the industries and sectors. This pulls down the growth of the economy.
  - **Dependence on imports for Oil** - India heavily depends on import of oil. This will continue until technology to harness renewable energy sources becomes economically viable in the country. India is desperately seeking alternate means of energy and can sustain its growth to higher trajectories only by the cooperation of other countries. Presently, India is energetically expensive, since more than 70% of its energy needs to be imported. It is however, steadily combating energy issues and is becoming self-reliant.
  - **Outdated labour laws, and presence of too many political labour and trade unions.** No other country in the world would be bogged down with the multitude of political parties, each having their own labor wing. Even though the Industrial Relations scenario in the country is improving, these political parties and labour unions have contributed their might to keep the industrial atmosphere turbulent and distraught.
  - **Low literacy** - According to census 2011, National Literacy Rate is 74.04%. The Male and Female literacy rates are 82.14% and 65.46% respectively. For a global leadership, this will be a major stumble block.
  - **Over dependency on Subsidies** – Since independence, many industries and products, from fuel to food have been subsidised. A [subsidy](#) is the converse of a tax, bogging down the economy to a large extent.
  - Inadequate and poor quality infrastructure cost and time delays.
  - **Poor health of population** - India's health scenario is dismal with diseases and malnutrition constantly affecting the poorest quarter of the populace.
- Opportunities available to Indian Economy** - Thanks to the strengths, opportunities available to Indian economy are multifarious.
- **Growing competition of Indian industry due to focus on efficiency and quality** - It is a matter of great pride that Indian industries have understood the concepts of efficiency and quality. Many industries are aiming for certifications based on the **Quality Management Systems (ISO 9000 series), Environment Management (ISO 14001) and Occupational Safety and Health (OSHAS 18001)**, which enhance their competitive edge. It is a matter of great pride for the nation that Indian firms like Tata Steel, National Engineering Industries Limited, Mahindra & Mahindra Limited, [Rane Brake Lining Limited](#) etc have won Deming Prize that heralds the quality. Thus Indian Industry and economy get noticed world over.
  - **Vast export market to explore** - European markets present a vast opportunity for Indian industries to explore and establish business with. The recognition of “Made in India” brand in global market provides the desired impetus. Products with “Made in India” tag promise great quality at affordable prices.
  - **Major growth through outsourcing opportunities** - Owing to the grip that most Indian youth possess on English and the quantum of techies available in the country, India is becoming a hub for the BPO operations for almost all MNC companies, fitting in the future knowledge economy. India can also become one of the world's leading producers of computer software. Mushrooming R&D centres can propel a steady revolution in science and technology, providing lot of job opportunities for the youth.
  - **Growing number of overseas investment and acquisition by Indian Firms** - Indian companies have acquired (taken over) many prominent companies across the globe and have expanded their business successfully. Ex: Tata Group - Corus, UK, Bharti Airtel - Zain Africa, Hindalco Industries - Novelis, Canada etc.
- Threats looming large over Indian Economy**
- **Heavy competition in manufacturing field from China** - Due to the dipping cost (owing to the mass manufacture), Chinese products offering reasonable quality with dirt cheap prices have taken control over global market. This is not restricted to household products. Even in the power sector, which is back bone of Indian growth, Chinese competitors have posed serious threats to Indian PSU giants like BHEL.
  - **Power crises hitting the manufacturing sector** - Even while the targets set for the current 12<sup>th</sup> five year plan for Power has been surpassed and the total installed power capacity of the country is 310005.28 MW (as on 31-12-2016), many parts of the country are facing acute power outages. The closure of many industries pulls down the growth of the economy.



- **Unemployment** - India should look for methods to generate jobs. Else, its population of unemployed youths could be a reason for instability of the nation and its economy.
- **Large informal sector with Poor working condition and low wages** - Along with the Public, Private and cooperative sectors, there are many informal sectors with poor working conditions and low wages.
- Inclusion of **social issues and disputes (mostly regional)** in trade dialogues could hamper exports.
- **High corruption and inadequate environmental safety norms** could affect sustainability.
- **Terrorism, Insurgency, Communal violence and social divide** are becoming a serious threat to Indian Economy as well as tarnishing the image of the country.
- **Poverty** - As of 2011, approx: 21.9% of India's population live below poverty line, forcing child labour.

**Science & Technology, Management and Innovation are the feet of the leadership tripod.** Thrust needs to be focused on the following **niche areas (which are our strengths) too**, while concentrating on the economic growth.

**Science and Technology** – 23 IITs, 31 NITs and multitude of other engineering colleges **churn out nearly 1.5 Million engineers annually.** Adequate steps should be taken to enhance quality and employability of these engineers, so that they can contribute their might to the nation, thus preventing brain drain. There should be strong College – Industry liaison (like the foreign countries) helping the budding engineers to get a feel of the industry.

**Management** – 20 IIMs and more than 250 Business Schools (Premier and generic) **shape up the Future Managers of the country.** No other country in the world has these many business schools. Still, the country lacks management skills that can propel the country to prosperity. This aspect needs to be analysed in detail.

**Innovation Centres – Innovation Centres aim nurturing innovation, and encouraging entrepreneurial talents among students, faculty and people, mostly belonging to a specific region.** It facilitates interdisciplinary research and provides incubation facilities to start ups and budding entrepreneurs. India has emerged the most preferred destination for innovation in Asia and third biggest globally, with Bangalore leading the charge. Globally, US leads with 146 innovation centres, followed by Britain with 29 and India is at third place with 25.

### Conclusion

As the famous American businessman Andy Grove opined - **Success breeds complacency. Complacency breeds failure. Only the paranoid survive.** While being aware of the strengths, being cautious about the weaknesses, taking advantage of the opportunities available, wary of the threats that loom large, we should leave no stone unturned to raise the growth trajectory of Indian economy to that of Global Leaders. Complacency should not be allowed to creep in at any levels. Let us join hands together to make India emerge a Global Leader (say by 2020, as envisioned by former President of India, late Sri. APJ Abdul Kalam), thus holding our faces brimming in confidence and heads high in pride.



Continued from Page No 1)

The future of work is less secure and less stable than it was. For many of us, our notions of employment were formed by the labor environment of the later twentieth century. But the reality of jobless working may be more in line with our values. If we can build support systems to benefit workers, wherever they are and whether they be formally employed or not, then we may be able to view the changes sweeping across society as opportunities to return to a fuller, more genuine, and more honest way of life

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# SARABHAI MODEL OF ORGANIZATIONAL MANAGEMENT VERSATILE-TRANSFORMATIONAL- NURTURANT LEADERSHIP

-Dr. Jayaraman A.P.\* and SanjithNambiar \*\*

## *Executive Summary*

*A historic and descriptive model of Organizational Management of Science and Technology Teams may be constructed from a study of the managerial space occupied by Vikram Ambalal Sarabhai. It is insightful to compare and contrast Bhabha Model (BM) (1) and Sarabhai Model (SM). The two leaders operated in overlapping areas with continuities and discontinuities. Sarabhai founded institutions of enormous diversity which included industrial enterprises, science, management, performing arts and social service besides leading path breaking and pace setting programs in space research. This is in addition to the Work in Progress of the Atomic Energy sector set up by Bhabha. Sarabhai had learned lessons from his rich and varied experience in the entrepreneurial and industrial sectors. The building of institutions and transforming them into sustainable organizations with societal deliverables have no fixed formulas but are products of managerial leadership. Creativity, innovation and engineered imagination played great functional roles with constraints moderating the outcome in managing S&T organizations. The dominant charismatic characteristic of BM of direct connectivity with the Prime Minister, signifying the power vector is less conspicuous in SM. Transformational-Nurturant-Strategic Leadership style blended with elements of aesthetics is the defining feature of SM which may be regarded as a harbinger of Savoir-Relier Model(SRM) (2).*

## **Introduction**

Prolificacy and diversity are the marker features of SM. Sarabhai initiated almost one institution every year beginning from 1947 till his death in 1971. The diversity of these institutions is mind boggling from performing arts to management education to space technology. He is a highly rated institution builder (3). Institutions are societal constructs where specific strategies are consciously pursued for producing intended effects. Leadership transforms institutions into organizations of sustained value through social mechanisms. With societal values dovetailed, best performing institutional organizations are socially engineered with tangible deliverables. His intra-institutional initiatives are as noteworthy as his new efforts. The single most bottom line is profit and management is the art of realizing that in full measure. Ethical business has a triple bottom line and Sarabhai internalized this into his institutional organizations. He brought management science to scientific institutions and bridged the gap between the two cultures.

## **Two Profiles**

Bhabha and Sarabhai hailed from affluent families engaged in the creation of national wealth rooted in core industries. Sarabhai was younger by ten years. They had initial education in local institutions and prosecuted higher science education in Cambridge University. Tripos was taken by both of them at age twenty one. They were trained on the sensitive elevations of physics having a common denominator of high energy cosmic rays. Of all branches of science, physics still dominates in intellectual indulgences. Indian Institute of Science and Nobelist C.V. Raman were the foci for both of them in their scientific careers at different points of time. Mentors were famed scientists under whom

doctorates were obtained. At tertiary level dissimilarities are discernible. Bhabha had his doctoral adviser Ralph Fowler and took Ph.D in nuclear Physics at the age of twenty four. World war two forced them to return to India. Sarabhai was advised by CV Raman but returned to Cambridge to prepare his doctoral thesis in physics at twenty eight. Both of them had young PhD ages although Sarabhai was four years of higher PhD age. Bhabha had a mathematical modeling approach to Cosmic rays whereas Sarabhai followed an empirical and experimental pathway. He was deeply rooted in Shreemal Jain culture and Bhabha was embedded in Zoarastrian culture. Transparency, ethics and meritocracy were central to their governance and they created a culture of science management. Engineering management flavor of BM and Business management charm of SM are discernible at macro levels.

## **Leadership defined**

Sarabhai described the profiles of the leader and the follower. "There is no leader and there is no led. A leader, if one chooses to identify one, has to be a cultivator rather than a manufacturer. He has to provide the soil and the overall climate and the environment in which the seed can grow. One wants permissive individuals who do not have a compelling need to reassure themselves that they are leaders through issuing instructions to others; rather they set an example through their own creativity, Love of nature and dedication to what one may call the 'scientific method.' These are the leaders we need in the field of education and research."(4). The agricultural metaphor of cultivator, soil and climate signifies an ecosystem of management and the nurturant style emerge from this milieu despite the fact that Sarabhai was a successful manufacturing entrepreneur.

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Sarabhai exhibited a majestic obsession with agriculture with roots deeply embedded in Indian ethos. The economic dependence of the bulk of India is tied to farming and the image of agriculture is ingrained in his psyche. He crafted a scheme in rural technology and farming for management studies. He created a multidisciplinary group to study Nuplex and to provide a transformational fillip to agriculture. He initiated work on the commercialization of irradiated potatoes and onions. Desalination and elemental phosphorus processes were developed under his inspiration as direct inputs for agriculture. Space science and satellite technology were tailored to help the farmer with weather forecast and resource mapping. The metaphor assumes profound significance in the evolution of Nuplex which was a great dream of convergence of several technologies for direct societal benefit (5).

#### **Ahmedabad Textile Industry's Research Association (ATIRA)**

Sarabhai founded ATIRA in 1947. Site selection led him to Ahmedabad the Manchester of India and was a felt need of the Cluster of mills in the area.

Textile research was a lowly domain in public perception. All that need to be known is well known and there is no new knowledge to be created. Sarabhai made a paradigm shift. He led the organization demonstrating its feasibility and viability activating the talent hunt for a suitable leader. The long gestation period signifies the initiator looking for a leader. Finally a right candidate was identified in Helmut Wakeham, an American with considerable experience in textile research. Sarabhai wrote, "I have no doubt, however, that you are fully aware of the human relations side of a man that is necessary in order that he might fit into our environment ...I am very keen, therefore, that before a Director is selected for ATIRA should be interviewed by one of us so that we can ascertain how suitable he is as a human being" (6). Here the founder-leader was effecting a transition from institution to organization for accelerated growth and development and the essential emphasis was on the people skills of the incumbent leader.

ATIRA demonstrates the essential acculturation in SM. Sarabhai believed that the application of the scientific method by fresh and trained young minds would be able to produce better results in the textile industry than the applications of "previous experience" gained in industry. Past experience indicates that traditionally preconceived job requirements and predetermined hiring procedures were unlikely to yield results when they were related to new institutions intended to perform new roles (7). The selection process designed by Bhabha for the Training school embodied this acculturation component.

#### **A Class B School**

The scientist in Sarabhai appreciated the significance of management as a science and was far ahead of his scientific times. Scientific community collectively considered the soft skill practices of management as a pseudoscience. The harm

that science managers untutored in management have done to juniors is heavy. They thought their science education gave them the competence to manage teams and can handle interpersonal problems by virtue of sheer seniority. The senior author recalls an encounter when a Director threatened him that he wielded enough power to fix him in any way he fancied. Today no educated person who had primary level familiarity or nodding acquaintance with second hand elements of modern management would have behaved in such crude fashion.

People factor is at the core of the structure of SM and this finds expression in the creation of a centre of excellence in management by Sarabhai. Management continues to be defined as the art of getting work done through the efforts of people underpinning the supreme value of human capital. On February 5, 1955, T. T. Krishnamachari, then minister of commerce at the Centre delivered the keynote address at ATIRA's first management conference and expressed the governmental desire to establish an Institute of Management. Sarabhai's sensitive antennas picked up this signal. Management as a profession was in infancy. Sarabhai was convinced that management and technology were the drivers of economic development. The institute came up in an era of strangulation of innovation and enterprise. Indian Universities modeled after British ones did not pick up business education. Harvard in US was teaching management. To appreciate the difference between commerce and management was hard despite commerce minister's call for management. Finance, banking, accounting and secretarial practice were the domains of commerce. Sarabhai made an irrefutable case for Ahmedabad. ATIRA had forged alliance with Harvard Business School and Massachusetts Institute of Technology. His interests were in innovative domains such as economic enterprise, science, technology, management, architecture and design. Research, scientific method and problem solving were his concern. His forward looking strategy did not accept the Administrative Staff College policy of disparate teaching and consulting. He suggested that teaching, research, consulting and administration should be integrative and pioneered the case method (8). Sarabhai had built a number of business enterprises and had gained wide managerial expertise in the manufacturing sector (9). Prominent among them are Chemicals, Sarabhai Glass, SuhridGeigy, Synbiotics, Sarabhai Merck, Sarabhai Engineering Group, Sarabhai Research Centre (SRC), Systronics, Swastik Oil Mills and Standard Pharmaceuticals. His extraordinary capability of networking within and outside India converged to the creation of Indian Institute of Management-Ahmedabad (IIM-A) in 1961 under his Directorship. Sarabhai founded Operations Research Group ORG, the first market research organization in the country in 1961 with the objective of applying modern analytical operations research, quantitative techniques and systems methodology to

problems of planning, organizing and decision-making in management. The formation of IIM-A is a brave new initiative in Public Private Partnership with Central Government, State Government, Ford Foundation and Harvard Business School with Sarabhai as the first Director.

Realizing that the cast iron bureaucratic culture of Indian administrative Service will not brook the lateral entry of young management graduates into line function and to reap the benefits of modern management science, he created a cell called Program Analysis Group (PAG) directly reporting to him and advising him on the managerial impact of departmental decision making. He also initiated a project for senior IIM faculty members to address senior scientists of DAE. PAG explored the commercial viability of many products and processes developed by R&D personnel and gave them ground realities of robust business.

#### **Physical research Laboratory (PRL)**

Sarabhai had established a small research laboratory at his residence to study cosmic rays. There were no scientific research laboratories in Gujarat in those days. The relevance and legitimacy of PRL was debatable when the Tata Institute of Fundamental Research, Bombay, the Indian Institute of Science, Bangalore, and the Council of Scientific and Industrial research had already been in the research on cosmic rays. "No plant grows under a tree." was his cryptic response and he developed it since 1947 into an organization that became the cradle of space research. He invited the distinguished climatologist, P.R. Ramanathan and research on atmospheric and cosmic ray physics was put on high gear. Young science students with training in scientific methodology were admitted in the post-graduate and doctoral programs in atmospheric physics and cosmic rays. He used the strategy of networking in institution building. He wrote, "In research laboratories and in other developmental tasks, it seems important that the chief executive, besides being involved in policy-making and administration, maintains direct contact with his professional role." (10)

#### **Space research**

Sarabhai marketed a space program to the Government by persuasively positioning the proposal in the post-Sputnik space as a developmental need for the country which led to the establishment of the Indian Space Research Organization (ISRO). "There are some who question the relevance of space activities in a developing nation. To us, there is no ambiguity of purpose. We do not have the fantasy of competing with the economically advanced nations in the exploration of the moon or the planets or manned space-flight. But we are convinced that if we are to play a meaningful role nationally, and in the community of nations, we must be second to none in the application of advanced technologies to the real problems of man and society" (11).

Bhabha supported Sarabhai in setting up the first rocket launching station at Thumba. After a remarkable effort in setting up the infrastructure, personnel, communication links, and launch pads, the inaugural flight was launched on November 21, 1963 with a sodium vapour payload. Sarabhai initiated a dialogue with National Aeronautical and Space Administration in 1966 which led to the Satellite Instructional Television Experiment (SITE) which was launched during July 1975 – July 1976. This is considered the world's first massive out reach program in the rural sector when even the metros did not have television sets. Sarabhai started a project for the fabrication and launch of an Indian satellite. As a result, the first Indian satellite, Aryabhata, was put in orbit in 1975 from a Russian cosmodrome. 1 January 1965 Space Science and Technology Centres was established. Satellite Telecommunication Earth Station was established on 1 January 1967. He was also associated with Indian National Committee for Space Research, Indian Space Research Organization, and Committee for Space Research of the United Nations (12).

#### **Atomic Energy**

Sarabhai assumed charge of the Department of Atomic Energy after Bhabha's death in 1966 and he led the affairs for five years till his death in 1971. During this period, a new model of organizational management emerged with a paradigm shift from the charismatic BM. The scientific human resources developed earlier have to be deployed for the solution of societal problems. Sarabhai said, "... Countries have to provide facilities for its nationals to do front-rank research within the resources which are available. It is equally necessary, having produced the men who can do research, to organize task oriented projects for the nation's practical problems..." This is a recurring refrain of SD and is the motto of IIM-A.

Sarabhai's leadership at Atomic Energy is a delicate equilibrium between continuity and transformation. The momentum gathered in two decades under a charismatic leader with his cherrypicked followers created leader-hopefuls when an outsider-insider assumed office. Enthusiasm and Business As Usual approach of minileaders were unstoppable except by a collision course nor was any imminent need either. Momentum was maintained within the constraints of time and restraints of resources. Fast Breeder Test Reactor, Kalpakkam and Variable Energy Cyclotron Project, Calcutta were established. Two Public Sector Undertakings were operationalized during his tenure namely Electronics Corporation of India Limited Hyderabad and Uranium Corporation of India Limited (UCIL), Jaduguda.

'Progress through the application of knowledge' was the motto of IIMA and Sarabhai applied this in all areas under his charge. Assuming that abundant nuclear energy would be available, he conceptualized a project named Nuclear Powered Agro-industrial Complex (Nuplex) and organized a multidisciplinary engineering team under M.P.S Ramani. Owing to the stimulus of Sarabhai, desalination and electrothermal phosphorus technologies were developed for industrial deployment. A close look at electrothermal

phosphorus technology will reveal the societal impact and national development through technology mediated resource nationalism. Traditionally the production of phosphatic fertilizers is accomplished by the reaction between sulphuric acid and rock phosphate. High grade rock phosphates are imported from Jordan and Morocco and sulphur is imported for the production of sulphuric acid. In the process developed under Nuplex, low grade rock phosphate from Rajasthan where it is abundant is electrothermally reduced with carbon and silica and elemental phosphorus is produced. This in turn is subjected to reaction with steam to yield phosphoric acid. This technology dispenses with the import of sulphur and high grade rock phosphates (13).

#### **Vikram Sarabhai Community Science Centre (VASCSC).**

Quality school science education and engagement of public with science and technology are critical variables in national development. Recognizing this societal need to informate the public, VASCSC was founded and it functioned impactfully with involvement of leading scientists. SM has factored scientific method into its holistic make up and community science became a slogan and prototype for science popularization models in the country. It is a science center that emphasizes on nurturing young minds and directing them towards scientific thinking with methods and techniques which make the process of learning a fun filled, enjoyable and lasting experience.

#### **Aesthetics**

Contrary to the concept of conflict of two cultures where art and science as posited by Sir C.P.Snow, Sarabhai had deep interest in art and he established the dance academy Darpana with Mrinalini. The academy taught classical dance and added departments of theatre and puppetry. In 1970 Sarabhai decided that the Indian initiatives in atomic energy and space research should be explained to the outside world and took up a pavilion at Expo-70 held at Osaka Japan. The senior author was in charge of the project. Sarabhai put designer Alyque Padamsee to make the display systems and personally visited to assess its impact. A huge dancing portrait of Siva was organized and I was briefed about the concept of cosmic dance. This scientific pavilion excelled in aesthetics.

#### **Uniqueness of SM**

SM projects that research teams are best formed from a mix of diverse thinkers. Big science endeavours highlight the importance of getting many people to work together seamlessly. Deleting and adding names to the authors list before publication is a devious and dubious game in scientific establishments. Coauthorship is a reluctant concession grudgingly made as a condescending act on the part of the senior science managers in line function. Man working hands have found their work reported in journals with their names omitted. SM model incorporates invariably multi-author papers. This is a standard operating principle in SM.

SM is built around the core value of trust and faith in competent people. They are actively brought into the front by networking and visible display of true care and concern. Balancing concern for the people and the team task at optimal level is a characteristic feature of the model. Numerous strategies are layered and cross cutting in SM. True to the agri metaphor in SM we can find the nurturant feature of cultivating an authentic, trustworthy and compelling narrative vital to project success.

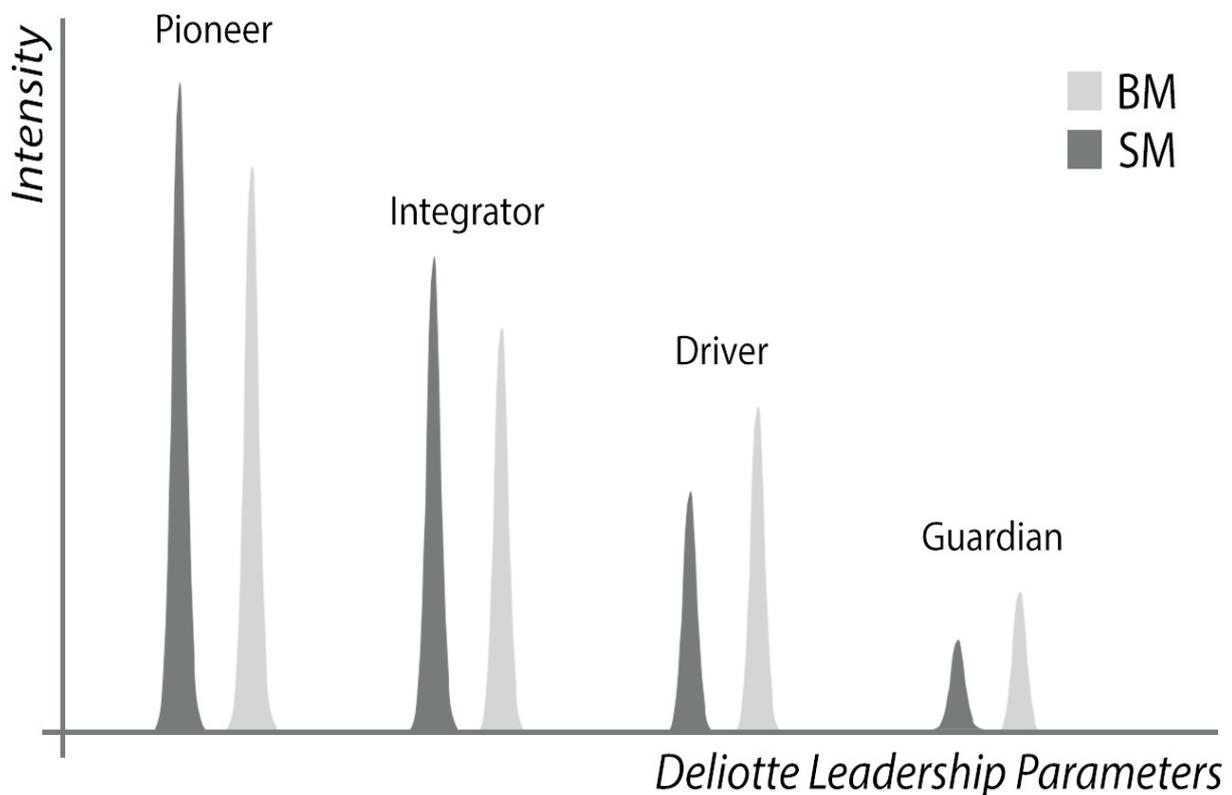
SM demonstrates behavioral strategies for influencing people's personal perceptions; designing social factors influencing behavior; enhancing people's perceived ability to undertake the desired behavior; and inducing people to act on their existing intentions. The expanded business leadership repertoire of high performing design teams for collaboration, and craft win-win negotiation strategies of the leader are obvious.

SM is harbinger of the currently articulated leadership style of SRM which states that courage, empathy, humility and resilience, are the stimulants for creative initiatives and for creating meaning to foster action and results (2). In all modern large science and technology organizations such as atomic energy and space research, most of the tasks and projects are done in teams. Results of teamwork are startlingly mixed. SM specifically steers clear of poorly designed and structured teams fraught with dysfunctional conflicts. It emphasizes that managerial coordination is critical to ward off breakdowns and demotivation challenges. Failure of teams to realize their potential is common and frequently underperforming individuals are the end product. SM model lays great stress on team management with trust and sense as in SRM. The nurturant agri model involves care which presupposes trust and confidence. SM can be resolved into complementarily paired seven leadership attributes presently under active academic discussion: Attitude and Optimism, Humility and Professionalism, Passion and Curiosity, Commitment and Focus, Innovation and Vision and Communication and Cooperation in an aesthetic background. Managing science teams is an emerging discipline and new insights of team leaders are being obtained (14). Figure 1 shows a preliminary comparison of BM and SM using the Business Chemistry terminology of Deloitte.

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CONTRACT ADMINISTRATION:

## AGREEMENT BETWEEN PRINCIPAL EMPLOYER AND CONTRACTOR

- A Specimen :

THIS AGREEMENT made at..... on this.....days of .....20..... BETWEEN ABC & Company having its registered office at .....hereinafter referred to as the Contractor of the one part AND M/S.....hereinafter referred to as the Company of the other part.

WHEREAS the Company is engaged in the trade/business of manufacture of ..... whereas this work can better be executed by an independent contractor and the Company is desirous of giving out the work to some reliable person on contract basis.

AND WHEREAS the contractor is engaged in this type/nature of work and whereas he has represented to the Company to this effect and is keen to under take and execute this work on contract basis.

NOW, THEREFORE, THIS DEED WITNESSETH AS FOLLOWS:-

At the very outset be it clearly understood and agreed that the following principals shall apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
  - (b) A gender includes all genders.
  - [c] Where a word or a phrase is given a particular meaning, other grammatical forms of that word or phrase have corresponding meanings.
  - (d) Headings are included for convenience and do not affect the interpretation of this agreement.
  - (e) Each party includes its successions and permitted assigns.
  - (f) A reference to any statute or section thereof or schedule shall be read as if the words "or any statutory modification or re-enactment thereof or substitution thereof" was added to the reference.
  - (g) If any day is appointed or specified by this agreement for the payment of any on a Sunday or other official bank holiday, the day so appointed or specified shall be deemed to be the next day which is not in tern a Sunday or day so appointed as a holiday.
1. The Contractor agrees to executivefulfil and discharge the work and obligations hereinafter provided in the manner hereinafter agreed to the entire satisfaction of the management of the Company.
  2. The Contractor will execute and efficiently handle the work entrusted to him in accordance with the specification as having been correctly executed and efficiently handled until it is approved by the Company.
  3. The Company will if it suits to its convenience, give the raw material and machinery required for the purpose of execution of work entrusted to the Contractor and the Contractor will properly account for the raw material as entrusted by the Company and will return the finished product and the

machinery as per specifications and in good running condition to the Company subject to usual wear and tear on the expiry of this contract or on its termination or revocation earlier, as the case may be.

4. In case the jobs entrusted/assigned to the Contractor are not satisfactory or not in accordance with the specifications or samples given by the Company, the Contractor shall be liable to change the same and in default whereof the Contractor shall compensate to the Company or the customer, as the case may be.

5. The Contractor will maintain proper account of the raw material or other items provided by the Company for execution and completion of the jobs.

6. The Contractor at his sole discretion will decide the number of workers to be engaged for execution of work and will alone be entitled to dictate such workers about the manner of the execution without any interference or instructions or intervention whatsoever of the Company. The Company will not have any concern with workers engaged by the Contractor nor any of its official will supervise, dictate to the workers the manner of execution/completion of the job.

7. The Company will have privity of contract with the Contractor only and will give instructions to him and will have nothing to do or be concerned with the conditions of employment of the workers working for the Contractor.

8. The Company will not retain any control, supervision or the manner of the discharge, dismissal or retrenchment or re employment of the workers engaged / employed by the Contractor.

9. The Contractor will liable for due observation and implementation of the statutory conditions or requirements of labour laws as applicable to his workmen.

10. The Contractor will get himself registered under Shops and Establishments Act or any other law as applicable.

11. It will not be obligatory on the part of the Contractor eighter to work personally for the execution of the job or to be present personally at the premises.

12. The Contractor will obtain licence under the Contract Labour (Regulation and Abolition) Act according to the number of workers engaged by him by depositing the fees and complying with the formalities. He Will also seek the renewal of the contract at or before the expiry of the licence.

13. The Contractor will be free to work any where else or to under take any contract, provided that he will remain responsible to the Company for the due and efficient execution of the jobs entrusted to him.

14. The Contractor will ensure that he is covered under the Employees Provident Fund and Miscellaneous Provision Act and employee's State Insurance Act having its independent



Code Number. Thus he will ensure that all the legible employees are covered under these Acts.

15. In case the Contractor or his workers are allowed to work at the premises of the Company, the Contractor will have no right or lien what so ever upon the premises and the contractor and his workers will move out of the premises at the instance of the Company.

16. That the Contractor will be liable not only to pay wages to his employees, but the retrenchment compensation, notice, pay gratuity or bonus as applicable and the Company will not be held liable for any obligation of the Contractor.

17. The Company will not, in any manner be responsible for any act, omission or commission of the workers engaged by contractor and no claim in this respect will lie against the Company. If any such claim is made against the Company by any worker or his heirs engaged/employed by the Contractor, which the Company is obliged to discharge by virtue of any statute or any provision of law and rules due to mere fact of the workers of the Contractor working at the Company premises or otherwise, the Contractor will be liable to indemnify/reimburse the Company all the money paid in addition to the expenses incurred by him.

18. The duration of this contract is for a period of..... from the date of these covenants though the parties will have a right to extent the period to any extent to which the parties may mutually agree before the expiry of the stipulated period.

19. The contract may be determined even before the stipulated period by either party by giving the other one month's notice in writing.

20. In the event of non-compliance or breach of any terms of the contract or unsatisfactory or inefficient working, the Company will be at liberty to revoke the contract by a week's notice in writing.

21. If any dispute or difference of opinion arises between the parties in relation to or in connection with this agreement, they will undertake negotiations in good faith with a view to resolving the matter.

22. That the contractor will give an affidavit and/or undertaking in favour of the principal employer every following month to the effect that he has paid wages to his workers and also complied with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act and Employees State Insurance Act. A proforma to this effect is enclosed herewith as Annexure 'A' to this agreement.

23. If, notwithstanding negotiations by and between the parties the dispute or difference of opinions is not resolved, either party may refer the dispute, difference arising between the parties out of or relating to the construction, meaning, scope operation or effect of this contract or the validity or the breach thereof by arbitration by Shri..... as per the provisions of the Arbitration and conciliation Act, 1996 in accordance with such Rules of Arbitration as may be agreed between both the parties. The award made by the

sole arbitrator in pursuance thereof shall be binding on the parties. The place of arbitration shall be at New Delhi and the language for the purpose such proceedings shall be in English.

IN WITNESS WHEREOF this Agreement is executed at..... on the day month and year above written.

WITNESS : 1.....First Part..... Contractor.

WITNESS : 2 ..... Second Part..... Company.

#### ANNEXURE 'A'

I.....S/o. .... Proprietor/Partner/Director of..... do hereby declare and undertake as under :

1. That in the capacity of Contractor bt M/s. .... (description of Principal Employer) I have complied with the provisions of Contract Labour (Regulation and Abolition) Act, 1970 in holding a valid licence under the Act and the Rules thereon. I have paid the wages for the month of ..... to all my employees and no dues are payable to any employee.

2. That have covered all the eligible employees under Employees Provident Fund and Miscellaneous Provisions Act and the Employees State Insurance Act and deposited the contributions under our code numbers for the following month and as such no amount whatsoever is payable. The challans showing about the deposits made by us are enclosed herewith.

3. I further declare and undertake that in case any liability pertaining to my employees is to be discharged by the principal employer for my lapse, I undertake to reimburse the same or the principal employer is authorised to deduct the same from my dues as payable.

Dated : Contractor.

#### UNDERTAKING BY THE LABOUR CONTRACTOR TO BE FURNISHED EVERY MONTH

I.....S/o..... Proprietor/Partner/Director of..... do here by declare and undertake as under :

1. That in the capacity of independent Labour Contractor for M/s..... I have complied with the provisions of all laws as applicable. I have paid the wages for the month of ..... which are not less than the minimum rates as applicable, to all my employees and no other dues are payable to any employee.

2. That I have covered all the eligible employees under Employee's Provident Funds and Miscellaneous Provisions Act and the Emplouyee's State Insurance Act and deposited the contributions for the following months and as such no amount towards contributions whatsoever is payable.

3. I further declare and undertake that in case any liability pertaining to my employees is to be discharged by the M/s..... due to my lapse, I undertake to reimburse the same M/s..... is also authorised to deduct the same from my dues as payable.

[Sign & Seal]

LABOUR CONTRACTOR

[Source : HRD & Labour Law Reference

- A Product of Labour Law Reporter.





## BUSINESS STRATEGIES AND LONG TERM PROSPECTS

-A.Ramesh\*

There are the postulates of open market economy, free enterprise and globalization under the present business scenario in our country. Where do we move from now? The business firm has come of age through trials and tribulations. We find ourselves in an era of unrestrained trade, but the international economic scenario is changing day by day and the former liberal administrations are changing to hawks, be it the US or previous arch rival Russia. The non aligned movement and other socialist era regional associations have almost had a natural demise. India, for long in a left of central position is veering itself to the right, albeit slowly. All these, read together give us a glimpse of what is to come, with hope and a bit trepidation.

We are far from the view points of the earlier Titans of Indian Industry, be it JRD Tata or AV Birla, who were staunch nationalists as well as keepers of the national well being and wealth. Circa the new millennium, we find the Ambanis, Mittals (both Airtel and Arcelor), Anil Agarwal of Vedanta or the traditional houses like ITC, multi national pharma sector companies, our own home grown health care giants etc., with a distinct and sorry to say, no nonsense and often totalitarian business views and practices. The focus and attention of these new gen owners and stake holders are changing rapidly with our own mindsets. The free market enterprise, or one that adjusts itself and adapts to the ever changing requirements of world economy, coupled with unrest the world over ethnically and racially that guide the world to chaos, cannot be viewed in isolation. We have to read the facts together – whither the old fashioned humanism and where are our oft repeated pronouncements of brotherhood and common prosperity?

If we delve deeper to the common man's psyche, we find the pensioners or monthly earners of middle class and daily bread winners of lower strata, we can be sure of one thing, the expected Manna from heaven are not falling in their laps. The government, enterprise and the world at large, must sensitize itself to their vulnerabilities – their natural and real fears must be addressed by the enterprise. Herein lies the new business leaders' prerogatives : the diversity, gender sensitivities and of course, the stock phrase of Corporate Social Responsibility. The enterprises world over, are inventing new and often unconventional hitherto

measures such as flexible hours of work, parenting leave from duty as well as telecommuting and we are yet to even think of these progressive ideas, as we as a race believe in fixed and often unreasonably long daily hours with no break for long periods of work and the employers believe it to be sinful to think of individual spare and free time activities – it is taboo otherwise.

The business, from classical economic theory, postulates in enterprise and societal well being and wealth increase, with corresponding improvements of living standards of the incumbents of employees and public, alike. However, talking of profits was a virtual no – no in earlier times, but raking profit in honest ways is not abhorred by anybody. Mere profiteering is viewed in suspicion. The enterprise and its external environment are not existing in isolation but are equal partners and are working in tandem to further the wealth and well being of the society. In the above context, the role of the Corporate is clear- the business entity must produce as per present governance standards of an environmentally and societal uplift of the universe as its business objective. To this end, the present directives of Make In India, living standards improvements of common masses are motivators and pointers. But, the focus should be on progressively lesser dependence on Imports, self sufficiency in healthcare, more patents on medicines, holistic healthcare initiatives, price stabilization of essential items and the less dependence on fossil fuels. The cost of essential commodities often sky rocket during national festivals and post budget times that being our peculiarity as a nation. The business houses and industry should take a lead in achieving stability in living standards and progressive improvements in lifestyle of the nation for overall wealth and prosperity maintenance. To this end, adequate investments in methods and engineering, less dependence in manpower and lesser cost manufacturing techniques are the need of the hour. The work life and ergonomic improvisations are must for furthering this cause. The healthy and wealthy society and individual is the best manifestation of the country's prosperity and inherent well being.




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# PERCEPTION OF LOCAL RESIDENTS TOWARDS ECONOMIC AND SOCIO - CULTURAL INFLUENCE OF GURUVAYOOR PILGRIMAGE TOURISM

\*Dr. B.Vijayachandran Pillai & \*\*Krishnapriya P.M.

## Executive Summary

*The present paper attempts to examine the Perception of Local Residents towards the Economic, & Socio - Cultural Influences of Pilgrimage Tourism with the help of a comparison on the basis of Demographic Profile of the respondents. A Ward wise comparison of the perception of the respondents is undertaken for this purpose. The Influence of Pilgrimage Tourism on the Local Environment among the two wards of Guruvayoor Municipality came to the conclusion that as a pilgrim city Guruvayoor offers wide range of avenues for development. However, it is essential to ensure that these developmental activities will never cause harm to the local people.*

*Keywords: Perception, Pilgrimage Tourism, Guruvayoor temple, Local Residents, Most affected Ward, Least affected ward.*

## 1. Introduction

Tourism is the rapidly growing industry in India. Tourism makes a remarkable contribution to local economies through employment creation and sustainable development. Our country offers wide variety of tourism opportunities like, Pilgrimage Tourism, Cultural and Heritage Tourism, Adventure Tourism, Wildlife Tourism, Eco- Tourism, Business Tourism etc. Being the largest service industry, tourism is a significant contributor to the state GDP, earns foreign exchange to the country, provides widespread employment, and yields tax revenue etc.

Indian Pilgrimage is an old tradition. Our country is blessed with numerous religious and spiritual places and monuments. In our culture, pilgrimage plays a vital role. There exist so many spiritual and religious places which attract the attention of devotees. Public and business organizations are very much attracted with the economic impacts of tourism. Kerala is the southernmost state of India which is renowned as "God's own country" as the land is blessed with natural beauty, legends & talents. Kerala is very famous for its cultural diversity and secularism. Unique culture is the identity of Kerala. Another attracting factor is that the world famous ancient temples and monuments are located in the state. These peculiar features attract more tourists and devotees to the State of Kerala.

The State has huge number of temples and worships. As per unofficial estimates, among the different renowned temples in Kerala, Guruvayoor temple is the richest temple which generates revenue of Rs 400 crores annually. The town of Guruvayoor is an important destination for Hindu pilgrims and for tourists visiting Kerala. It comes in the Thrissur district of Kerala, which makes up the central-western coast of the state. Guruvayoor is famous for its temples and cultural heritage, especially Sree Krishna Temple, which is the main attraction of the town.

Along with the benefits, tourism sector results in different types of cultural and environmental costs. Tourism industry is directly related to the environment. The quality of the environment, both natural and man-made, is essential to tourism. However, the relationship of tourism with the environment is very complex. It involves many activities that can have adverse environmental impacts. Many of these impacts are linked with the construction of basic infrastructure such as roads and airports, and of tourism facilities, including resorts, hotels, restaurants, and shops etc. The negative impacts of tourism development can gradually destroy environmental resources on which it depends. Destruction of natural environment leads to ecological imbalance. The ecological imbalance adversely affects the local people who reside near these tourist places. In this context, it is the duty of the authorities to ensure that the local environment is not disturbed due to the development of tourism sector. Successful development of the tourism without cultural and environmental cost can bring astonishing positive impacts. The study is conducted under Guruvayoor Municipality. To minimize the negative effects of pilgrimage tourism, Guruvayoor Municipality is conducting different methods and techniques. For the sustainable development of pilgrimage tourism in Guruvayoor, the active participation of the local people is essential.

## Objectives of the Paper

The specific objectives of the paper are –

- To examine the Perception of the local residents towards the economic and socio cultural influences of Guruvayoor Pilgrimage Tourism.
- To assess the level of satisfaction of local residents towards the present infrastructure conditions of Guruvayoor Municipality.

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**4. Methodology and Database**

The study is descriptive in nature. Both Secondary and Primary sources of Data collected. The study mainly concentrated on primary data which is collected directly from the households of Guruvayoor Municipality using Questionnaire method. The respondents of the study are the local households residing under Guruvayoor Municipality. Secondary Data collected from the Budget Reports of Guruvayoor Municipality, Official websites of Guruvayoor Devaswom Board and Guruvayoor Municipality, Journals, Research Dissertations etc.

**4.1. Sample Design**

The entire households in Guruvayoor Municipality constitute the universe of the study. The selection of sample households was made on the basis of Multistage Sampling technique. In the first stage the entire wards in the Guruvayoor Municipality were classified into two group. One is termed as Most Affected Ward (MAW) and the other is Least Affected Wards (LAW). MAW includes wards which are near to the main road to Guruvayoor Temple, near to inner ring roads, near to the railway station and bus stand, near Municipal parking ground. These are the wards where pilgrims reach and park their vehicles and these wards are directly affected by the increasing number of pilgrims. In the same sense, Indirectly Affected Ward constitutes the wards which is beyond the purview of the temple and not directly influenced. Guruvayoor Municipality constitutes 43 wards. Among the 43 wards, 13 wards coming under Most Affected Wards (MAW) and 30 wards is coming under Indirectly Affected. Two wards were selected at random from the two groups. The selection is based on one from “Most Affected Ward” and one from “Least Affected Ward”. Ward number XVIII (Gurupavanapuri) is selected at random as Most Affected Ward, and Ward Number XVI (College ward) is chosen at random as Least Affected Ward. 50 respondents from both the selected wards were selected for the study. A pilot test was conducted among 25 respondents for pre-testing the questionnaire and checked the reliability. After the reliability analysis certain change were made in the questionnaire and final questionnaire drafted. The analysis of data has been done with help of mathematical and statistical tools like; Percentage, Average, ANOVA and Independent Sample t-test.

**5. Results ad Discussion**

An attempt has been made to examine the Perception of Local Residents towards the Economic, & Socio - Cultural Influences of Pilgrimage Tourism with the help of a comparison between the Demographic Profile of the respondents with these influences. A Ward wise comparison of the perception of the respondents is undertaken for this purpose.

The demographic variables selected for the analysis are listed below.

- a) Gender
- b) Age Group
- c) Educational qualification
- d) Occupation Status
- e) Average Annual Income
- f) Period of Stay

The results of the analysis are given in the following pages.

**1. Ward wise Perception towards Economic Influences**

It is given in Table 1.

Table 1. Ward wise Perception of Resident People towards Economic Influences

Ward Number	N	Mean Value	SD	t value	Sig. value
16 (College)	50	44.86	3.446	2.262	0.026
18 (Gurupavanapuri)	50	46.48	3.710		

Source: Primary Data  
5% Significance Level

The mean value obtained in the analysis of the relationship of Wards with the Economic influences of Pilgrimage Tourism indicated that Ward XVIII scored highest Mean Value as compared to Ward XVI. Respondents of Ward XVIII are more influenced (with a Mean Value 46.48, & SD 3.710) than that of respondents of Ward XVI (Mean Value 44.86 SD 3.446) in respect of Economic Influences. However, the t- test result shows that there is significant difference between the Perceptions of two wards with regard to the Economic Influences of Pilgrimage Tourism.

**2. Ward wise Perception towards Socio- Cultural Influences**

Table 2. Ward wise Perception of Resident People towards Socio- Cultural Influences

Ward Number	N	Mean Value	SD	t value	Sig. value
16 (College)	50	13.36	1.747	0.727	0.469
18 (Gurupavanapuri)	50	13.62	1.828		

Source: Primary Data  
5% Significance Level

It is clear from above that Ward XVIII scored a high mean score of 13.62 & SD 1.828 as compared to Ward XVI which scored 13.36 as mean value & 1.747 as Standard Deviation. It is clear from the results of t test that respondents of Ward XVIII is more influenced than the respondents of Ward XVI in respect of Socio- Cultural influences. However, there is no significant difference between two wards in their perception regarding the Socio-Cultural influences of Pilgrimage Tourism.

**3. Comparison between Gender of the Respondents with Economic Influences of Pilgrimage Tourism**



Table 3. Gender wise Perception of Resident People towards Economic Influences

Gender	N	Mean Value	SD	t value	Sig. value
Male	64	45.89	3.524	0.781	0.438
Female	36	45.28	3.896		

Source: Primary Data

5% Significance Level

In the table 3, with regards to the Gender wise perception of respondents towards Economic Influences of Pilgrimage Tourism indicates that Male respondent shows highest mean value of 45.89 than Female respondents (Mean Value 45.28). Since, the result of t test shows that, Sig. value is found higher than 0.05. Hence the result of the test indicates that there is no significant difference between male and female respondents with regard to perception towards Economic Influences of Pilgrimage Tourism.

**4. Comparison between Age Group of the Respondents with Economic Influences of Pilgrimage tourism**

Table 4. Age Wise Perception of Local Residents towards Economic Influences

Age Group	N	Mean	SD	F value	Sig. value
20-30	21	47.14	3.745	2.570	0.082
30-40	65	45.12	3.511		
Above 40	14	46.00	3.783		

Source: Primary Data

5% Significance Level

The results presented in table 4 shows that respondents belongs to Age Group between 20-30 shows highest Mean Value of 47.14, as compared to other groups. Age groups above 40 scored a mean value of 46.00. However, the result of ANOVA shows that, Sig. value is found higher than 0.05, which means that there is no significant difference between the age group of the respondents with regard to perception towards Economic Influences of Pilgrimage Tourism.

**5. Comparison between Education levels of the Respondent with Economic Influences of Pilgrimage Tourism**

Table 5. Education wise Perception of Resident People towards Economic Influences

Education al qualification	N	Mean	SD	F value	Sig. value
SSLC	25	45.08	3.121	0.646	0.631
Plus Two	19	46.16	3.790		
Degree	27	46.37	3.924		
PG	21	45.38	3.775		
Others	8	44.75	3.955		

Source: Primary Data 5% Significance Level

The ANOVA results showed a significance value of 0.631 which is greater than 0.05 and it can be interpreted that there is no significant difference in the education wise perception of the local residents towards the Economic Influences of Pilgrimage Tourism. Graduated respondents showed highest mean value of 46.37, followed by plus two 46.16, Post-Graduation 45.38, others 44.75 and SSLC 45.08.

**6. Comparison between Occupation of the Respondents and Economic Influences of Pilgrimage Tourism**

Table 6. Occupation wise Perception of Resident People towards Economic Influences

Occupation	N	Mean	SD	F value	Sig. value
Business	14	46.57	2.503	1.132	0.346
Profession	16	44.19	3.468		
Temple employee	41	46.02	3.818		
Others	29	45.55	4.016		

Source: Primary Data

5% Significance Level

As per the details presented in table 6 uncovers that Business persons scored a highest mean value of 46.57 as compared to other Occupations. Temple employees are the next group of respondents who scored a mean score of 46.02. However, the ANOVA result indicates Sig. value of 0.346 which is higher than 0.05, & the null hypothesis is accepted. Hence the result of the test is insignificant which undoubtedly indicates that there is no significant difference between the perceptions of the local residents towards the Economic Influences of Pilgrimage Tourism with regard to their occupations.

**7. Comparison between Average Annual Income of the Respondents with regard to Economic Influences of Pilgrimage Tourism**

Table 7. Comparison between the Perceptions of Resident People towards Economic Influences with Average Annual Income

Average Annual Income	N	Mean	SD	F value	Sig. value
Up to 100000	27	45.56	4.200	0.535	0.588
100000-200000	38	46.13	3.714		
Above 200000	35	45.26	3.156		

Source: Primary Data

5% Significance Level

Table 7 presents the results of the comparison between Average Annual Income of the respondent with their perception towards the Economic Influences of Pilgrimage Tourism. The results of the analysis show that Average Annual Income between 100000-200000 scored highest mean value of 46.13. Respondents with Average Annual Income above 200000 scored Mean Value 45.26, and respondents with Income up to 100000 scored 45.56 as mean value. It is found that Sig. value is 0.588 which is higher than 0.05. Hence the result indicates that there is no significant difference between the Average Annual Income of the



Respondents with regard to perception towards economic influences of Pilgrimage Tourism.

**8. Comparison between Periods of Stay of the Respondents with Economic Influence of Pilgrimage Tourism**

Table 8. Period of Stay wise Perceptions of Resident People towards Economic Influences with Period of Stay

Period of stay	N	Mean	SD	F value	Sig. value
Up to 10 years	9	46.44	3.609	0.366	0.694
10-20 years	19	46.00	3.512		
Above 20 years	72	45.49	3.727		

Source: Primary Data  
5% Significance Level

The results of table 8 shows that respondents with Period of Stay up to 10 years shows highest mean value of 46.44. The ANOVA results indicates that the Sig. value is higher than 0.05. Hence the result of the test is found that there is no significant difference between the Period of Stay by the respondents with regard to their perception towards economic influences of Pilgrimage Tourism.

**9. Gender wise Perception towards Socio Cultural Influences of Pilgrimage tourism.**

Table 9. Gender wise Perception of Resident People towards Socio- Cultural Influences

Gender	N	Mean Value	SD	t value	Sig. value
Male	64	13.48	1.808	0.042	0.967
Female	36	13.50	1.765		

Source: Primary Data  
5% Significance Level

As per the details of table 9, Female respondents show highest Mean Value of 13.50 than Male respondents. However, the result of t test shows that, Sig. value is found higher than 0.05. It can be inferred that there is no significant difference between male and female respondents with regard to their perception towards socio- cultural influences of Pilgrimage Tourism

**10. Comparison between Age Group of the Respondent with Socio Cultural Influences of Pilgrimage Tourism**

Table 10. Age wise Perception of Resident People towards Socio- Cultural Influences.

Age Group	N	Mean	SD	F value	Sig. value
20-30	21	14.48	1.569	4.878	0.010
30-40	65	13.14	1.667		
Above 40	14	13.64	2.134		

Source: Primary Data  
5% Significance Level

The results presented in table shows that the respondents belongs to Age Group between 20-30 shows highest Mean Value of 14.48, Above 40 with 13.64 and 30-40 with a Mean Value 13.14. However, the ANOVA results shows that, Sig. value is lower than 0.05. Hence the null hypothesis is rejected. This means that there is significant difference between the age group of the respondents with regard to perception towards Socio- Cultural influences of Pilgrimage Tourism.

**11. Comparison between Occupational Status of the Respondents with Socio Cultural Influences of Pilgrimage tourism**

Educational qualification	N	Mean	SD	F value	Sig. value
SSLC	25	12.88	1.666	1.826	0.130
Plus Two	19	13.89	2.025		
Degree	27	14.04	1.720		
PG	21	13.19	1.861		
Others	8	13.38	.916		

Source: Primary Data  
5% Significance Level

In the above table, mean score corresponding to respondents who have acquired Graduation is found to be 14.04, with SD -1.720 and is 13.89 in Plus Two qualified respondents with SD – 2.025, mean score is 13.38 in the case of other qualifications with a SD- .916. Respondents who acquired Post graduation scored a mean value of 13.19 with SD- 1.861, and in the case of respondents who have only SSLC qualification scored a mean score of 12.88 with SD- 1.666. However, the result ANOVA implies that there is no significant difference between the educational levels of the respondents with regard to perception towards socio-cultural influences of Pilgrimage Tourism.

**12. Comparison between Occupational Status of the Respondents with Socio Cultural Influences of Pilgrimage tourism**

Table 12. Occupation wise Perception of Resident People towards Socio- Cultural Influences of Pilgrimage Tourism

Occupation	N	Mean	SD	F value	Sig. value
Business	14	13.50	2.245	0.352	0.788
Profession	16	13.25	1.949		
Temple employee	41	13.39	1.759		
Others	29	13.75	1.527		

Source: Primary Data  
5% Significance Level

From the analysis of the respondent's occupation wise perception towards the Socio- Cultural Influences of Pilgrimage tourism indicates that respondents with other occupation scored a Mean score of 13.75 which is higher as compared to Business individuals who scored 13.50 with a SD- 2.245. Professionally employed persons are the next group of respondents who are responded more towards the



socio- cultural influences with a mean score of 13.50 and SD- 1.949. However, the result of ANOVA shows that there is no significant difference between the Occupations of the respondents with regard to perception towards socio - cultural influences of Pilgrimage Tourism.

**13. Comparison between Average Annual Income of the Respondents with Socio Cultural Influences of Pilgrimage tourism.**

Table 13. Income wise Perception of Resident People towards Socio- cultural Influences of Pilgrimage Tourism

Average Annual Income	N	Mean	SD	F value	Sig. value
Up to 100000	27	13.81	1.733	0.618	0.541
100000-200000	38	13.34	1.744		
Above 200000	35	13.40	1.882		

Source: Primary Data  
5% Significance Level

The mean score obtained for income level up to 100000 is 13.81 & SD- 1.733, respondents with an Average Annual Income above 200000 scored 13.40 as mean value and 1.882 as SD. The income group between 100000-200000 is having 13.34 as mean value and 1.744 as Standard Deviation. The ANOVA results of table 4.2.16 shows a Sig. value of 0.541. This means that there is no significant difference between the Average Annual Income of the respondents with regard to perception towards socio influences of Pilgrimage Tourism.

**14. Comparison between Period of Stay of the Respondents with Socio Cultural Influences of Pilgrimage tourism.**

Table 14. Period of Stay wise Perception of Resident People towards Socio- Cultural Influences

Period of Stay	N	Mean	SD	F value	Sig. value
Below 10 years	9	14.00	2.398	0.538	0.585
10-20 years	19	13.63	1.461		
Above 20 years	72	13.39	1.789		

Source: Primary Data  
5% Significance Level

The results exhibited in table 14 indicates that respondents with Period of Stay below 10 years shows high response level with a Mean Value of 14.00 and SD- 2.398. Respondents with 10-20 years of experience shows a Mean Value of 13.63 also responded highly as compared to respondents who staying in Guruvayoor for more than 20 years which scored a mean value 13.39, & SD- 1.789. However, the ANOVA results shows a significance value of 0.585 which is higher than 0.05. It is clear from the

results that there is no significant difference between the Period of Stay of the respondents with regard to perception towards socio- influences of Pilgrimage Tourism.

**Major Findings and Conclusion**

- As regards perception of the local residents towards the Economic Influences of Pilgrimage Tourism, it is found that respondents of ward XVI and ward XVIII are significantly different in their perceptions. Ward XVIII shows a mean value of 46.48 which is high as compared to ward XVI (Mean- 44.86).
- With respect to ward wise Perception towards the Socio-Cultural Influences of Pilgrimage Tourism, Respondents of both wards shows almost same level of perception towards the socio cultural influences of Pilgrimage Tourism.
- As regards gender wise Perception of the respondents towards the Economic influences of Pilgrimage tourism; it is found that there is no significant difference between male and female respondents with regard to their perception towards Economic Influences.
- By comparing the age group, educational qualification, occupational level of the respondents with their Perception towards Economic Influences of Pilgrimage Tourism, ANOVA test is used. From the results it is found that there is no significant difference in the age, education, occupation wise perception of the respondents towards Economic Influences.
- Based on the comparison of average annual income and period of stay of the respondents with their perception towards Economic Influences of Pilgrimage tourism, the results indicates that the null hypothesis is rejected because the significance value is higher than 0.05. It indicated that there is no significant difference in the perception of the respondents towards the Economic Influences of Pilgrimage Tourism with regard to their level of average annual income and period of stay.

**Conclusions**

The Influence of Pilgrimage Tourism on the Local Environment among the two wards of Guruvayoor Municipality came to the conclusion that, as a pilgrim city Guruvayoor offers wide range of avenues for development. It is essential to ensure that these developmental activities will never cause harm to the local people. But from this study it is clear that the local people are disturbed with those unplanned developmental activities. Various pollutions, accumulation of wastes, spreading up of diseases etc. are directly affecting the local people especially people who reside very closer to the temple. They are totally frustrated with the unhygienic atmosphere.

### Suggestions

- As a pilgrim city Guruvayoor needs good infrastructure facilities. It is suggested to ensure the quality of the basic infrastructure facilities like Drinking water facilities, quality food, sanitation, Bus and Railway, etc.
- It is suggested that if the Municipality took measures to collect feed backs from the local community regarding the current status of environment protection measures it will become helpful for incorporating necessary modifications and improvements.
- The new waste disposal techniques like Pot composting, Aerobic composting, Pipe composting, will be more effective when Municipality tries to arrange training classes to the local people regarding the usage of these techniques.
- A separate cell is suggested to be formed to oversee the current status of the environment protection measures like Clean Guruvayoor, Clean Green Square, Plastic collection Units, etc...
- Throwing up of wastes on roads can be prevented by Fixing up of CCTV camera on public places.

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### OM- READERS PAGE

There are good number of calls from Authors/ Readers/Organisations/ Scholars /Guides etc. that the Journal should have a 'Readers Page'. We are very much open to these calls and willing to receive and publish remarks/ comments/ suggestions to the 'Readers Page' with the only guide line that those remarks at no time shall hurt the feedings of the Authors.

You are cordially invited to contribute to the Readers page , starting with the contents of present Issue, to be published in the July-Sept 2017 issue of OM.

Suggestions can also come on the new areas of literature and new features to be published in this Journal.

-Managing Editor



## EXPERIENCE SHARING:

**LEADERSHIP– HUMBLE EXPERIENCES**

-Naresh Lalwani\*

*You are a leader if you have but one follower. Each one of us is potentially a leader. Acquiring and honing leadership qualities is unavoidable, if you want to grow and be respected as a leader. Leadership skills are experiential, so they have to be lived to be learned. This article does not cover the topic of leadership from the theoretical point of view. This article also does not cover it in an extensive manner. This is an attempt to talk about some basic leadership traits, which resonated with me, in the course of my work, with the Indian Railways.*

This article has born out of the keynote address at 33<sup>rd</sup> foundation day (26<sup>th</sup> of July 2017) of Palghat Management Association, I was privileged to deliver. I was given the freedom to choose the topic and I decided to speak on leadership. I thought my job to be over, like my work day, after I partook the dinner. I was amused to receive a letter from the past Chairman, requesting for an article covering my address. He was there during the initial part of the function, he had left the function before I delivered the address.

Leadership is a vast subject. It has multitude facets, full of wisdom and scores of nuances. Leadership has been in existence since homo sapiens started living in groups. No article in few pages can attempt to cover the topic of leadership in an extensive way. My attempt is to write about some basic concepts of leadership, that I have experienced in my life, and which resonate with me. I will try to tell of these, in a manner that the audience or the readers can relate with. That is also what I aimed at, in the keynote address. I will use some material freely available on net and the words & wisdom of the speakers from TED talks, to put forth my points.

The art of living a satisfying human life, leadership being one of its numerous aspects, has to be lived to be understood. **Life skills require experiential learning**

**Why leadership has become more important in all organisations?** – As the civilisation advances, our continuous efforts at making life comfortable, increase the complexities of the service delivery systems. Making a mobile instrument which delights a user of the present world, is no more a purely electronic product but uses computing intelligence, ergonomics, material science, psychology, sociology and so on. Thus present day organisations can't be run in a command and control fashion; as the tasks of an individual are becoming difficult to be precisely defined. Necessity and level of interactions and cooperation among the individuals, from different sections of organization have increased and also assumed greater importance. Workplace today has moved far ahead from the assembly line to be akin an orchestra, where a symphony has to be produced for success in the marketplace. Inspired people are essential to this symphony as everything cannot be laid down in black and white. Leadership has become a necessity.

There are numerous definitions of leadership. One definition which caught my attention goes like this.

**LEADERSHIP is**

- *an organizational process,*
- *to transform values into action,*
- *vision into realities,*
- *obstacles into challenges and innovations,*
- *separateness into solidarity and*
- *risks into rewards*
- *by aligning people*
- *who have been inspired for a cause bigger than themselves*

The original definition tells what of leadership and to that I have added how and why in bold letters. Aligning here means to inspire them to believe in your vision and hooking them to the right means to achieve the vision. Because the urge to contribute, to make a difference is as big a human need as seeking love, respect and a sense of belonging.

Leadership in simple terms is giving results in a traditional or a new way by inspiring people so that they are aligned not only to the WHAT and HOW of the process but also to the WHY, which is most important of all.

Thus **LEADERSHIP** starts with the leader being clear about the vision or the way ahead and goes further by arousing the strong intention in the people, to work with fervour, as they feel committed to the vision of the leader. Leader is the one, to whom people will flock to naturally, rather than by virtue of his hierarchical authority; attracted by his qualities to bring out best in them. A leader is also someone who believes so strongly in the abilities of people that they are able to draw their own belief and confidence from that of the leader. People can sense a leader even if they are not able to explicitly talk about his qualities.

Leadership, when compared to management, has all the elements of good management – viz. doing things right continuously by planning and budgeting (i) organizing and staffing (ii) controlling and (iii) problem solving but goes beyond all these and most importantly deals with the change – disturbing the status quo, in achieving break through results. Break through results do not mean big things, but they mean different and unconventional way of doing things presented in a way that people will be motivated to do. Leader should be able to see the way clearly, in the maze of confusions of everyday managing, and helping people also to make sense out of turmoil of the routine.

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**Some myths in leadership process** – Since leadership has become a sine-qua-non of the organizations at all levels, we have to understand the process of development of an individual into a leader. People become bosses by virtue of either seniority or performance in some area of work or both. Conventionally leadership is talked as being about inspiring and managing your team. It is very limiting and restrictive understanding of leadership. To grow from a boss to a leader, if you are not one, one has to do all the three (i) manage self, (ii) manage network and (iii) manage your team. To be an inspiring leader one has to come clear of three wide spread prevailing myths related to above three.

- i) Self development is automatic
- ii) Networking and office politics is bad
- iii) Managing individuals is better than managing them in groups

Let us devote some thoughts on these three pitfalls.

**(I) Self Development** – Most people assume that self development does not require efforts and it is automatic and natural in the course of work. That development of individual into a leader is is proportional to the years one has worked. This is far from truth. People tend to underestimate the role of self growth, of removing or grinding the rough edges in their personalities and their effect on their capacity to inspire. People get inspired by what they see in you rather than what they hear from you. Even if some enlightened individuals understand the role of self development, they tend to underestimate the time and effort it requires.

Self development is not one off exercise, but it is the way of life. What makes self development more difficult is that as you climb up the ladder, feedback you get about self, dries up. You have to make conscious efforts to get it. You have to take advantage of the 360 degree feedback, if it is there in your organisation. As it is not yet that common, in absence of that, either you have to devise and get one informally and/or you have to have your network of trusted subordinates, co-workers and bosses for that. The most difficult part of getting an honest feedback is to create an atmosphere, which gives the clear message to them, that they you are really open to listen to the truth and have the capacity to take criticism as you take the praise.

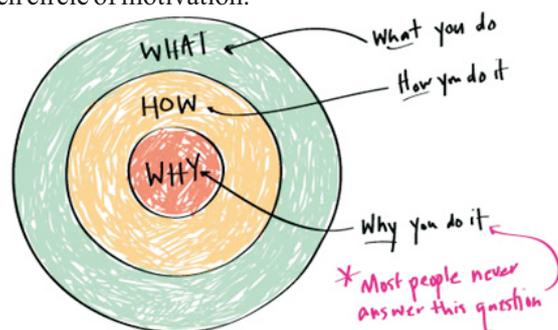
**ii) Office Politics** – Rather than labelling office politics good or bad, we have to understand and accept that it is there to stay and we can't wish it away. There are understandable reasons for this, more so in today's organisations (i) division of labour with divergent priorities (ii) Interdependence is inevitable (iii) Resources are always scarce, hence, people and departments compete for them. One has to have a network of relationships- with the authorities over which one has no formal authority- but are still important for success or failure. Networking is unavoidable for success but with ethical means and towards good end.

**(iii) Managing the team** – Many managers find it difficult and abhor managing groups. They are more comfortable in managing people one on one. Wherever real work is done by the individuals working as a member of a group, group dynamics cannot be wished away. It will inevitably and automatically come into play. If bosses find it uncomfortable to handle and manage conflict(s), they would be working at sub optimal levels.

Groups motivated to work together are more creative and effective than the groups who merely cooperate. Conflict can be used constructively. Bringing it out in open, its resolution, are all essential in developing cohesiveness in the group. Discussing professional conflicts should always be welcome and stopping the conflict from becoming personal requires maturity. Once conflict is out in open, expressed and accepted in a healthy manner, the feeling of joint accountability comes in. It kicks in the feeling being together in success or failure. What should emerge in the group is the shared purpose, concrete goals and plans based on that purpose. Managing team as a whole, however does include managing individuals as this cannot be ignored; individuals have to be valued and given recognition.

**Inspiring, the key to leadership** – The core quality of every leader is to inspire and motivate people, to align them, win them, so that they put their hearts in realising the shared vision of the organisation. To say it and to do it requires a deep understanding of why people do what they do and what makes a leader to communicate and share the why, so that it becomes their own why.

**Simon Sinek**, in his TED talk '[How great leaders inspire action](#)', has explained it beautifully through the concept of golden circle of motivation.



I will reproduce the concept in his words, which explain it simply and directly

*"Every single person, every single organization on the planet knows what they do, 100 percent. Some know how they do it, whether you call it your differentiated value proposition or your proprietary process or your USP. But very, very few people or organizations know why they do what they do. And by "why" I don't mean "to make a profit." That's a result. It's always a result. By "why," I mean: What's your purpose? What's your cause? What's your belief? Why does your organization exist? Why do you get*



*out of bed in the morning? And why should anyone care? As a result, the way we think, we act, the way we communicate is from the outside in, it's obvious. We go from the clearest thing to the fuzziest thing. But the inspired leaders and the inspired organizations -- regardless of their size, regardless of their industry -- all think, act and communicate from the inside out."*

People who work for you and people who buy your product do not respond to 'what you do' or 'how you do', they knowingly or unknowingly respond to 'why you do'. People sense the disconnect, between 'what you do' and 'why you do'; they may not understand it but they sense it. For this reason you may see an eruption of spontaneous support for a cause, even if not related to them. Examples are protests after Delhi gang rape without the leadership by any political or non-political outfit. Similar was the case of support which poured in after Kargil. At a deeper level, people connected. If we can communicate the 'why' to our people, it would fire their desire to do what they believe in. If what they believe in is also what the organisation too believes in, the organisation can create wonders. Apple and TATA are shining examples. So change the **why of your people**, align it with the **why of the organisation**, by practices, daily actions and conduct.

***If you know the 'Why', you can live any 'How'.~Friedrich Nietzsche***

Almost all the people know Wright brothers for the flying machine, which is the modern day aircraft. But very few people would have heard the name of Samuel Pierpont Langley and nor will they. He had all the resources, best of the minds and the market for developing the flying machine. But it is Wright brothers who became credited with developing the machine despite having none of these resources to invent a flying machine. They used the scarce money taken out from their small business, they were not even graduates, and they did not have the media following them, still they did it. If people work for 'what', they will work only for the money or the emoluments, but if they work for the 'why', they will work with their blood, sweat and tears. That is what the people who worked in Wright brothers team did. Similar is the story of success of companies at their nascent stage, otherwise who can even stand up before the power of mega organisations?

**Motivation – Extrinsic and Intrinsic** – Thus we come to the concept of intrinsic motivation as against the extrinsic motivation. We all know about the extrinsic motivating factors. These are gross and easily understandable. And they have the limit to their capacity to motivate people.

- Rewards
- Punishments
- Compensation and commissions

Intrinsic motivation, on the other hand, is very subtle. It is complex in understanding and so also in putting it to use. Broadly speaking, we can list out the important intrinsic motivators

- **Autonomy – the urge to direct our own lives**

Each individual desires and enjoys freedom of thought and action. Organisations which encourage this get exponential results. The organisation conveys the broad objectives and gives freedom to the individual in devising ways to achieve these, governed by boundaries of ethics, legality and morality.

- **Mastery –the desire to get better and better at something that matters**

Every individual wants to improve upon his skills of doing things and wants to become more proficient and efficient at his job. Organisations giving such opportunity do have an edge.

- **Purpose – the yearning to do what we do in the service of something larger than ourselves**

This is 'why' as spoken by Simon Sinek. This is what is at work when people work for a social cause, community service, in the service of the church or gurudwara. Go to golden temple in Amritsar, and see the way people work tirelessly doing ordinary chores with extraordinary zeal. And then see the same individuals working listlessly at their jobs. On the contrary see extraordinary people doing ordinary work in many big famed organisations.

**Management is man made and leadership is natural**

– We should understand that management is not intrinsic to human society, it is a designed and structured process – this concept was invented to take care of complexity for facilitating human activities of large populations. It may not be there in the time to come – some better designed system or process may replace it. But intrinsic motivation is about human beings and is eternal. Management is good if you want compliance and in the increasingly complex world and equally complex organisations, compliance is becoming grossly insufficient for success. It can't take care of things which are not specified and people have to deal with them spontaneously. Work-places have turned into arenas where passion and initiative are as powerful as professional skills. The **why**, if understood, becomes the guiding factor.

Compliance requires measurement, monitoring and reporting. In the complex world more and more parameters of business are becoming non-measurable, making it difficult to monitor. The solution to this is not increased compliance but it is **engagement** of the people. Engagement is there where there is self-direction.

A small shop owner does not comply but he delivers to the customer. Delivery requires lots of small decisions to be taken, which are impossible to be taught, measured and monitored. Since the shop keeper is fully engaged he does it. He also wants profits but he very well knows that he has to delight the customer to get profits, which for him is a natural by-product. (Continued on Page No 33)

# DEMONETIZATION AND ITS IMPACT ON THE INDIAN ECONOMY : A Critical Review

-Dr. P. Sivadasan\*

## Introduction

The Indian Economy which was considered as the fastest growing economy in the world seems to have slowed down even before the latest shock therapy of demonetization. Indeed, the recently released growth figures from the CSO (Central Statistical Office) hints at a slowdown in the Indian economy even during the quarter before demonetization happened.

While this is indeed cause for concern with projected growth figures revised downwards from 7.6 % to 7.1% for the financial year ending March 2017, what is cause for greater worry and even alarm is the view among some economists including the former Prime Minister Dr. Manmohan Singh that the current and ongoing attempt to flush out black money would reduce 2% of the GDP.

Indeed, some think tanks and research institutes have given even more dire assessments with their projections of growth figures tending to be in the less than 3% range. Of course, the consensus view among many economists is that while there would be indeed a noticeable slowdown in the economy for few quarters, most of them seem to agree that growth would indeed bounce back and the Indian economy would regain its momentum as well as turnaround with a renewed sense of vigour due to higher tax revenues.

At the same time as per the recent estimates by some economists, more than **90% of the total cash in circulation has come back into the banking system** and hence, the stated purpose of the demonetization exercise which was to control black money and enable the RBI to lower its liabilities thereby providing the government with a huge dividend seems to have been contradicted. Of course, there are some who now argue that the Indian Banking System is now flush with cash and this has enabled the RBI to cut rates as well as to allow banks to pass on the benefit of ample liquidity to consumers by lowering lending rates.

However, the flip side of this has been that banks have cut their deposit rates as well which is natural considering that any cuts to lending rates have to be accompanied by cuts to deposit rates. This has resulted in a situation where banks with enough deposits seem to be encouraging spending more than saving and this can indeed create demand in the system since more money with consumers means more spending thereby leading to an increase in sales of goods and services and which has the multiplier effect of resulting in more growth.

On the other hand, with more taxes being collected due to higher deposits in banks that can be taxable as well as increased compliance due to greater scrutiny and oversight by the Income Tax Department, the government too might be

tempted to announce lower rates for taxes and other aspects of what are known as fiscal measures. In this context, it is worth remembering that fiscal stimulus which is by lowering taxes and providing more incentives to consumers as well as producers by boosting supply can be complemented and supplemented by the monetary stimulus which is by boosting demand for goods and services by lowering lending rates thereby putting more money in the hands of consumers.

As economic theory states, both fiscal and monetary stimulus can be implemented in isolation or taken together and hence, the demonetization might indeed act as a catalyst for growth. Also one must remember that India is primarily a cash transaction based economy and hence, removing 85% of the money in circulation is indeed a bold move since there are reports that large sections of the informal economy have come to a grinding halt.

Moreover, **there are also reports of farming sector taking a hit due to lack of cash as well as sales of automobiles and other capital goods falling even though inventories are building up.** Thus, it remains to be seen as to how the growth figures for the next quarter and the overall financial year turn out to be. Given that mainstream economists tend to debate and argue both sides with equal passion and vigour.

Of course, there are other indicators to keep track of as well in the form of various Indices such as the PMI or the Purchasing Managers Index which tracks industrial activity as well as the rates of investment and the credit pickup as well as the Inflation figures.

## Current economic performance

India's economy continues to decelerate with the government's estimate for first-quarter gross domestic product pegging growth at a 13-quarter low of 5.7% in April-June 2017. The reasons for the protracted slowdown — a slide of five straight quarters from 9.1% in March 2016 — are many and varied. But there is little doubt that the demonetization exercise combined with the uncertainty around the July 1 adoption of the new indirect tax regime (GST) served to significantly dampen economic activity. A look at the sector-specific trends shows that manufacturing expansion in gross value added (GVA) terms has slackened to a near stall at 1.2%. This, from 5.3% in Q4 of the last fiscal and 10.7% a year earlier, is a far from heartening sign. With capacity utilization expected to weaken this quarter, according to the RBI, and with surveys suggesting that consumer sentiment has deteriorated steadily in August 2017, the auguries for a demand rebound are far from promising.

While expressing concern about the slower-than-expected expansion, the Finance Minister has acknowledged

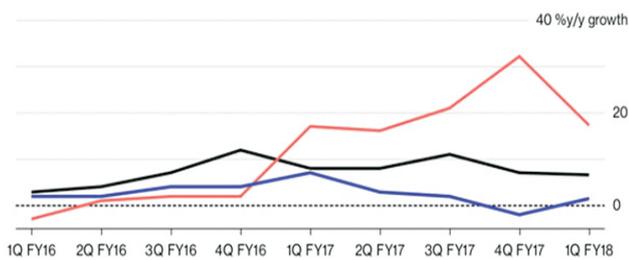
\*Director, Plan B Business Consultants, Kochin, Kerala.

that the challenge before the government now is to work out both policy and investment measures to boost momentum. One option would be to suspend the fiscal road map for a limited period in order to pump prime the economy through increased capital spending by the government. The risks of fiscal loosening are of course manifold, especially at a juncture when several State governments have either announced or are contemplating large-scale farm loan waivers, which would push up interest rates and crowd out fresh lending. Still, there is a thin silver lining in the GDP data. The services sector continues to remain buoyant. Quarterly GVA across the board shows that encompasses trade, hotels, transport, communication and broadcasting accelerated to 11.1%, from 6.5% in the fourth quarter, faster than the 8.9% posted in the corresponding period last year. The civil aviation sector saw passenger traffic soaring by 15.6%, and construction activity, a provider of jobs, also ticked up by 2%. The Finance Minister has to find ways to restore momentum before the tailwinds of low inflation and affordable energy prices start reversing direction.

### Growth Slowdown

Modi's cash ban hits consumption

■ Private consumption ■ Government spending ■ Investment



Source: Ministry of Statistics and Programme Implementation

Bloomberg

Gross value added, a key input of GDP that the central bank closely tracks, came in at 5.6 percent April-June 2017 compared with the 6.2 percent estimate. Export growth slowed to 1.2 percent from more than 10 percent the previous quarter.

### GST Impact

The disappointing numbers are because companies and retailers were paring inventories of goods to prepare for a change in prices under the new goods and services tax and GVA may revive in July to September 2017, according to TCAAnant, India's top statistician.

### Performance of manufacturing sector

Manufacturing activities in the country rebounded in August 2017 with new orders and output returning to growth territory after contracting in July due to the rollout of the Goods and Services Tax (GST), according to a private economic survey. The Nikkei India Manufacturing Purchasing Manager's Index (PMI) rose to 51.2 in August from a 101-month low of 47.9 in July 2017. A reading above 50 on the index indicates expansion. August's PMI results showed that manufacturers in India recovered quickly from the sharp slump that followed the introduction of the GST.

The expansion came a day after the government said manufacturing growth in the first quarter of the current financial year reduced to 1.2% from 10.7% a year ago, bogged down by the lingering effects of demonetization and GST rollout and making India's GDP growth slump unexpectedly to a three-year low of 5.7%. All three monitored sub-sectors – intermediate, consumer and capital – posted substantial recoveries, with capital goods outperforming consumer and intermediate goods in terms of production growth rates. On exports, the survey showed a rise in new work from abroad which reflected buoyant global demand for Indian-manufactured products.

### Economics of Demonetization

The latest GDP growth data showed how badly demonetization has hit the economy. In November 2016, a couple of weeks after Prime Minister Narendra Modi announced the demonization drive, former Prime Minister Manmohan Singh had warned that demonetization could reduce 2 percentage points off GDP growth. India's GDP grew 5.7 per cent on a year-on-year basis during the April-June period (Q1). It was 7.9 per cent for the same quarter last year. However, sequentially, the GDP growth is down 1.3 percentage point from 7% growth in Q3 of 2017.

Widely credited for launching India's economic reforms in 1991, Manmohan Singh dubbed Modi government's move as monumental mismanagement and organised loot and legalised plunder. According to him, his estimate was an underestimate and not an overestimate. According to the Finance Minister, demonetization would have a positive impact on the GDP in the long term. It will be prudent for any economist to look beyond the immediate impact when the demonetization process is on and look at India post remonetization. According to Dr Manmohan Singh, even those who say that this measure will do harm or cause distress in the short term but be in the interests of the country in the long run should be reminded of what John Keynes said once, In the long run all of us are dead.

It seems demonetization will impact the GDP growth longer than it was seen. Economists had expected Q1 GDP growth at 6.5 per cent. Most are now looking at revising estimates for the year. Ratings agency ICRA said the likelihood of growth surpassing 7.0 per cent in the current fiscal year has diminished after the Q1 reading. According to India Ratings, its forecast of 7.4 per cent GDP in FY18 will get revised downwards.

### Other effects of Demonetization

With more than 90 per cent of the demonetized 500 and 1,000 rupee notes having returned to the banking system, has demonetization failed to serve its purpose? That may not be true, because Project demonetization is not over with the mere return of junked notes. The more important part begins now, or has already begun. With so much of the cash in the mainstream now, the government will scrutinize the deposited cash and a good part of it may turn out to be black money.



Demonetization has already expanded the tax base. Individual income tax returns jumped 25% so far in the current financial year as the authorities turned up the heat on evaders after demonetization. The returns filed by individuals were 25.3% higher at 2.79 crore as of August 5 2017, an addition of about 55 lakh from 2.23 crore in the corresponding period of 2016-2017. Growth in filing in the previous year was 9.9%. The tax authorities have identified more than 400 benami transactions up to May 23 2017, and the market value of properties under attachment is more than Rs 600 crore.

Money trails generated by demonetization resulted in identification on two lakh shell companies. Transactions of more than 3 lakh registered companies are under the radar of suspicion while 1 lakh companies were struck off the list, according to government sources. It has already identified more than 37,000 shell companies which were engaged in hiding black money and hawala transactions. Around 163 companies which were listed on the exchange platforms were suspended from trading, pending submission of proof documents. All these consequences of demonetization mean a major impact on the country's black-money economy.

#### **Demonetization the myth**

When Indian Prime Minister announced in November, 2016 that 85 per cent of India's currency would be worthless in hours, he presented the decree as a well-thought-out measure to attack cash hoarded by anti-national and anti-social elements. We were led to believe that honest taxpayers would line up to return their high-value currency notes, but these anti-national and anti-social elements would be unable to do so without raising suspicion.

Eight months on, no argument advanced by the government or its backers in favor of demonetization has been validated. Some officials argued that the piles of cash the Prime Minister spoke of would be extinguished, representing a transfer from black money hoarders to the Reserve Bank's balance sheet which the government could use, say, to recapitalize India's struggling banks. That hasn't materialized, and in fact the RBI has given far less than usual to the government this year.

Some said that counterfeit currency would be exposed; in fact, it's less than 0.0007 percent of the cash taken in. The Prime Minister himself argued that demonetization would break the back of terrorism by cutting off sources of funding. Instead, this has been among the bloodiest summers for Indian security forces in Kashmir. The government has been reduced to boasting the fact that almost all the cash was returned shows how efficiently the government can collect money. That's like throwing yourself off a building while praising how hard the ground is. The only real, if weak, defense left is that demonetization pushed the Indian economy toward more formal ways of operating and saving and expanded the tax base. But neither of these requires a policy as incredibly destructive as demonetization.

Nor is it clear that the government's claims that the direct tax base has vastly increased. But the numbers they've released have been contradictory and deceptive. And even if the figures are correct, we've seen increases of comparable proportions several times in the past, without the trauma of demonetization. India's new goods-and-services tax is going to expand the formal economy and the tax base anyway. There was simply no need for an additional, untested and hugely disruptive policy to achieve the same end.

Exactly how disruptive was demonetization? Well, it may have eliminated over 5 million jobs; it's certainly ensured that growth slowed. For weeks, hundreds of thousands of small businesses struggled to find working capital; many of them may have gone out of business permanently. There was so little cash that agricultural prices crashed - and, as a result, protesting farmers began to demand that their debts be written off. The government may give in, with dreadful consequences for India's fiscal position. Most of this could have been foreseen by any half-decent economist. But the demonetization decision was taken in secret by less than half a dozen people, none of them an economist. Few governments in history have introduced something as disruptive as this with as little thought, preparation or study.

#### **Conclusion**

Unfortunately, the paucity of benefits from its sole big policy innovation may lead the government to do more harm by arguing that excess deposits in the months after demonetization will have to be investigated. In essence, this means that India's notoriously corrupt tax administration will be given a free hand. Indian government has learned no lessons from this fiasco. Why should it? It hasn't suffered at the ballot box. Enough voters bought the idea that demonetization may not have worked perfectly, but at least the Prime Minister tried. As long as that remains true, the government will surely be tempted to launch some other scheme soon that is equally unusual, unnecessary and counterproductive.





## TRAINING AND DEVELOPMENT –PART 2

A.Kanthimathinathan\*

### Overview of the first part

In the first part of the article author has explained the need of training and development in the new millennium ,its scope and the role of today`s Manager.In this part of the article author has thrown conceptual frame work of training and the five essential habits of High performing Managers.

### Training objective

Experts in HR development has drawn different objectives based on their experience and expectations:

Most essential objectives identified are:

1. To improve the performance of them in their current assignment
2. To provide adequate cover to the organization in the event of deaths or transfers
3. To raise the general level of Management thinking
4. To meet the anticipated needs of the organization
5. To improve cross functional relationships
6. To improve analytical ability
7. To understand the problems of human relations
8. To stimulate creative thinking

### Role of learning in T&D

Learning of knowledge and skills through training can enhanced by various factors such as Motivation, Response and reinforcement, feedback, participation and knowledge and perception of trainees.

Learning can be described as a relatively permanent change in behavior that occurs as a result of insight, practice or experience. Learning can be an addition or subtraction(unlearning a bad habit) or it could be a modification(changing from old to new techniques). Learning may be conscious or unconscious. For example learning the `acting in movies` is consciously done but the style and gestures is unconsciously acquired through films we have seen.

To motivate to learn , we need different strategies. Stronger the motivation faster and effective will be the learning process .

### Training deliverables

Training deliverables can be defined as `end product of instructional design process`. For example, workbooks/manuals/lesson plans/take aways` of the programme/training content in DVD etc are few to be classified into deliverables.

### Training techniques

Choice of training techniques is decided by :

- Learning objectives
- Size of the target population
- Learning styles and interest of the trainees
- Course contents/duration

Normally we classify these training techniques broadly into `On the job training and Off the job training`. On the job training is most preferred as it is faster than off the job training. However sometimes we may need to use the technique of off the job too, like case studies , Role playing techniques , Group discussions etc.

### Training and HRD Process model

Assessment	Design	Implementation	Evaluation	
Assess needs	Define objectives	Deliver the HRD program or Intervention	Select evaluation criteria	
	Develop lesson plan		Determine evaluation design	
Prioritize needs	Develop/acquire materials		<b>Conduct evaluation program or intervention</b>	
	Select trainer			
	Select methods/techniques			
	Schedule the program/intervention	Interpret results		

### Assessment of Training needs

Need analysis involves investigation how the training could solve the issues related to performance or enhancing the current level of performance to a higher platform. Need assessment is the process of determining KSA`s.(Knowledge/Skill/Attitude).

### Performance Analysis

If needs to be unearthed then the performance level has to be measured. HPT-Human Performance Technology is introduced. It is defined as a set of methods and processes for solving problems or realizing the opportunities related to the performance of the people .This can be utilized to discover the important human performance gaps, planning for future improvements and design& development of training programmes.

HPT covers five major areas:

1. Performance Analysis
2. Cause Analysis
3. Intervention Analysis
4. Change Management
5. Evaluation

### Five habits of of the mind to become an Effective Manager

Peter F.Drucker has outlined five habits of the mind to become an effective Manager which are more relevant in this context.

#### A. Management of time

Time management is a tool in the hands of Managerial executive to enhance his effectiveness in his erformance.Paradox of time must be understood and we should prioritise our activities so as to achieve the goals of the organization.This may cover daily management of time/eliminate non value added activities/controlling paper

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work/checking balance(similar to cash management) etc.Simply we should learn to spend more time on activities which contributes for performance level enhancement.

#### B. **Result Orientation**

We need to consistently deliver required business results, sets and achieves achievable, consistently complies with Quality ,productivity, timely deliveries and customer satisfaction etc. This calls for goal setting and drive the team for meeting /exceeding expectations.

#### C. **Setting up the priorities**

Setting up the priorities of the Managerial/professional position is an important element of effective manager. Managers should be trained to set goals and specifically should spend time on productive tasks that brings value to his contribution.

#### D. **Decision Making**

Decision making skills are important for the managers to be effective in their performance and also to meet the requirements of the goals of the organization. Persons around him look for his decisions day in and day out and he should have the skill of identifying the real issues and try to help them resolve on every single occasion. Decision making process involves making a choice from two or more alternatives/selection of alternative solution/Implementation and evaluation.

#### E. **Strength Building**

To be a highly successful Manager , he should have the awareness of the strengths of each team member and able to discover their hidden talents which could be tapped for organization`s goals. It involves the following steps:

- Identify the core strength(core competency level)
- Apply these core competency to organizations` goals
- Assign mini projects to based on employee strengths
- Incorporate core competency levels in performance reviews
- Communicate team members on their career growth based on strength improvement
- Provide training facilities in to enhance their core strength
- Allow the team members to take higher responsibilities

#### **Conclusion**

This second part is the concluding part of our article on `Training and Development in Industries`.This helps the Professional managers to effectively plan their training programmes in their organizations to build a `High Performance Team`.

(Continued from Pag No. 28) Customer satisfaction is the key, and all others things are facilitating factors. Similarly an employee who has the autonomy, the mastery and the purpose is like this shopkeeper – who is also the owner. If we can create *owners* out of employees, we do not need to monitor and control. We may then still continue to measure, but for the sake of benchmarking.

It is well researched fact that intrinsic motivation has a more profound effect on the people than extrinsic motivation, more so when the tasks are cognitively difficult. One can read extensive literature and videos on “Candle Experiment”. It is an interesting study.

**Cooperation!To or not to?** – Modern businesses have become too complex and thus the need for increased interdependence. In this scenario, good and evils of cooperation directly reflect on the performance of the business.

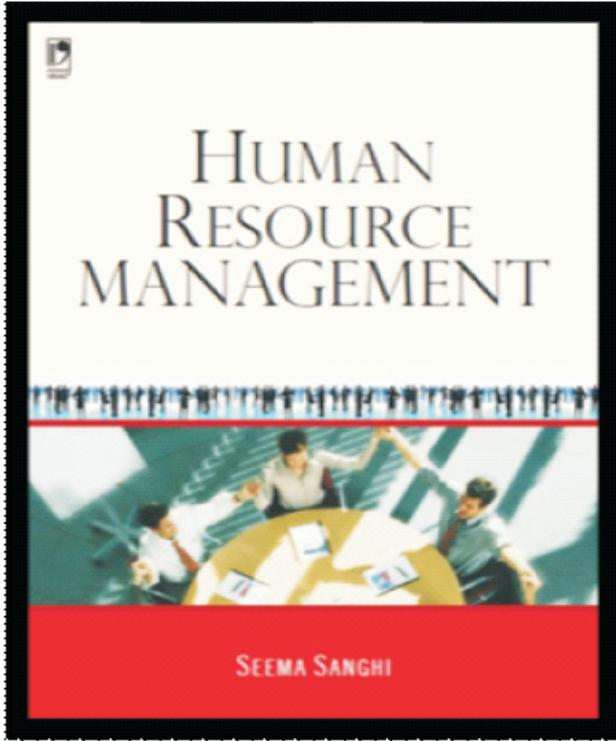
Butcooperation is not natural in competitive environment. So let us deal with the elementary question.**Is Coopertion good or bad?** –Seemingly obvious and immediate answer to this question would be – GOOD.No doubt, cooperation among the people is good for the organisation but is it good for the individual? Had it been so all the individuals would have loved cooperating in business. It is not so. This fact has been very beautifully explained in a video on ted.com by **Yves Morieux** titled **“How too many rules at work keep you from getting things done”**. He takes an example of world championship relay race and explains the concept in enchanting manner. So if we want individuals to cooperate, which is good for the organisation, we have understand this that individuals will have to satisfied with achieving less individually. For them to continue to cooperate, we have to reward the cooperative behaviour. We have to measure the cooperation if possible and acknowledge it. What in reality do the organisations do, they measure the individual performance so we become good at comparing the performance of the two people and never the cooperation. People are not stupid and they shun cooperation as it reduces their individual performance. But some companies refuse to understand the simple fact about cooperation that the whole is worth more than sum of its parts and measuring parts will not encourage the working for whole.

In the end, I will end by a simple saying – **‘What you do, rings so loud in my ears, that I can’t hear what you say!’ Let us walk the talk – Let us be leaders – in all walks of life.**



## Book Review

### HUMAN RESOURCE MANAGEMENT BY SEEMA SANGHI



There are many text books and reference books in the subject Human Resource Management. In this book the author used a very unique method of presentation which has the Indian perspective to all the HR issues with a blend of examples from corporates like TISCO, Nestle, Birla Sun Life, Infosys, Eli Lilly India, Philips Software, Monsanto, Frito Lay India, Wipro, FedEx, Union Carbide, Engineers India, HPCL, Steria, IFFCO, THDCL, KPMG and so on. The Author quoted many examples from countries like US, UK, Canada, France, Australia, Japan, China, Singapore, Malaysia and other countries across the globe. The objective of the book was to present a book which builds upon the theory and concepts and takes the readers through examples from corporates in various countries for a better understanding as no manager will be working in isolation. The book includes the chapters on Strategic Human Resource Management, Competency-Based HRM, Assessment Centers, Human Resource Accounting and work – Life Balance- Presenting contemporary, latest and emerging trends along with the traditional Human Resource Management, Human Resource Planning, Job Analysis and Design, Recruitment and Selection, Training and Development, Career and Succession Planning, Performance Management, Employee Separation, Compensation and Job Evaluation, Employee Compensation and Benefits, Union Management Relationship, Establishment and Terms of Services, Social, Safety and Health.

The author mentioned few salient features which they followed for all the chapters in the Book which are as follows:-

**Preview** – The opening vignette introduces the HR topic. It stimulates the reference in context, generating interest and curiosity.

**Did You Know?** - It has illuminations, events and historical facts, taking the readers into the origin and evolution of HR.

**Comparative Analysis** – this has several examples from the national and multi-national companies on all aspects of HRM. These examples enable the readers to compare the way one looks at the problem and its solution. It also presents extracts from international studies, giving a larger and broader perspective on HR issues.

**Recent Advances** – this feature includes changing conditions, advances in the field and emerging trends that may open up new areas or give lead to project work, studies, surveys and researches.

**Legal Corner** – this is a very unique feature which gives insight into the national and international legal issues, framework and challenges as faced by the corporate.

**Review Questions**- the questions are provided as a tools to review the readers' knowledge and to remind you of areas you may have missed or forgotten.

**Skill Building Activity I and II** – these engaging skill-building activities are designed to tap the readers' curiosity, interest, motivation and increase their eagerness to learn.

**Case Studies** -Seven case studies are included which are based on real world situations where conceptual knowledge has to be applied for igniting the minds to face the future corporate challenges.

The book is presented in an attractive manner with multi colour print including pictures and tables for easy understanding which helps the student community to understand the concepts with better clarity.

#### Book Details:-

**Title :-Human Resource Management**

**Author:-SeemaSanghi**

**Publisher – Vikas Publishing House Pvt. Ltd.**

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Reviewed By

Dr. Rajeswari.R, Principal, Chathamkulam Institute of Research and Advanced Studies.

## Corporate Scene :

# LOOMING SHADOW OVER CORPORATE SECTOR

Dr. Francis Cherunilam

The latest reports on the economic indicators of India are very discouraging. GDP growth rate is decelerating, against the background of, inter alia, poor performance of agricultural, industrial and foreign trade sectors and the impact of demonetisation.

Forecasts within the nation and by international sources show a dim picture that the GDP growth in 2017 – 18 would be significantly lower than the government target of more than 7 per cent. Factors such as demonetisation, ban on cattle slaughter and the strains caused by GST might affect growth but it needs to be noted that growth has been slowing for five quarters now, falling to about 6 per cent in the last quarter of 2016 - 17 from 7 per cent in the preceding quarter as in Table 1.

**TABLE 1: SOME GROWTH INDICATORS (PERCENTAGE) OF INDIAN ECONOMY**

Indicator	2015-16	2016-17	2017-18 Q1
Gross value added	7.9	7.6	5.6
Agricultural production	0.7	4.9	2
Industry capacity utilisation	74.6	72	71

Growth of index of industrial production fell from 5.2 per cent in July 2016 to 3 in January 2017 and 2.4 per cent in July 2017.

The gross value added (GVA), another measure of economic activity, shows a more disappointing picture. [GVA is arrived at by excluding net indirect taxes from GDP]. GVA growth slowed from 7.9 per cent in 2015-16 to 6.6 in 2016-17 and to 5.6 per cent in quarter 1 of 2017 – 18.

The economic performance indicators given above show that the deceleration started much before the demonetisation. The problems associated with introduction of GST may impact growth in the near future. A survey on the GST preparedness of small and medium enterprises done by Dun & Bradstreet in April and May of 2017 found the sector suffering from lack of clarity on the new tax regime.

What the decelerating GDP growth costs the people of the country becomes more clear when we consider the fact that a one percent decline in GDP means a loss of Rs. 1.5 lakh crore and two percent decline amounts to a huge of Rs. 3 lakh crore sacrifice. P Chidambaram, former Finance Minister of India, recently tweeted that our worst fears have come true; sub-6 percent growth is a catastrophe. Although it is argued that the rich are the major beneficiaries of economic growth, the role of fast growth in the remarkable poverty decline in India is well recognised. Further, the worst victims of demonetisation are the poor and common man.

Even a 6 per cent annual growth which we consider unsatisfactory is a good rate not only compared to the world average or even the average for the developing countries which have been growing much faster than the world average. But this is a very low rate when we consider the growth potential of the country. See Table 2.

*During the five years of 2003-04 to 2007-08, India achieved an unprecedented high average annual GDP growth rate of 8.8 per cent, compared to the average growth of only 5.4 per cent during the preceding five-year period (1998-99 to 2002-03). During the three years preceding the global economic crisis (2005-06 to 2007-08), the growth rates were as high as 9.5 per cent, 9.7 per cent, and 9.0 per cent and a double digit growth rate appeared to be in sight.*

**TABLE 2: OUTPUT GROWTH RATES (PERCENTAGE)**

Region/Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016@
World	4.1	4.0	1.5	-2.1	4.1	2.8	2.3	2.2	2.5	2.5	2.3
Developed Countries	2.8	2.5	0.0	-3.7	2.6	1.4	1.1	1.1	1.7	2.0	1.6
S-E Europe & CIS (Transition Economies)	8.5	8.7	5.3	-6.6	4.8	4.7	3.3	2.0	0.9	-2.8	0.0
Developing Countries	7.7	8.0	5.4	2.6	7.8	6.0	4.7	4.6	4.4	3.9	3.8
China	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.7	7.3	6.9	6.7
India	9.4	10.1	6.2	5.0	11.0	7.9	4.9	6.3	7.0	7.2	7.6

@Forecast

Source: UNCTAD, Trade and Development Report, 2014 and 2016.



However, in 2008-09 the growth rate declined, impacted by the global economic crisis, to 6.7 per cent. It may be noted that this 'lower' growth rate was higher than the average growth rates of all the first nine Five Year Plans except the Eighth Plan (1992-97) during which the growth rate was nearly 6.7 per cent. Further, compared to the performance of other nations during this crisis period, India's performance may be regarded as exceptionally good. In 2009, the advanced economies suffered a 3.4 per cent decline in GDP and the world income fell by 0.6 per cent. When the developing economies as a group grew by only 2.6 per cent and the former communist and socialist countries (CIS and Central and East Europe) experienced steep fall in income, India could clock in 5.7 per cent. Thus, during the colourless global economic crisis (i.e. it affected countries of all political colours and shades – capitalist, socialist, communist and mixed), the Indian economic performance was colourful. Indeed, the Indian economy quickly bounced back robustly.

By the mid present decade India's GDP growth exceed that of the Chinese (the fastest growing economy of the world for a long time) as predicted by the global consultant Goldman Sachs (GS) a number of years ago. According the predictions of GS, India would continue to be the fastest growing economy for a long period.

Driven by the basic growth potentials, the Indian economic growth may be expected to pick up provided the right environment is provided. There are, however, discouraging indicators. The beef ban can affect the rural economy and backward classes in particular. The impact of destruction of secularism and democratic rights will be very deleterious.

Growth in gross fixed capital formation, which is a proxy for investment demand in the economy, slowed sharply in FY17 to 2.4 per cent from 6.5 per cent a year ago. Infrastructural development has a critical role in economic development and India needs massive investment in this sector – estimated at

About Rs 15 lakh crore a year, shared almost equally between public and private sectors. But the estimates are that it now hovers around Rs. 4-5 lakh crore in the public sector and only Rs. 1-2 lakh crore by the private sector, mostly in small projects.

The basic strength of the economy should come from the agricultural sector which shelters about half of the Indian population with just about 18 per cent of the GDP and the industrial sector. However, the manufacturing sector which got added emphasis on its role since the middle of last decade and about the development of which a euphoria was created globally under the make in India strategy announced by the NDA government has not shown any sign of coming anywhere near the targets assigned.

Another disturbing trend comes from foreign trade sector which is also a determinant of the GDP growth. Since around the mid 1980s, India's exports were growing faster than the world average, resulting in a more or less steady, though slow, increase in India's share of global exports. But very recently Export grow went into negative zone causing a slight decline in India's global share of exports. In short, the economy faces quite a few serious challenges.



# CREATIVITY IN MANAGEMENT

Rajendran KP \*

## Executive Summary

It is very important to impart the creativity in business and this helps the organisation to equip the potential to withstand the change in the business environment. The creativity is the ability or quality displayed when solving hitherto unsolved problems, when developing novel solutions to problems others have solved differently, or when developing original and novel product. A creative contribution is something that is relatively original or High Quality vis-à-vis some purpose. Creative process is the forming of associative elements into new combination, which either meet specified requirements or are in same way useful. The more remote the elements, the greater the creativity. An attempt is made in this article to explain the topic with few blocks for creativity and how to overcome the same.

Key words:- Creativity, Creative contribution, blocks for creativity

## 1.00 What is Creativity?

**1.1 An Ability:-** A simple definition is that creativity is the ability to imagine or invent something new. As we will see below, creativity is not the ability to create out of nothing (only God can do that), but the ability to generate new ideas by combining, changing, or reapplying existing ideas. Some creative ideas are astonishing and brilliant, while others are just simple, good, practical ideas that no one seems to have thought of yet. Believe it or not, everyone has substantial creative ability. Just look at how creative children are. In adults, creativity has too often been suppressed through education, but it is still there and can be reawakened. Often all that's needed to be creative is to make a commitment to creativity and to take the time for it.

**1.2 An Attitude:-** Creativity is also an attitude: the ability to accept change and newness, a willingness to play with ideas and possibilities, a flexibility of outlook, the habit of enjoying the good, while looking for ways to improve it. We are socialized into accepting only a small number of permitted or normal things, like chocolate-covered strawberries, for example. The creative person realizes that there are other possibilities, like peanut butter and banana sandwiches, or chocolate-covered prunes.

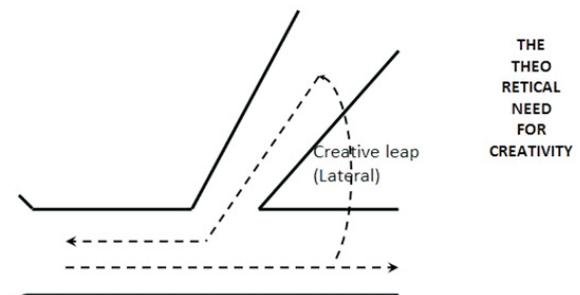
**1.3 A Process:-** Creative people work hard and continually to improve ideas and solutions, by making gradual alterations and refinements to their works. Contrary to the mythology surrounding creativity, very, very few works of creative excellence are produced with a single stroke of brilliance or in a frenzy of rapid activity. Much closer to the real truth are the stories of companies who had to take the invention away from the inventor in order to market it because the inventor would have kept on tweaking it and fiddling with it, always trying to make it a little better. The creative person knows that there is always room for improvement.

## 2.00 CREATIVITY – Definition

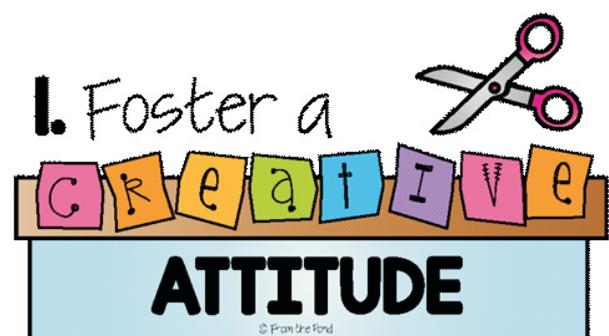
**Creativity** is a phenomenon whereby something new and valuable is created (such as an idea, a joke, an artistic or literary work, a painting or musical composition, a solution, an invention etc.). The ideas and concepts so conceived can then manifest themselves in any number of ways, but most often, they become something we can see, hear, smell,

touch, or taste. The range of scholarly interest in creativity includes a multitude of definitions and approaches involving several disciplines; psychology, cognitive science, education, philosophy (particularly philosophy of science), technology, theology, sociology, linguistics, business studies, songwriting and economics, taking in the relationship between creativity and general intelligence, mental and neurological processes associated with creativity, the relationships between personality type and creative ability and between creativity and mental health, the potential for fostering creativity through education and training, especially as augmented by technology, and the application of creative resources to improve the effectiveness of learning and teaching processes.

## 2.1 Creativity Leap



## 2.2 Creativity > Attitude

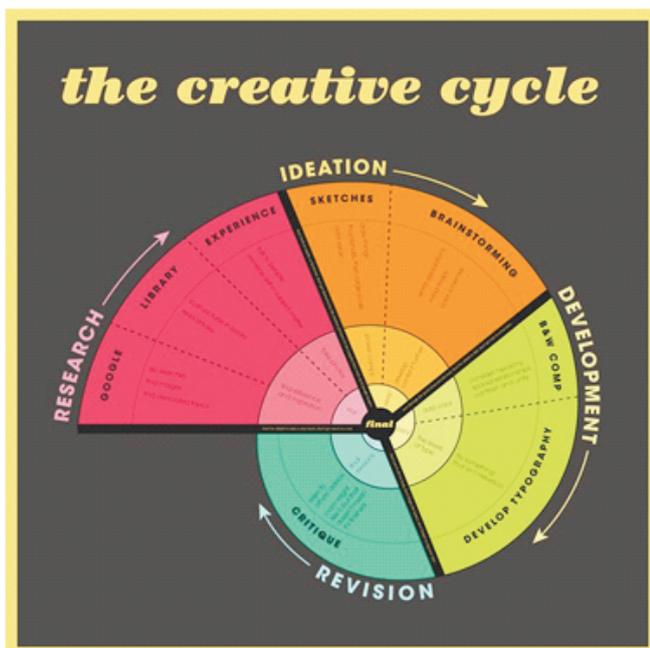


\*Consultant – Materials Management & Training

Creativity is also an attitude: it is the ability to accept change and newness and willingness to pay with Ideas and possibilities. It has the flexibility outlook with the habit of enjoying the good, while looking for ways to improve it.

### 2.3 Creativity > a Process

Creative people work hard to continually improve ideas and solutions. Contrary to the mythology surrounding creativity, very, very few works of creative excellence are produced with a single stroke of brilliance or in a frenzy of rapid activity. Much closer to the real truth are the stories of companies who had to take the invention away from the inventor in order to market it because the inventor would have kept on tweaking it and fiddling with it, always trying to make it a little better.



### 3.00 Mental BLOCKS

There are many factors which creates a mental blocks for creativity. These blocks are to be removed with suitable strategies and Interventions in order to promote creativity in the organisation. The following are the important mental blocks.

#### 3.1 Fear of Failure

In general the Success is Rewarded and the Failure is Punished we have learned this since childhood. People tend to avoid competitive situations due to strong fear of failure makes us avoid risks. so some of us develop an exaggerated fear of failure. Such individuals are likely to avoid competitive situations, i.e. situations in which they are likely to be compared to others. Fear of Failure prevents us from acting our best. The people can be classified based on the three categories viz. a) Creative but not very Intelligent, b) Highly Creative & Intelligent, c) Low in Creativity & Intelligence. Many of us surely remember the lump in our throat and the cold shiver in our feet when making a public speech for the first time,

or at the time of our first interview. A strong fear of failure makes us avoid risks. At times, it makes us take excessive risks to have an alibi for failure. Although some fear of failure is useful in mobilizing us for a task, excessive fear of failure prevents us from acting at our best. In a study of about 150 American school children, Michael Wallach and Nathan Kogan noted that those they identified as creative but not very intelligent had higher fear of evaluation than those they identified as either highly intelligent but not very creative, or highly creative and intelligent, or relatively low in both intelligence and creativity. As a result the creativity of the high creativity and moderate intelligence children suffered in test situations. This higher fear of evaluating may well have been because, in the past the unconventional way of responding to tests may be have earned them low grades form teachers looking for standard 'right' answers. The acceptance of failure as necessary part of life is the best way to get rid of this block. No child would learn to walk if it was excessively afraid of falling. Failure is as necessary as success in learning new skills. Failure simply means that we have to try harder, or that we have to take a new approach. It does not mean that we are no good. This way failure can be a tremendous source of information and a powerful spur to growth and improvement.

#### 3.2 Allergy to Ambiguity

Ambiguity, uncertainty, or complexity is discomfoting to many of us. But some are positively allergic to it. They shrink from an ambiguous situation possibly because they feel unable to cope with it. Uncertainty for them amounts to chaos. They have an excessive need for order, structure, and routines, to simplify the job of living in a complex and dynamic world. They like to tread the beaten path, and in the process miss the opportunities that life presents for growth and creation. After all, had there not been people who delighted in exploring ambiguous situations, no science or art would have been possible. The very act of creation involves exploration the terra incognita between the status quo and a dimly perceived excellence. Unhappily, where education is cramming-oriented and examinations reward memorizing rather than genuine insight, the spirit of enquiry begins to dim, and this weakens our ability to face up to ambiguity.

The best antidote to the allergy of ambiguity is for us to experience stress from ambiguity. Then we would see for ourselves that it is not so terrible after all. Also, such confronting of solving and unravelling of ambiguity. If we can joyfully do puzzles and play games, we can surely extract similar pleasure facing up to ambiguity in other spheres of life. Approaching complex situations as challenges and learning arenas rather than as mazes with no exits can be helpful in dissolving this block.

#### 3.3 Touchiness

Fear of humiliation and rejection is a Block for activities involving collaborative working conditions. People are touchy facing difficulty in approaching others for assistance or guidance They look at suspicion at attempts by

others to be friends they arises from frail EGO and realistic appraisal of one's strengths and weaknesses to precondition for removing this block and Develop an attitude that criticism is necessary for growth and maturity as praise. Bruising experience are helpful.

### 3.4 Resource Myopia

The inability to see the resources at our disposal is a common block to creativity. We are often unaware of our own strengths. The resources at our disposal are usually much larger than we imagine. Consider a man like Gandhiji Nelson Mandela. He had no formal authority nor, to begin with, any exceptional gifts. But by his pen, by his speech, by his example, and by his ability to bring together dedicated men and women, he was able to move mountains, so to speak. The ability to perceive one's strengths and weaknesses accurately and awareness of the resources in one's environment are indispensable for overcoming resource myopia. Curiosity about the situation one finds oneself in, the habit of asking around who has what resources and where, the managerial trait of being able to draw readily on the resources of others, are worth cultivating to get rid of this block. Resource myopia gives rise to a number of other disabilities that also hinder creativity. The chief of these are fatalism, excessive dependence, learned helplessness and inferiority complex. All these disabilities arise because resource myopia makes us poor problem solvers.

### 3.5 Conformity

Conformity creeps into us because of the fear of flouting social norms, the fear of social disapproval. A number of factors raise the desire for conformity. Fear of failure, touchiness, and allergy to ambiguity may make one escape into a safe, don't rock-the-boat, conformist niche. Conformity permits a relatively risk-free existence through the acceptance of the status quo. It manifests itself in excessive allegiance to customs, traditions, rituals, and procedures. The conformist individual is often a conventional individual. An excessive desire for conformity is clearly a block to creativity, since creativity implies change in the status quo. Indeed, conformists have often blocked creative individuals. Jesus was destroyed by the Pharisees and Galileo was made to recant his theories by the church. There is also some research evidence that conformity to social pressures dampens creativity.

Some conformity is, of course, essential for any social existence. But without creativity, a society would soon face extinction since the world keeps on changing, thereby making the status quo obsolete. Societies that adapt quickly tend to survive and prosper; those that stick to conventional modes are often superseded by those that do not.

The roots of conformity may go deep, into child-rearing practices, into what is considered right and wrong behavior, and the severity with which deviation from socially prescribed behavior is punished. Conformity cannot be got rid of easily. Active questioning of conventions, and habits, exposure to dynamic cultures, and rewarding of creative forays, however, can break the shackles of conformity. A

study of individuals who successfully broke conventions can also fortify one's resistance to conformity, as also friendship with unconventional types.

### 3.6 Starved Sensibility

Some aspects of modern civilization seem to have been designed to dull our sensibilities. Our ability to imagine and to fantasize, so abundant in our childhood, is often starved out by the constant admonition to stop daydreaming, stick facts, and be precise. Over-specialization in studies and at work, too, may limit our awareness of the world around us. Besides imagination, emotions, can also be starved by the constant pressure to 'keep control', not be emotional and be rational'. We often forget that it is feeling that gives meaning to our actions, and that without the energy supplied by emotions, no great tasks could be accomplished. Idealism, love, hate, compassion, yearning for peace, as well as ambition are emotions that have time and again reshaped the world. Not only fantasy and emotion, our sense, too, can fall prey to the press of civilization. Our sense of hearing, touch, smell, taste, and sight are needlessly atrophied through neglect. In some of us, these are also atrophied through the belief that mortification of the flesh is necessary for spiritual growth.

There are two reasons why the cultivation of our senses can increase our capacity for divergent thinking and creativity. First, they can enhance our pleasure and spur us further to creative ways of enhancing it. A cultivated palate helps one become a better chef, or at least makes one want to patronize an imaginative chef. A cultivated sight is necessary to be a good painter, or at least to enjoy good painting. So cultivated senses are necessary for us to have or want to have refined aesthetic experiences, and thus are a necessary foundation of all that is graceful and artistic in life. But besides this, senses are the filters through which we get outside stimulations. If these filters are opaque, they block a lot of sensations that could otherwise have triggered creative processes within the mind. In studies of creative individuals, what comes across again and again is the freshness and vividness of their perceptions.<sup>5</sup> Like stunted, shriveled plants, starved sensibilities have to be revived through a more nutritive soil and better watering, that is to say, by conscious cultivation of sensibilities. The impediments to the growth of sensibilities have to be removed, such as the notion that fantasizing is a waste of time (Einstein thought that imagination is more important than facts), or that facts are better than feelings, or that the body is a source of evils and enticements. Coupled with this must be a deliberate effort to fantasize creatively (e.g. by reading mind-bending stuff), feel richly (try recollecting vividly your most pleasurable and painful moments), and enjoy the poetry of the body. A lively interest in the arts, nature, science, and sports, wide reading and interesting hobbies, and friendship with receptive persons should crack the block of starved sensibilities.

### 3.7 Rigidity

A common block to creativity is rigidity. Rigidity can come in many forms. Failure to adapt, despite the need for modifying behavior, is one form. In other words, a formula approach to life is evidence of rigidity.<sup>6</sup> Years ago, some interesting experiments were conducted to measure rigidity. Subjects were given a series of water jar problems. For each problem, they were given the water holding capacity of three jars A, B, and C. They were told that there was a tank of water from which they could draw, whatever water they wanted. The problem given to them was to measure out a specific quantity of water. For instance, in one problem they were told that A holds 21 litres, B holds 127 litres, and C holds 3 litres. The subject was required to produce 100 litres. Here, the solution is B-A-2C. Next, a series of problems that could be solved by this formula were given to the subjects, so that they learnt the formula well. Then they were given holding capacities of the jars as 23, 49, and 3 for the three jars and asked to produce 20 litres of water. The answer could be got by the formula B-A-2C, but it could also be obtained by the much simpler A-C formula. In an experiment involving hundreds of subjects drawn from colleges, adult education classes, and schools in the New York area, 50% to 75% of subjects that had learnt the B-A-2C formula applied it to problems where a much shorter method (e.g., A-C) could give the same answer. In a problem where B-A-2C could not be used but A-C could give the same answer, 50% to 90% of the members of the experimental groups failed to solve the problem. Virtually no one in the control groups failed to solve the problems (the control groups had not learned the B-A-2C formula). These experiments indicated that rigidity comes from over-learning, that is to say, from persisting in applying a generalization valid in one set of circumstances to circumstances in which it is not valid.

Rigidity or over-learning comes in several forms, three of which are fairly common. One is stereotyping, the second is dogmatism, and the third is functional fixedness. Stereotyping was a term invented by Walter Lipmann, a well-known American columnist. Stereotyping is a generalization without sufficient evidence about a quality or attribute of members of a class of people. For instance, a person may encounter a few intellectual Brahmins and from this leap to the conclusion that all Brahmins are intellectual. Similarly, some people hold such stereotypes as Muslims are fanatical or Englishmen are cold, and so forth, on quite skimpy evidence. Stereotyping has its uses. Once a person or an object is pigeonholed, we can deal with him or it with the confidence that comes from familiarity. But stereotypes can also blind us to uniqueness and diversity. Also, stereotypes sometimes indicate sickness in the personality of those that hold them. If the parents have been especially harsh or uncaring in childhood, the child's repressed hostility finds convenient outlet in adulthood in the form of hate-filled stereotypes of minorities, subordinates, and other relatively defenseless persons.<sup>7</sup> This was one explanation for German Fascism and its vicious hatred of Jews.

A second form of rigidity is dogmatism, the passionate holding of beliefs not warranted by information. Dogmatism is closed-mindedness,<sup>8</sup> and in extreme cases assumes the form of fanaticism. Dogmatists accept only information that is consistent with their preconceived beliefs. Inconsistent or contradictory information is dismissed, suppressed, denied, or twisted around to accord with one's dogma.

A third form of rigidity is functional fixedness.<sup>9</sup> People who have functional fixedness are fixated on some one specific function performed by a tool or an object, and are unable to see, or resist seeing, other possible uses. A bottle may be seen merely as a container while its possibilities for decoration, defence, and art may be overlooked. A servant is defined as, well, just a servant. His potential to be a companion, a friend, a story-teller, an artist, a problem solver, a crisis manager, a guard, and so forth may be overlooked.

Stereotyping, dogmatism, and, functional fixedness seriously impair several creativity-related abilities, particularly fluency and mental flexibility. Stereotypes and dogmas are often deep-rooted. If they have been formed because of wrong information they can be removed by right information. If, however, they have been acquired to maintain sanity in the face of overwhelming internal conflict or frustration, and their function is to displace the internal turmoil on to the relatively weak and defenseless, information may make them even more absurd. The person attempting to remove a stereotype held by another person must be trusted and seen by the latter as a friend or a mentor, for the former's attempt to have a chance of success. Once fear and hatred are peeled off, the human psyche is more open to reason and information.

As we have seen, functional fixedness arises from over-learning. Instead of stimulus evoking several responses, the individual learns just one dominant response, such as chalk=writing on the blackboard, and lamp = light . Some unlearning is necessary for getting rid of functional fixedness. Techniques of creativity like attributes changing and brainstorming can be especially helpful. These can help one see multiple uses of tools and objects, where earlier just one was known.

It is worth noting that these blocks are not wholly harmful. Some of them, in mild forms, may even be useful. For instance, a mild fear of failure galvanizes rather than paralyses, and moderate conformity helps win acceptance of oneself as a change agent. Some others, though harmful to creativity, have other uses. For instance, rigidity sustains one in times of stresses and strains\*, as exemplified by the survival of those minorities, such as the Jews, who rigidly adhered to their beliefs and traditions in hostile times. Touchiness may spur one to absorb oneself in solo activities like mathematics or poetry. It is precisely because blocks have some functional value that so many have them. A deeper understanding of why one has the blocks one has, what functions are served by them, as well as how they



impede creativity, should lead one to a more conscious choice of action to take. Table 13.1 summarizes the blocks, their main causes, their symptoms, their usefulness, and the way they obstruct creativity. They are conveniently divided into fears and disabilities. The four fears are the fear of failure, confusion, humiliation, and social disapproval. The three disabilities are those of resource myopia, starved or shrivelled sensibilities, and rigidity.

#### 4.00 RISK ...By Author Janet Rand

The following are the risks explained by Author Janet Rand

To laugh is to risk appearing the fool  
 To weep is to risk appearing sentimental  
 To reach out to others is to risk involvement  
 To expose feelings is to risk exposing your true self  
 To place your ideas, your dreams before a crowd is to risk their loss  
 To love is to risk not being loved in return  
 To live is to risk dying  
 To hope is to risk despair  
 To try is to risk failure  
 But risks must be taken,  
 because the greatest hazard in life is to do nothing.  
 The person who risks nothing,  
 does nothing, has nothing, and is nothing.  
 They may avoid suffering and sorrow,  
 but they cannot learn, feel, change, grow, love, live.  
 Chained by their attitudes, they are a slave,  
 they forfeited their freedom.  
 Only the person who risks can be free

*He who knows not and knows not he knows not: he is a fool - shun him.*

*He who knows not and knows he knows not: he is simple - teach him.*

*He who knows and knows not he knows: he is asleep - wake him.*

*He who knows and knows he knows: he is wise - follow him."*

#### 5.00 Creativity Challenge

Creativity is a great motivator because it makes people interested in what they are doing .

Creativity gives hope that there can be a worthwhile idea. Creativity gives the possibility of some sort of achievement to everyone. It makes life more fun and more interesting and it provides a framework for working with other as a team.

Challenge is a key part of everyday creativity. Do we have to do things this way of doing this? Let's take a look at this. It is very important to be clear that the challenge is not a criticism.

As soon as a challenge becomes a criticism then it is no longer part of everyday creativity. Constant criticism is disruptive and unappreciated. The creative challenge is a willingness to consider that there might just be a different way might just offer advantages. The creative challenge supposes that the current way of doing things may not necessarily to be the best.

The challenge includes a pause to wonder why something is done in a certain way. This includes some consideration of continuity analysis. Is there a historic reason? Is the way of doing things locked in to the requirements of others? The challenge is a gentle sort of dissatisfaction and a belief that there might be a possibility of a change for the better.

#### 6.00 Conclusion

Every business should give the way for creativity by avoiding the mental blocks which are the most challenging obstacle for creativity. The clean and fertile land can only help the seeds to get cultivated. Hence it is concluded with a remark that the creativity is inevitable for the success of a business in the highly changing environment which is the order of the day.

#### Reference:

Fourth Eye: Excellence Through Creativity - A Fresh Approach to Effective Management of Individual, Organizational and Social Creativity.

Book by PradipKhandwala

Book by PradipKhandwala



# ON DEMONETIZATION ITSELF

\*Dr. K.C.Sankaranarayanan

When the Prime Minister announced demonetization on 8<sup>th</sup> November 2016 he made it clear the objectives of demonetization. They were

- i. Wipe out black money from the system
- ii. Eliminate corruption
- iii. Flush out counterfeit currency
- iv. Check terror financing, and
- v. Check drug money

The information provided by the Reserve Bank of India through its Annual Report published in 2017 reveals that on 4<sup>th</sup> November 2016 the value of currency in circulation was Rs.17.97 lakh crore and the value of the demonetized currency (Rs.1000 and Rs.500) was Rs. 15.44 lakh crore. The Report also reveals that of the demonetized currency valued at Rs. 15.28 lakh crore has returned to the Reserve Bank of India. This shows that 98.97 percent of the demonetized currency has come back to the Reserve Bank.

It may be recalled that the RBI governor was reluctant to reveal the real situation even to the parliamentary committee. To the question how much money has come back to the Reserve Bank the Governor answered that the RBI has not completed the counting. But the Annual Report has brought the cat out of the bag and that helped the critics as well as the supporters of the policy action to make a real assessment about the failure or success of the policy.

The Prime Minister has made it clear that demonetization of high value currencies is a critical action for realizing the objective of the government's fight against black money, corruption, counterfeit currency, terror financing and drug money

When we are told by the Reserve Bank that 98.97 percent of the demonetized currency has come back to the RBI what success the government has achieved through the much acclaimed policy measure?

According to the Finance Minister Arun Jaitley any attempt to measure the success of the government's demonetization exercise on the basis of the amount of money that stayed out of the system was flawed since the confiscation of money had not been the objective. It was also intended to bring back the whole money in circulation to the banking sector, digitization and widening of tax base. According to Jaitley those who criticize the government's policy are those who do not know how black money can be controlled! He also hold the view that the fact that almost the whole amount has come back to the Bank that doesn't mean that black money is converted into white money. He asserts that now the government is aware who hold or owns the money.

He further asserts that people have been compelled to deposit even lack money into banks is itself a good evidence of the success of the policy. The high growth in income tax returns and the robust GST inflows are cited as evidence of people resorting to white money transactions. Apart from these there is better integration of the informal economy with the formal economy, more digitization, etc. Then he says that around Rs. 17526crore worth of black money is identified.

Those who opposed the policy point out that only Rs. 2.5 lakh fake currency has been confiscated. The fact that around 99 percent of the demonetized currency returned to the Reserve Bank shows that the experiment was a failure. Again, the claim that demonetization would end corruption, black money and terror funding have proved to be false.

In reality demonetization inflicted unprecedented upon the people of India. The policy wrecked the backbones of millions of farmers, those work in the informal sector, small scale manufacturers and paralyzed the cooperative sector. Tens and thousands of jobs were lost in the unorganized sector, billions of Indians were forced to wait in queues for hours before the banks and ATMS to get back their money to meet their daily expenses. How can we impute value to the human lives lost and the miseries experienced by thousands who were denied hospital facilities due to non-availability of their own money deposited in banks?

Apart from these the economy shaved off 1.5 percent of GDP which was equivalent to Rs. 2.5 lakh crore. In addition the government spent Rs.7965 crore for printing new currency. The claim of the government that there was more digitization in the economy after demonetization can be countered by asking how much money has been transferred from those who used digitization in the form of service charges.

When we consider the benefits and sacrifices the demonetization has resulted in more misery than benefits. The claim that it helped the government to realize more revenue means that that much additional burden is imposed on the people. Individuals spend money more efficiently than the government agencies. Again, as the trajectory of growth of the Indian economy is based on demand push, more money flowing to the government will decelerate the pace of economic growth. The latest data about growth rate of the economy testifies this.



\*Former Professor & Head of the Department, Department of Applied Economics,, Cochin University of Science And Technology.

# FINANCIAL MANAGEMENT FOR LAYMAN

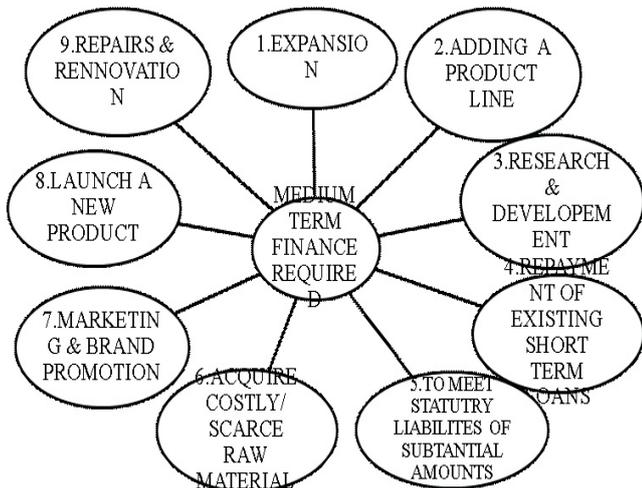
-K.V.VENKITARAMAN\*

## MEDIUM TERM FINANCING

In the previous section, we had an overview of the various types of finance required by an enterprise and the different sources from which an enterprise could source the funds. We had an exposure to long term finance requirements and the various instruments through which long term funds could be raised by an enterprise.

In this section, we are going to explore the need for and how to access medium term funding required by an enterprise. also called intermediate financing, medium term finance refers to the fund requirements with an investment span of 1 year to 5 years.

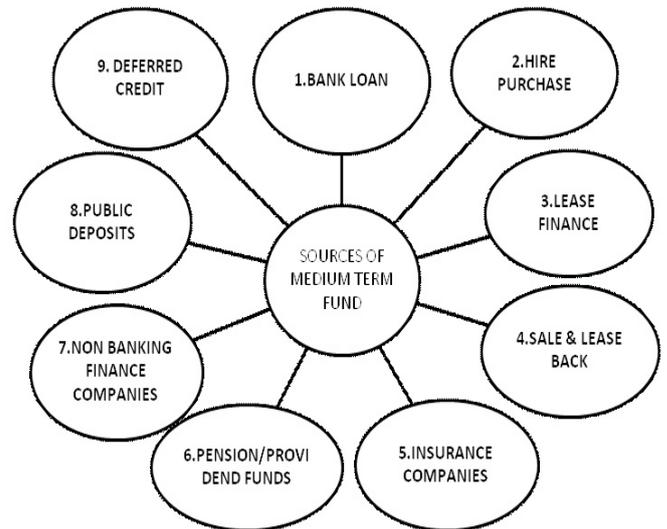
**THIS TYPE OF FINANCE IS REQUIRED AMONG OTHERS, FOR THE FOLLOWING PURPOSES.**



A look at the purposes for which the mtl are required will show that short term funds will not be appropriate for meeting these requirements, as the short term cash generation will not be adequate to service these loans. If long term funds are raised, it may lead to a situation where the enterprise will have substantial liquidity and optimum utilisation of funds can not be done. in order to avoid both excess liquidity as well as very tight fund position, medium term funds are accessed by enterprises which seek to optimise their finance cost.

As long term loans are repayable over a longer period, there may be cash accumulation that an enterprise may not be able to use effectively and this will lead to sub optimum fund utilisation with resultant lower profitability. At the same time, if short term funds are deployed for intermediate periods, it may impact working capital availability, overall liquidity and even the credibility of the enterprise will be jeopardised in case it is not able to honour shert term commitments. Therefore for meeting medium term outlays, appropriate soueces of finance has to be deployed.

## SOURCES OF MEDIUM TERM FUND



### 1. Bank Loans

Commercial banks offer medium term loans repayable for short maturities of 18 months to 60 months. The interest rates are slightly higher compred to term loans but cheaper compared to short term loans. these working capital term loans are scantioned on a need based evaluation of the case.

### 2. HirePurchase

This is another source of medium term finance, suitable for acquisition of assets like vehicles, machinery etc...

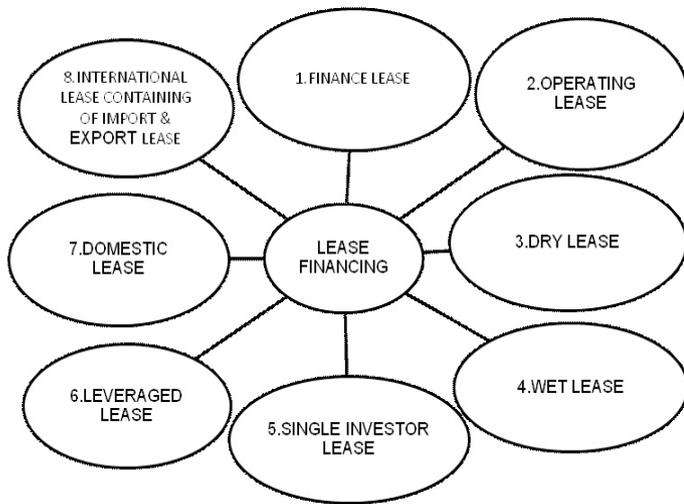
Under an agreement with the financier, the asset is acquired by the borrower and regular instalments are paid and at the end of the term, the asset is sold to the borrower at on the payment of the last instalment. The financier continues to have a lien on the asset and the hirer can claim the interest paid as an expense, besides claiming depreciation on the asset.

### 3. Lease Finance.

Lease finance is another method to raise medium term funds, especially to acquire assets like machinery etc. here the lessor acquires the asset and leases it to the lessee for a lease charges. The lessor continues to be the owner of the asset and can claim depreciation. The lessee can claim the lease charges as an expense. Generally, at the end of the lease period, the asset is sold to the lessee at a pre determined nominal price.

\*B.COM; F.C.A; C.I.S.A D.I.S.A (I.C.A.I.) Chartered Accountant, Palakkad.

**THERE ARE DIFFERENT TYPES OF LEASE FINANCING SUCH AS**



**Sale & Lease Back**

In this case, the enterprise sells the asset to the financier and takes back the same asset on lease from the financier.

**Other sources of medium term funding includes**

1. Insurance Companies.  
Insurance companies have huge investible funds with them and to spread the investment risk and broad base their investment portfolio, they lend funds to enterprises having a good credit rating for medium terms. This is very popular in the west, but yet to become popular in india.
2. Pension/ Provident Funds  
Pension and provident funds are managed by pension/provident fund managers in the west and subject to regulatory control, they have substantial freedom for the investment of the funds. Lending funds to business for medium terms is a preferred mode.  
With the establishment of pension funds in india also, this type of financing for medium terms may become a regular source in the coming years.
3. Non Banking Finance Companies  
Nbfcs also finance the medium term fund requirements of business. Hire purchase finance for vehicles and machinery, lease financing etc.. Are various methods adopted by the NBFCs.

4. Public Deposits.

Public limited companies & private limited companies meeting certain financial parameters and credit rated by an independent credit rating agency can access the public for deposits. These deposits can be accepted for a period of upto 36 months and can be renewed if required. Subject to the supervisory control of sebi, this is a regular source of funds for reputed corporates.

5. Deferred Credit.

supplier's credit is a source of medium term funds, especially when it is required for asset purchase, the suppliers can schedule the payment period over a convenient time to match the cash flows of the enterprise. A part payment of the cost and the balance spread over the subsequent years with an initial holiday period as appropriate is also another option

**Advantages of Medium Term Loans**

- 1) shorter repayment period compared to term loans, thereby reducing finance cost.
- 2) increased liquidity as the loan is repaid over a longer period compared to short term loans.
- 3) flexible as the institutions extend the loan or allow revolving credit
- 4) multiple sources as there are a large number of players in this segment.

**Dis Advantages of Medium Term Loans**

- 1) Security is generally required by way of mortgage etc. Leading to higher cost.
- 2) Adverse cash flows as compared to projections may lead to defaults and consequent actions
- 3) Slightly costly compared to term loans.  
Thus all enterprises require medium term funds at some stage of it's growth.  
In the next issue, we shall take up the short term fund requirements which is of vital importance to the enterprise.



**K.V John**  
**General Manager**  
**Precot Meridian Ltd.,**  
**'A' Unit**  
**Kanjikode West,**  
**Palakkad - 678 623**



Response to the questionnaire is given in serial number wise.

- (1) I feel it is sufficient enough.
- (2) We may have to adopt all the styles according to the type of issues arises time to time.
- (3) When you talk about Performance it is the Organizational growth which benefits all the stake holders . For that matter the following things are more vital.
  - (a) Making a common understanding about organizational vision and Mission.
  - (b) Establishing a co-cordial industrial atmosphere by way of Discipline, Transparency, Effective communication , training etc. and create a win to win situation .
- (4) Absolutely the democratic way will benefit.
- (5) With regard to Man ,machine and material - Optimization right from selection, training, maintenance with a defined system is followed.
- (6,7 &8) PMA by its various activities definitely helped to update the knowledge by training and various sessions.
- (9 &10) PMA News letter and quarterly journals are very useful , with regard to suggestions to improve the activities of PMA off late we find that the participation from Major organization are gradually on a reducing trend. It is not a good sign as far as the the functioning of PMA is concerned.

PMA should study the reasons and make suitable action plan to bring back those organizations for the benefit of them as well as all other members of PMA.

### Questionnaire framed to receive appropriate responses from Unit Heads

1. How will you enumerate your professional competency by education and training inputs to be successful on the position you are holding in the Organisation.
2. How is your style of functioning- wait for issues to come to you or anticipate them - likely sustaining with your style or go adhoc in the situational context.
3. Have you made a frame work for the better performance of employees and systems- you have indentified such factors and arrange inputs to further advance on such factors. What are the schemes you have worked out in the above context.
4. In the Kerala working environment you consider authoritative style of command to get result or democratic style – if there is any difference between labour and supervisor in this aspect.
5. What operational principles you hold in respect of materials, machinery, manpower and quality and are you able to sustain such principles held close to you.
6. How you have experienced PMA as a source for providing management development? Are the sessions concerning development deal with knowledge and skill as well; similarly such development programmes are for employees as well as for Managers.
7. Have you been getting opportunities to develop knowledge and skills through the forums of PMA.
8. Do you find PMA can be entrusted with the work of upgrading knowledge and skill of your men through development programmes at PMA or within the Company premises.
9. How useful you find on the value addition by the two publications- PMA News Letter and quarterly Journal, OM.
10. Have you any suggestion to improve the role of PMA from the point of view of furthering organizational performance?



## March of Law Decisions of the Apex-Court

A. Industrial Disputes Act, 1947 section 11A-Employee made fraudulent entries in bank accounts by tampering the records - enquiry was held - charges stood proved. Employee was dismissed from service- Employee raised Industrial Dispute and Tribunal upheld the validity of the enquiry but interfered with the punishment by modifying dismissal to compulsory retirement- Management challenged the award in writ petition- M.P High court held - Workman committed serious misconducts and loss of trust reposed in him- Interference by the Industrial Tribunal under section 11A-of the Act in the impugned award, is not justified.

Interference by the Industrial Tribunal under section 11A-of the ID Act 1947 in the order of the dismissal passed by the Disciplinary Authority of the management, is not justified when the Tribunal had held the enquiry was fair and proper, since such Case WP No 1439/2015, dt. 21.09.2016

(SBI Indore Vs Gen. Secretary SBI Staff Congress - LLR 699 - July 2017)

B. Employees State Insurance Act 1948, Employment injury - Employee got medical treatment from hospitals and ESI dispensary and later on he developed Bilateral Pulmonary Tuberculosis and died - EI court dismissed the claim filed by the dependents of the deceased holding that the Employee did not die due to employment injury but Bilateral Pulmonary Tuberculosis developed later on - Dependents of the deceased insured are entitled to receive only medical benefits and not compensation for treatment of employment injury.

Injured suffered injuries while he was working on duty, He got medical treatment from hospitals and ESI dispensary

and later on he developed Bilateral Pulmonary Tuberculosis and died. His widow and children filed application for compensation which was dismissed by the ESI court awarding Rs. 50,000/- against medical expenses. Karnataka HC held that the injured and his family shall be entitled to medical benefits under section 56 of the Act since accident occurred during employment.

MFA No. 20595/2010(ESI) dt. 20.01.2017 - Karnataka High court.

(ESI Corp.Hubli, V/s Padmavathi Shankar Kalal & Others 2017 (LLR 842)

C. Contract labour (Regulation & Abolition) Act 1970 - Section 10A - When Contract between principal employer and contractor is to be sham or camouflage-workmen raised an industrial dispute seeking declaration that they were employees of the principal Employer-contractor if any between SAIL and contractor was sham and camouflage-industrial tribunal directing the management to treat the workmen as employees of SAIL-Management challenged the award in writ petition -Held workmen were performing perennial nature of work which was integral part of the industry - Workmen were under the control, both administrative and economic of SAIL-initially they were engaged through different contractors- Contractors left the company-workmen were taken under direct control of SAIL disciplinary actions taken, pay rolls were prepared, wages paid were done directly by SAIL. Hence writ petition dismissed and directing the employees of contractor would be treated as employees of the principal employer.

WP No. 20732(w) 2009 dtd. 17.01.2017 -Calcutta High Court - LLR July 2017.



Prepared by Sri. M. Prakash, HR Manager, Patspin India Ltd.

### PMA MONTHLY NEWS LETTER

The News Letter, apart from the activities of PMA, also incorporates update of Topics of Concern, under Management Discipline. It serves as an 'UPDATE' for all working Managers / Entrepreneurs.

Non-Members may subscribe at cost price of Rs.10/- per issue.

Write to the Managing Editor, PMA News Letter at PMA.

- Managing Editor

## FAST FORWARD FROM CATCH – UP TO LEADERSHIP

\*A.Ramesh

### *Executive Summary:*

*The nation is in the cusp of a tremendous transformation from leaping to numero uno to maintain the Leadership in the decades to come. India, the largest of democracies under a progressive, tech savvy and pragmatic leadership by the able hands of Narendra Modi, is transforming its image from that of a front runner in recent times to that of a decisive leader for the foreseeable future. We can portray the success story with the advent of measures such as demonetization and digitalization, internet of things, usage of mobile banking and extracting all benefits under the options of a cashless economy. We have reached the zenith with the long awaited Goods and Services Tax, under the ambit of which we have truly revolutionized the markets as well as integrated India Inc. into a global village. The initiatives of globalization and liberalization initiated by Narasimha Rao and continued by Manmohan Singh, has attained full steam under Modi government. The application of a SWOT Analysis will elucidate the resulting scenario on a global and local perspective. For starters, the make in India and skill enhancement initiatives of the Modi Government are showing tangible results, across Industries and the Dhan Jan Yojana at grass root level microfinance, welfare and the National Pension Scheme, all have added form and substance to the economy and enhancement of upper limit for EPS for a large number of employees across private sector jobs augur better and higher value to their savings on retirement. Coupled to a healthier currency, the formation of a World Scale Banking behemoth of the State Bank of India, are noteworthy moves for a more healthy and vibrant climate for the retail financial sector. The effective propagation of the SIP (Systematic Investment Plans) in Mutual Funds for individual citizens and opening up of trade on the bourses aim for a freer and self sustaining market. The deregulation of the Petroleum Sector with daily changing prices of the auto fuels, and increasing emphasis on hybrid vehicles show the future prospects for open economy and greener environment in the nation.*

*The emerging powerhouse that is India, has started to effectively showing dominance in sectors as varied as foreign affairs diplomacy, trade discussions under the aegis of G 20 in Hamburg, one to one interactions with the prominent world leaders (the conclave at Whitehouse between President Trump and PM Modi) and a stronger Rupee against world currencies are all pointers in this regard. At home, we are realigning the economy with a possible better monsoon, RBI revising the repo rates and banks' lending rates downwards, will certainly consolidate the consumption patterns countrywide. The amalgamation of SBT, SBH, State Banks of Patiala and Mysore to form the World Scale State Bank of India is a critical step for consolidation and growth of retail and business finance.*

*The daring act of Demonetization coupled with non currency deals beyond Rs.50,000/- limits will definitely retard and eventually eliminate under the table deals and also black economy will be getting a body blow. Also, linking the Aadhar and each persons transactions will tighten the surveillance of deals individually as well as collectively. The Goods and Services Tax, an initiative lacking steam since 2012, under the Manmohan Singh Government has been finally introduced amid much misgivings among politicians and now even the traditionally belligerent Left is having good opinions on the Tax benefits to be accrued to individual states. And of course, the tangible effects of the moves like buoyant Sensex, awakening of open markets, deregulation of economy etc., are palpably evident pointers.*

*We can characterize the moves and the economy under the SWOT, now, as:*

**Strengths :** A strong currency, stable government, strong leadership that does not flinch to take the required measures to steer the course, and of course, the brownie points scored by Modi government in the international arena against global terrorism, whether it be the IS, Pakistani inspired and designed LeT across J&K Valley or the stand of India in the international Court of Justice Vis- a- vis the case of Kulbhushan Jadhav, pending final verdict. Domestically, doing away with the multiple duties and taxes, such as CED, CST, WCT, Octroi, etc., to integrate the tax and payment structure to the unified GST Regime will result in simplicity, transparency as well as

effectiveness in administering the tax structure. The mass availability of cheap and expert labor have resulted in proliferation of Foreign auto and engineering majors setting shop and making in the process India a stable production and supply base for their products internationally.

**Weaknesses :** The near lack of healthy debates in the parliament brought by the issues of lack of an effective opposition, the absence of a credible and strong leadership in the ranks of the Congress, brutal majority in the recent elections to ruling NDA, to have a continuity of the healthy democratic tradition of the

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Second Prize winning Article with yearly competition held on the occasion of the Foundation Day of PMA.

country may lead to totalitarianism. The confidence that the country exhibits need not amount to arrogance or insensitivity at later stages.

**Opportunities :** With GST, a whole new awakening has dawned and the import duty on Chinese manufactured electronic and consumer goods will only nurture and strengthen the domestic entrepreneurship. Particularly, the controls brought on online trade will help and suppress the outflow of valued Indian money to outside the borders. The international scenario has watched with awe and wonder the development of a strong and decisive India, with effective participation at the Prime ministerial level and the rapport and goodwill generated by the Modi – Trump conclave and simultaneous maintenance of ties with the former socialist block nations. Brexit and isolation of the Britain from the EU, the policies of an often unpredictable Trump Administration have in totality, forged the stamp of authenticity and stability of India's position and policies internationally.

**Threats :** Across the world, there is the rearing of the ugly head of terrorism, and the propagation of self serving policies of Pakistan and China across our borders are all causes of worry for India. There is the equations of convenient relationships forged by the ASEAN, SAARC, or other Asian regional associations without looking at long term and beneficial attributes of a unified Asia may, in the true perspective cause fissures and pressures within the local limits. Pan Atlantic or Pacific, the self serving interests of national governments over a larger regional prosperity and long term benefits may cause damage and rifts. Internally, the destabilizing influences over regionalism, casteism, and threats to minorities whether they be religious or linguistic cause shadows over an otherwise sunny ambience. The inter state disputes and water sharing issues across the sub continent and global warming, changing weather equations country wide on account of erratic Monsoons, the Ozone layer depletion worldwide and all pollutants submerging the NCR, other densely populated cities like Bangalore , Hyderabad etc., result in smog, rapid urbanization leading to uncontrolled waste both biodegradable and otherwise. The environment policies need to be revisited as well as redrawn on account of rapidly deteriorating health and occupational safety standards.

India, as a credible and dependable leader to the world, has been leapfrogging in the realms of science consistently with ISRO's Mangal Yaan, launching of the observation satellites into orbit with the PSLV series, the frontier research in the bio technology and pharmaceutical sector companies like Biocon, Dr Reddy's and home grown giants like Cipla and Sun Pharma in the P&P segments. The relentless price wars unleashed by Reliance Jio, in the 4G spectrum followed by Airtel, Idea and Vodafone, and the Internet of Things, all have opened the way for more technically savvy gen next may in the near future cause a virtual information explosion. The skilling and multiskilling initiatives of India Inc., will build a new and younger generation of technocrats and hopefully, as the results of nationally prominent institutions like IISC, IISER or the Indian Statistical Institute, show, we have a bright and resourceful pool of scientists in the making that are second to none intellectually.

#### **Conclusion :**

The ecological and back to nature initiatives like energy efficient green buildings, of most advanced design with Platinum certification, like the Godrej House, our own Cochin International Airport Limited with surplus electric supply after own consumption to grid by Solar Panels, are all initiatives in the renewable energy sector. The concept of rooftop air supply turbines, light tubes for natural cool office lighting etc., are much in vogue that do not require any power. All these show, we are the leaders in an increasingly competitive race for supremacy in myriad spheres of Technology, Management, Science and Technology and Ecologically friendly ventures – as we propel ourselves to waste and resource balances and eventual elimination of non bio degradable wastes. To this end, our endeavors collectively as a nation is bringing recognition and accolades from world at large as the sure and fast leader overtaking aging Asian Powers like China and Japan, as well as staid progress of the Europe and Americas in an increasingly evident world order in the technology and intellectual capital arena.

