# AURORA'S
## JOURNAL OF MANAGEMENT


Editorial: Road to Cashless Economy

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Every issue of the journal carries features comprising of research articles, book reviews and articles dealing with social, economic and political concerns which have direct bearing on business (for further details refer to Guidelines for Authors). Authors can submit their contribution under any feature mentioned above to the following address.


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**CONTENTS** 3

**Editorial** 4-5

**Guidelines for Authors** 6-8

**Reflections on Changing Gendre Relations in a Telangana Village** 9-13
Dr. G. Sreenivas Reddy

**Factors Affecting Indian Consumers' Online Buying Behaviour** 14-26
Dr. G. Vijaya Sree & Dr. Neetu Schdeva

**Indian Auto Insurance Pricing Regime: Need for Changing to Usage Based Insurance Pricing** 27-37
Prof. Venugopal Rajamanuri

**Jayalalithaa: The Democrate Dictator** 38-49
Dr. G. Sreenivas Reddy & Dr. Raghu N Prabhakar

**Changing Face of Employment Relations in India: Causes of Unrest and Coping Strategies** 50-62
Dr. P. Narasimha Rao, K. Prathap and Dr A. Kishore Kumar

**Call for Papers** 63-64

**Guidelines for Submission of Book Reviews in AJM** 65

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# Editorial

## The Road to Cashless Economy

The Union Finance Minister Arun Jaitly hinted about the idea of making India a cashless economy in his 2016 budget speech to purge the country of black money. Prime Minister Modi had announced demonetization of high denomination currency notes of Rs 1000 and Rs 500 on November 9, 2016 by taking everybody by surprise. The demonetization move has become a major talking point ever since. The RBI has also recently unveiled a document - **"Payments and Settlement Systems in India: Vision 2018" -** setting out a plan to encourage electronic payments and to enable India to move towards a cashless economy in the medium and long term. The move was ostensibly targeted at three sinister features of the Indian economy viz., black money, counterfeit currency and terror funding.

The NDA Government has been on the mission of reforming the financial management of India on a scale no hitherto government has ever tried. Firstly, it orchestrated and unveiled a pan-India uniform Goods and Services tax (GST) regime. Secondly, it scrapped the age-old exclusive Railway Budget and merged it with the general budget. Thirdly, it has advanced Union Budget session's timing by a month. The demonetization move has come as the fourth major reform in the financial sector. One does not know whether this is the last financial sector reform of the current NDA Government but one can say with certainty that the move towards cashless economy is a bold step forward of the government. It attracted both national and international attention as well as controversy because of its suddenness, lack of proper homework and the inconvenience caused to the people at large.

Cashless economy has several merits. It is an ideal about which there can be no dispute. There however are difficulties involved in realizing the ideal of cashless economy. Policy makers should take due note of the problems. The transition to a cashless economy is easier said than done. It requires many infrastructural facilities and preconditions without which cash will continue to be used. Availability of internet connection everywhere is a crucial for cashless transactions. A vast majority of people do not have basic net connectivity. Some of those who have net connectivity have other problems like erratic power supply, low band width or faulty electronic devices etcetera. Financial literacy which is necessary for digital transactions is woefully lacking with uneducated masses, women, children and older people. There are vested interests out to scuttle the move towards cashless economy. People with huge black money will oppose and scuttle progress to cashless mode to the extent possible. There are apprehensions of financial safety over digital payments channels. Theft of credit cards and pass words, machinations of digital hackers and the like can lead to a whole lot of issues like denied payments, identity theft, account takeover, fraudulent transactions and data breaches.

According to the estimate of Gemito, a digital security company, more than a billion personal records were compromised in just one year period in2014.

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The RBI and the Government of India have taken steps to discourage cash transactions. Licenses have been issued for establishment of Payment Banks, Paytms and Post-payment Banks to promote digital transactions. Government is also promoting mobile wallets that allow users to instantly send money, pay bills, recharge mobiles, book movie tickets, and send physical and e-gifts both online and offline. Recently, the RBI had issued guidelines that allow the users to increase their limit to one Rupees one lakh on the basis of KYC verification. Government had also launched the Unified Payment Interface (UPI) to electronic transaction much faster and simpler which the UPI bank account holders can send or receive money from their smart phones. It has also withdrawn surcharge and service charge on cards and digital payments so as to promote non-cash transactions.

There is a need for more steps to make a paradigm shift to the economy sans cash. Bank accounts need to be opened for all citizens and steps should also be taken to make them operational. Abolition of government fees on credit card transactions; reduction of interchange fee on card transactions;

increase in taxes on ATM withdrawals will all be important steps forward. Tax rebates should be extended to consumers and r merchants making electronic payments. Electronic payment infrastructure should be made completely safe and secure so that incidents of cyber crimes are minimized and people develop faith in electronic payment system. Creating a culture of saving and faith in financial system among the rural poor is also important.

The Reserve Bank of India too will have to come to terms with issues like figuring out what digital payments across borders means for its capital controls to how the new modes of payment affect key monetary variables such as the velocity of money. It has to shed some of its conservatism. It has hitherto seen itself as the protector of banking interests rather than promoting the overall financial development. The regulators also need to keep a sharp eye on any potential restrictive practices that banks may indulge in to maintain their current dominance over the lucrative payments business.

It will take lot of time for moving towards a complete cashless economy. The low literacy rate, a still higher rate of financial illiteracy along with lack of adequate and dependable digital infrastructure are problems that will continue to bedevil efforts in the route of e-transactions for moving towards a cashless economy. Cash is like water for the economy, a basic necessity without which the survival of economy now is difficulties and even impossible.

***Dr G Sreenivas Reddy***

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# Guidelines for Authors

***Aurora's Journal of Management (AJM)*** invites original papers from scholars, academicians and practitioners pertaining to management, business, and organizational issues. AJM also welcomes articles dealing with the social, economic and political factors that influence the business and industry. Papers, based on theoretical or empirical research or experience, should illustrate the practical applicability and/ or policy implications of work described.

The Editorial Board offers the following guidelines which are to be followed while contributing papers for publication in AJM:

**Manuscript**

The Author should send three copies of the final manuscript. The text should be double-spaced on A4 size paper with one-inch margins all around. The Author's name should not appear anywhere on the body of the manuscript to facilitate the blind review process. The Author may send a hard copy of the manuscript to Aurora's Business School or e-mail the MS Word Document at ajm@absi.edu.in. The manuscripts should be submitted in triplicate and should have been proof-read by the Author(s) before submission.

The paper should accompany on separate sheets (1) An executive summary of about 500 words along with five key words, and (2) A brief biographical sketch (60-80) words of the Author describing current designation and affiliation, specialization, number of books and articles in refereed journals, and membership on editorial boards and companies, etc. along with their contact information.

**AJM has the following features:**

- Research Articles which present emerging issues and ideas that call for action or rethinking by managers, administrators and policy makers in organizations. Recommended length of the article is 7,500 words.

- Book Reviews which cover reviews of contemporary and classical books on Management and related subjects.

- Articles on social, economic and political issues which deal with the analysis and resolution of managerial and academic issues based on analytical, empir

**Headings/Sub-Headings**

The manuscript should not contain more than 4-5 headings. It is suggested that lengthy and verbose headings and sub-headings should be avoided.

**Acronyms, Quotes and Language**

Acronyms should be expanded when used for the first time in the text. Subsequently, acronyms can be used and should be written in capitals only. Quotes taken from books, research papers and articles should be reproduced without any change. American English is recommended as compared to British English. Keeping the diversity of the readers in mind, it is suggested that technical terminologies should be explained in detail while complicated jargon may be avoided.

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**Tables, Numbers and Percentages**

All tables, charts, and graphs should be given on separate sheets with titles. Wherever necessary, the source should be indicated at the bottom. Number and complexity of such exhibits should be as low as possible. All figures should be indicated in million and billion. All graphs should be in black and not in colour. The terms 'and' and 'percentage' should not be denoted by their symbols (& or %). Instead the complete words must be used.

**Notes and References**

The notes and references shall be presented at the end of the text, with notes preceding the list of references. Both, the notes and references should be numbered in their order of appearance in the text.

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# REFLECTIONS ON CHANGING GENDER RELATIONS IN A TELANGANA VILLAGE

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**Abstract**

This article forms part of the author's larger work entitled 'Social Change in a Telangana Village'. The context and reference here is to the village Thimmapur Haveli, located in the Hanamkonda Mandal of the Warangal Urban District of the Telangana State. This is the village wherein the author was born, had his early schooling, holds proprietary interest and keeps visiting occasionally on family engagements. These reflections cover a span of six decades (1954-2016) that is from the reflective phase of his childhood up till now. This write- up is mainly based on his personal and lived-in experiences which might not be devoid of subjectivity. This subjectivity is assumedly counterbalanced by the author's training as a teacher and researcher in social sciences for over four and a half decades. During this period he has been lecturing and writing on social change, public management, public policy, and human resource management by working at universities and centers of higher learning in India and abroad. The article documents the nature and tendency of gender relations in the village which were and still are basically in the patriarchic mould. They are however undergoing change towards betterment for women.

**Key words**

Lived-in experiences, Objectivity, Subjectivity, Gender relations, Patriarchy, Matriarchy, Gender discrimination, Social sciences

## Introduction

Gender is a major determinant of social status in India along with caste and class. Gender differentiation and discrimination being generally more overt in villages than in urban parts of India the instant study of gender relations at the village level assumes importance. Further, gender is a variable in economic and political spaces as much as in social milieu. This paper seeks to capture two snapshots of gender relations of a mid-sized Indian village relating to two temporal landscapes of gender relations i.e., in 1950s and 2010s so as to understand their individual nuances as well as their contrasting contours. The basis for this exercise is the lived-in experiences and impressions of the author.

## Profile of the Village

Thimmapur Haveli, here in after referred to as Thimmapur, is a mid-sized multi-caste village positioned in the periphery of Warangal city at a distance of about seven kilometers south of it. It is now a part of the Warangal Greater Municipal Corporation due its merger with Warangal city lately. Prior to the 2011 Census it was categorized as a rural habitation. The 2011 Census reclassified it as an urban area.

The village is situated 270 meters above sea level between Coordinates 17.921224 degrees North and 79.572251 degrees East. Although the civic status of Thimmapur has changed from rural to urban it still retains its distinctiveness as a village due its residential

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exclusion from the Warangal city proper and generations of bonds built between its people. Thimmapur is actually a twin village as per revenue records. There are two separate village entities called Thimmapur Haveli and Allipur within the study village of Thimmapur. These two villages are so much conjoined that an outsider would seldom make out that there are indeed two different villages. Of course the revenue records have been listing them as two separate villages with their own geographical demarcations. For a short while they were clubbed under a common Gram Panchayat but later they were separated into two distinct Gram Panchayats. For the purposes this paper Thimmapur village alone is taken as a reference point. Reason for leaving Allipur alone is that civic status wise it is a village now where as Thimmapur is a part of the city. Allipur is also relatively less urbanized than Thimmapur.

Coming to the demographics of the village, it has 1784 households, and a population of 7513 of whom 3828 are males and 3685 are females. Scheduled Castes people number 2372 and Scheduled Tribes number 74. Thus, the overall Scheduled (Caste and Tribe) population is 31.49 percent of the overall village population. Around sixty percentage of the village population belongs to Backward castes such as Tenugu (Mudiraj), Goundla(taddy tapper), Chaakali (washerman), Avusala(goldsmith), Dudekula(Yarnmaker), Kuruma(blanket weaver), Golla(shepherd) and Dasi(servile) castes. Less than ten percent of the village population belongs to forward castes such as Reddys, Velama and Komati(businessman). A small number of Muslims are also present in the village. Rest of the 30% of the population of the village comprises of Scheduled Castes people belonging to a single SC namely the Madiga caste. The habitation of the Madiga population of the village used to be separated from the main village by a distance of furlong. This distance is now closing because of new houses coming up in between. However, there is still no case of an SC or a non-SC person building house in the midst of the other community's habitation. There used to be a solitary Mera(tailor) family which had become extinct in the village since his death. Interestingly there was no Brahmin and Mangali (barber) family in the village.The number of Komati families has come down to one from the earlier number of three as two families migrated out to urban places. However Brahmins and Barbers from the neighboring Rangashaipet village serve the villagers on account of their heridatory rights and obligations. Similarly the Bindla and Pambala caste people also visit the village for rendering services of acting as priests for Madigas and to ward off 'evil spirits' allegedly casting their spell on the village or villagers.

**Gender Relations**

Families in the village in the 1950s were patriarchic. The head of the family was always a male person. Property inheritance was by male lineage. Daughters did not get any share whatsoever. While the property of the father was shared by all male siblings equally the eldest son had an extra share in the property called 'jyeshtapu paalu' literally meaning the elder's cut. Elder's cut was customary largely in peasant castes of the village viz., the Reddys and Velamas.

It was believed that a farmer's eldest son had to endure lot of difficulties for the family. The folk saying alluding to the onerous role of a peasant's eldest son was that 'one should neither be born as the younger son of a king nor as the eldest son of a peasant'. Allusion is that a king's younger son will not inherit the kingdom and a farmer's eldest son has to help parents to groom and marry off siblings and bear family burdens till all his siblings get settled in life. The eldest son would be well past his active and productive age by the time he gets in hand the partitioned share of the property. All productive assets such as farm lands, houses, cattle, cattle sheds, trees, orchards, cheerukalu (groupings of toddy trees meant for tapping kallu or palm brew by single toddy tapper) were shared only among male siblings. The only instance when a woman would inherit any property was in the absence of any male successor in her natal family. In cases where in the only off spring were to be a female the spouse of the girl is brought to her father's place under illarikam. Illarikam is a practice according to which the groom goes and lives with the bride at her natal place after marriage if the father-in –law is without male issues.

Gender discrimination was there both in covert and overt ways. Couples, as also their parents and in-laws would prefer male issues. A baby girl's birth was generally unwelcome unless it was preceded by birth of a male off-spring. A couple begetting a son would be in for warm congratulations and felicitations where as the arrival of a daughter was met with words of consolation and sympathy. The mother of the baby girl would even be covertly or overtly faulted by her husband and in-laws for not be getting a baby boy or for giving birth to a baby girl although she would not have had any choice in the matter. Celebrations of child birth in rituals like 'purudu' (11th day ritual after birth) or 21st day would be more muted in the case of female off-springs as compared to the male ones. Sometimes a daughter's birth after the birth of son was of course not unwelcome. Parents of a baby girl would be reminded from day one by elders and well wishers alike that they need to save more and spend more sensibly so as to pool enough money for the daughter's eventual marriage. Parents having son(s) would either feel or were made to feel an inch taller. Female siblings were generally allowed lesser freedom than their male counterparts in matters of education, playing, dressing and in matters of commensality. Their movements, particularly from around the time they enter their teens, would be closely watched and largely restricted.

One important aspect of the gender relations was the disparity in wage rates between men and women. Women were generally paid around half of the money that was paid to men for the day's work. Of course the nature of work assigned to both genders was also different. Men were employed for ploughing, tending the cattle, leveling the farm stead and the like women were employed for seeding, transplantation, harvesting, picking, winnowing and the like. Over the years the wage disparity has come down a bit though the inequality between genders shill persists in the amount of wages that me and women earn. Of course the nature of work too has changed with both genders'work has become relatively lighter due to reduced hours of work,use of mechanical gadgets.

Parents who were a little liberal with their daughters in allowing them even a little more freedom than conventionally allowed would be reprimanded by elders. Restrictions on girls and women were more pronounced in upper caste families than among lower caste ones to the point that upper castes would pride in keeping their womenfolk under all manner of restrictions. A woman who dominates her male would be derided whereas a man dominating his wife was praised as a macho or a genuine male. There were occasionally cases of wife beating and wife abuse by men suspecting fidelity or when she resists husband's addiction to dinking, illicit contacts or woman questions her husband's decisions or indescretion. Open confrontation with the husband was not expected of a wife. Some men would even take exception to any intervention to stop wife abuse by arguing that a man's authority over his wife does not brook third party intervention. If any male were to further persist in sympathetically intervening on behalf of the victimized woman her husband would ascribe motives of even illicit contacts between his wife and one who came to her rescue. Several hapless women would silently suffer the abuses and beatings endlessly. In the lower castes these episodes might end up in divorces but in upper castes divorces would happen only rarely due to the fear of affronting family honor and reputation. A woman who could not anymore endure her husband's torture would flee to her natal family for succor. Members of the natal family on their part would generally rationalize the husband's action initially and would intervene only if the problem were to persist still.

A woman's working day was much longer compared to that of men. While man's working day begins later than his wife and would come to end by dusk or a little beyond, women would remain busy till much later in to the night for attending to domestic chores like collecting fire wood, fetching fire for lighting up the stove, drawing water from the well, arranging provisions for cooking, pounding of grain, cooking, feeding cattle and children and so on. Despite all this they had the last claim on the food. Many a time they had to do with leftovers. At times nothings would be left after the men folk and children finish eating. As a result of this and the pervasive poverty women in the village were generally more underweight and malnourished than their men folk. It was also rare to find overweight males in the entire village since the men folk too were also underfed and undernourished, may be a shade lower than the women folk. The entire village had almost not known any diabetic or cardiac patient. Or maybe, since the diagnostic services not being available those days, a few diabetics and hypertension patients may have been there but they were not diagnosed as such. Today there are a large number of patients with diabetes and heart ailments in the village.

Issueless and widowed women were considered inferior to mothers with large number of children. Elderly married women commanded more respect and attention than other women. A woman with a good number of children was praised as 'Kadupuninda kanna thalli', literally a wholesome mother or one blessed with belly full of children. An elderly woman with her husband alive was extolled as 'pedda muthaiduva' (elderly married lady). In wedding ceremonies and family rituals touching their feet for seeking their blessings was considered important and auspicious. If anybody were to naively touch the feet of an issueless or widowed women how so ever respectable she was otherwise elders would stop them from doing so even if that were to

to hurt the sensibilities of a women who got widowed for no fault of her. An issueless male or a widower was not singled out for similar mistreatment as if it was the fault of the woman alone to remain childless or to become a widow. These attitudes remain much the same even today but in a slightly muted way.

There were a few family rituals wherein the women folk had a larger or near exclusive role as compared to the men folk. They were "purudu" observed on the 11th day after baby birth, 'baarasaala' or 'iravaiokatava roju '(21st day), puberty rites, baby shower and garbadaanam (consummation of marriage). Celebrations of birthdays and marriage days were unheard of in the village. Maybe villagers were also not wealthy enough to think of these dates or even if they could afford they would not remember the exact dates due to illletracy. Due to widespread illiteracy except a handful literate people the entire village folk did not have records of their birth days or marriage days. Now-a-days these celebrations have entered the village life and the rich and poor alike are increasingly celebrating these events in the village. The younger generation is of course relatively more enthusiastic than the older in these celebrating there.

One public festivity that was almost unknown in 1950s, 60s, 70s and that has entered the village life subsequently is the Ganesh Chathurdasi. This festival was only celebrated by upper caste families and people from castes such as vaishyas, padmashails and vishwa Brahmins in the confines of their houses. Their way of celebration too was confined to offering puja to an eco Ganesha made out of the silted clay culled from the village tank bed. The puja too was a pure family affair and there was no public participation in this. Today the village has scores of mighty big Ganesha statues put in pooja pandals in all the streets of the village, literally one for each major caste. Nine days from Ganesh Chathurdhi the whole village is abuzz with Ganesh puja, item songs, cultural activities, broadcast of songs on public address systems, cultural activities, bhajans and other forms of music with deafening noise. This festival is denting certain of the unseemly traditional gendre equations. Thanks to the community Ganesha celebration the upper caste women, who were earlier confined to their homes and hearths, are now coming out into the open to participate in Ganesh Navaratri celebrations even during night times in public places. One important consequence of this celebration is the women attending pooja proceedings in the night hours along with their women folk though not equally.

Women had to do larger part of the work relating to rituals, festivals and parties. This used to be very backbreaking and extremely tedious. Due to gender biased work division men would generally avoid helping women due to fear of social stigma engendered by gender biases and role stereotyping. There is some change in these things with the younger generation becoming a shade less male chauvinistic than their elders.

Education was yet another field where gender disparity was apparent. The village school in 1950s was rather male exclusive. There was no female teacher those days.

The students were almost all boys and there were only a handful of upper caste girls in the school. Although there was no restriction on admission of girls in the school parents of lower castes and poor upper caste parents did not see schooling as anything important. There is a sea change in this matter in the last few decades. The girls are almost as common as are boys in the village school. People of all castes and classes are now sending their children

Secondary status accorded to women was also seen in death rituals in that only the son, grandson or a male co-person of the family was expected to perform the funeral rites of the deceased person. The daughters or grand daughters were not allowed to do these rites.

This practice is continuing intact even to this day without any amend except in cases where there are no male inheritors to the diseased person. In the later case a woman is being allowed to head funeral rites in the absence of male inheritor. This would not have happened in the past.

There were a few festivities which were exclusively meant for female folk. They are the 'Bathukamma Panduga', 'Boddemma Panduga'and the Shravan Shukravaar. The first two were a kind of flower festivals that are exclusive to the Telangana villages. These were celebrated over nine days each. Boddemma festival which came first was played by girls on the village tank bund on a spot at which flowers patterned on sibbies (sieves made of bamboo blades) were placed on an alter around which girls would move clockwise and anticlockwise singing in praise of mother goddess or pouring out their woes and existential problems in folk idiom. The Bathukamma festival was again played over nine days in the Telugu calendar month of Ashwayuja culminating on ninth day in the Saddula Bathukamma. These two festivals were public celebrations wherein only female population would participate and men would be only outlookers. However, all Hindu women did not, as a matter of fact, participate in these. Madigas (SC's) were not expected to participate in these and working class women or children from lower touchable castes could not afford the time to participate in these except on the Saddula Bathukamma day. This day was the most awaited day of the year for the women folk of the village then as it is now. All the flowers from the whole village and its neighborhood will appear at this all women concourse held near the village tank bed arranged on plates in neatly and artistically patterned rows. The women folk would form circles of their choices and sing in chorus for two or three hours in the evening. They would be dressed and ornated in their best. They would meet their long lost friends and acquaintances, get to know each other's life stations and feel greatly relieved of the monotony in their otherwise dull and drab lives. Married daughters and their children love to visit their parents and grandparents for these festivals. The SCs, who were not found participating in these festivities earlier are now joining the other folk in celebrating them.

One of the most important aspects of gender relations is the spousal relationship or the relationship between the man and his wife. This relationship was one of patent inequality as it is structured unequally. In finalizing a marriage alliance, it was always expected that the groom should be taller, older, more educated and of higher physical build than the bride.

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After wedding a bride had to leave her natal family. Any lapse in offering the agreed upon or anticipated money or gifts would make the bride vulnerable and even a bit of ridicule. Further, the bride's parents had to offer dowry and other gifts (dhana kanaka vasthu vahanamulu) to the groom and his family. All these things provided a sufficient basis for the subordination of wife to husband at the very beginning of the married life. This structured subordination of women was further buttressed with the authority of mother-in-law, father-in-law, husband, sisters-in-law and others in the family over the young bride. She would be the first person to get up in the morning to run errands in the house however backbreaking they may be. The only time she cloud feel relaxed is when she goes to her parents' place, which would happen very frequently in the first few years and increasingly infrequently as years rolled by. If the daughter-in-law becomes a mother, she would slowly get some attention from others and finally her son, if she were to be lucky to have one, who would grow and come of marriage age. With a married son the daughter-in-law will herself became a mother-in-law and she would have reversal of roles by relegating daughters- in-law to take her role. She would become increasingly important and becomes the center of the house from being its periphery. Her husband also becomes more friendly and peer-like at this stage. This situation will pass off within a decade or so when the sons separate off from the old couple. The old couple will increasingly become marginalized because of their falling physical strength and declining financial control.

**Summing up:**

Gender relations in the reference village may not be unique or one of a kind. They are more likely a cross section of such relations in the wider socio-cultural space of which it is a part. These relations cannot be portrayed in their entirety or detail. What is done here is only a sketchy and impressionistic narration. The gender equation in the village indicates iniquitous nature of relations between the two genders. These relations have indeed undergone some change during the course of the intervening six decades. These changes, though not phenomenal, are indeed significant. The broad changes that have occurred may be listed as follows:

1. Declining hold of caste variable on gender relations and a certain easing of rigidities in.

2. Remarriage of young and issueless women even among upper castes.

3. Increasing voice of women in public life due to reservations for women, women SHGS, growing female literacy, modern education and exposure to the progressive media.

4. Women in the village are generally better off today than they were before due to the modern technology which has substantially mitigated their drudgery. The floor mill, the piped water supply, electricity, gas stoves, provision of rations at subsidized rate through public distribution have all relieved them of their back breaking work at home and at the workplace.

5. There is also some improvement in the self-images of women which changed from one of inferiority, instrumentality and worthless to one of equality and a feeling of self worthiness.

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# FACTORS AFFECTING INDIAN CONSUMERS' ONLINE BUYING BEHAVIOUR

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**Abstract:**

India has been gaining importance as a high potential and lucrative market for global retailers. On account of a series of economic reforms and exciting developments in Information technology, Indian consumers have begun to understand benefits of using Internet for shopping. However, the growing number of Internet users has not been reflected to the online sales. Thus, it is important to identify factors affecting Indian consumers' online buying behavior in order to find the ways to stimulate their online shopping behavior. The purpose of this study is to identify factors affecting Indian consumers' attitude towards online shopping by investigating Indian consumers' risk perceptions about online shopping. Constructs specifically developed for this study and tested include previously identified factors such as convenience risk, product risk, financial risk, perceived behavior control, return policy, subjective norm, attitude, and technology specific innovativeness and the Indian-specific factors like concerns associated with delivery of an ordered product and cyber laws, shipping fees, and after service. The concerns associated with delivery of product, social and perceived behavioral control have been found to be significant factors affecting attitude toward using Internet for shopping. In terms of gender difference, perceived risks (product, convenience, financial, and non-delivery) and technology specific innovativeness were found to be significant for males and, for females, convenience risk and attitude towards online shopping were found as significant factors.

**Keywords:**

Online shopping, Consumer behavior, Convenience risk, Information technology, Online buying, Hypothesis, SPSS, Principal component analysis

## Introduction:

With the improving economic conditions because of liberal economic policy, India has been gaining importance as a high potential and lucrative market for global retailers. In 2009 Indian retail market size was ranked as the 5th largest globally, and was valued at US$400 billion. A recent industry report by global consultancy Northbridge Capital stated that the growth of India's retail industry to be US$700 billion in 2010. The per capita income in India has gone up (Hubacek et al., 2007) as much as 14.2% (2006-07) after the recent economic reform, resulting in an increasing number of Indian consumers with an affordability to use Internet services at home, cyber cafes, or on a phone line etcetera (www.tradechakra.com, 2008). This supports industry statistics by Internet and Mobile Association of India (IAMAI), showing 30% growth (2.15 billion USD) of e-commerce and mobile industry in 2008 alone.

In spite of a number of evidences showing the growth in Internet usage by Indian consumers, Internet sales are less than 1

1 percent of the total retail sales in India. This is a pointer to a vast potential to grow if obstacles to online retailers are overcome. Many Indian consumers have low self efficacy in using Internet and feel shopping online to be unconventional. It seems that even those, who use Internet on regular basis, it is mainly for used for searching product information, comparing prices, or checking consumer reviews rather than making actual purchase. It is in this context that two important questions arise and they are:

1) Are the reasons for Indian shoppers not shopping online be the same as the ones identified in other countries' online shopping environments?

2)Would there be specific concerns applied to Indian online shopping environments?

In order to answer the above research questions, it is important to test previously identified concerns in other countries as well as to locate Indian-specific concerns associated with online shopping. Thus, the purpose of this study is to identify factors affecting Indian consumers' attitude toward online shopping. This information will help Internet retailers find the ways to encourage Indian shopper's online purchase behavior.

**Rationale for the study:**

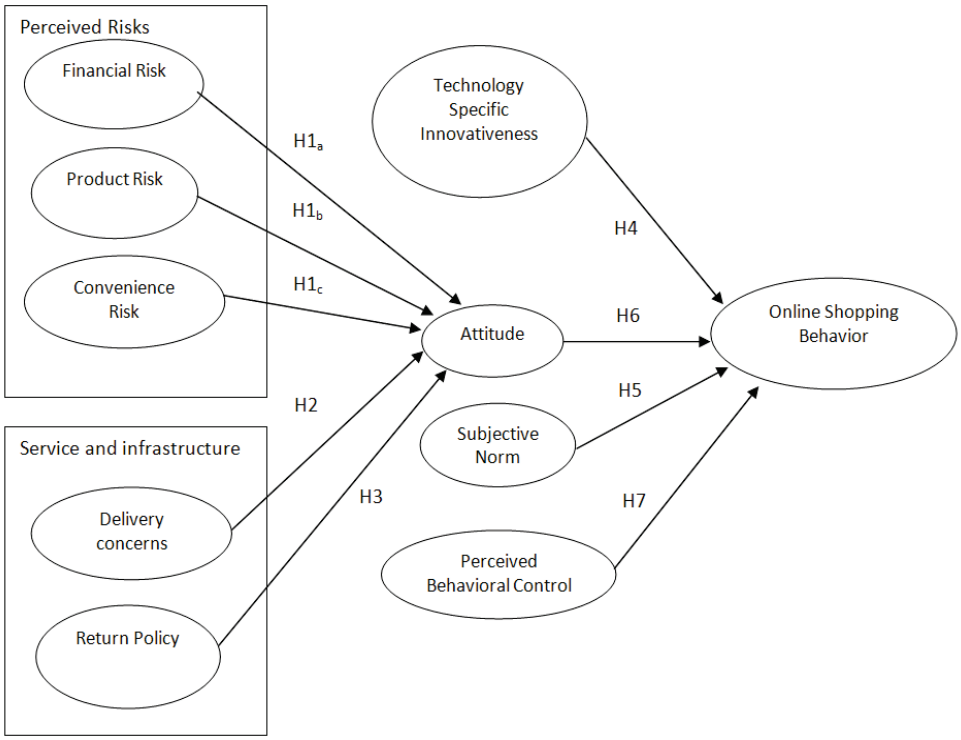
Previous studies by Bhatnagar et al., 2000; Jarvenpaa and Todd, 1997; Vijayasarathy and Jones 2000 had attempted to identify factors affecting Indian consumers' online purchases. However, in these studies only risk and benefit factors identified from the US studies were applied to the Indian online shopping context. Thus they failed to incorporate factors specific to Indian culture. Thus, the purpose of this study is to identify factors affecting Indian consumers' online shopping behavior, specifically elucidating them in the Indian context. In addition to the previously identified psychological factors such as perceived risks, shipping costs and time, trust etcetera this study covers the Indian culture-specific factors such as shopping and leisure habits, credit card penetration rate, Internet related infrastructure, reliability of postal carriers and the like that may play an important role in determining Internet adoption for e-commerce. Also, potential gender difference in identifying factors affecting male/female purchase behavior was investigated.

The Theory of Planned Behavior (TPB) explains behaviors over which individuals have incomplete voluntary control (Azjen, 1985, 1991; Azjen & Fishbein 1980). Attitude toward a behavior and subjective norm about engaging in a behavior are supposed to influence intention. Attitude depicts an individual's feelings, inclination or disinclination towards performing a behavior. A prospective technology user's overall attitudes toward using a given technology based system (i.e., Internet) or procedure represents major determinants as to whether or not one will ultimately use the system (Davis, 1993). Subjective norms reveal the individual's perceptions of the influence of significant others like family, friends, peers, etc. Others' opinions about online shopping as well as online reviews will influence online shopping behavior. TheTPB additionally includes perceived behavior control over engaging in behaviors, suggesting that human behavioral decision-making is affected by the consumer's ability to perform the behavior. The ability to shop online (e.g., Internet accessibility, credit card ownership, etc.) might refrain a consumer from shopping online.

Consumers who are innovative are representative as being highly abstract and possess a generalized personality trait (Im, Bayus & Mason, 2003). Examples as to the levels of abstraction inherent across the various literatures utilizing this perspective include "a willingness to change" (Hurt et al., 1977) and the receptivity to new experiences and novel stimuli (Goldsmith, 1984; Leavitt & Walton, 1975). The Internet is a fairly new and considered to be innovation that requires individuals to learn new skills in order to use the technology. Diffusion of innovation theory is applicable to understanding online consumer behavior. Consumers who are used to shopping in brick-and-mortar stores may have difficulty in changing habits and shopping online (Kaufman Scarborough & Lindquist, 2002). On the other hand, consumers who have high level of innovativeness may more likely to shop online.

**Conceptual model and hypotheses:**

The conceptual model developed to examine the factors affecting Indian consumer's online shopping behavior is presented in figure 1. This model examines two aspects viz., (1) the influence of previously identified financial, product and convenience risk factors and Indian contextual service together with infrastructure factors (concerns associated with a product delivery and return policy) on attitudes towards online shopping; and (2) the influence of an individual's technology specific innovativeness (TSI), attitude, subjective norm and perceived behavioral control (PBC) on online shopping behavior.



Here perceived risk refers to "the nature and amount of risk perceived by a consumer in contemplating a particular purchase decision" (Cox & Rich, 1964). Before purchasing a product, a consumer typically considers the various risks associated with the purchase. Many studies have indicated credit card security, buying without touching or feeling the item (tactile input), being unable or facing difficulty to return the item, shipping charges and privacy (security) of personal information as still being the main concerns of online shoppers (Bellman et al., 1999; Bhatnagar et al., 2000; Mohd&Suki, 2006). The higher the perceived risk, the consumer may choose to patronize a brick-and-mortar retailer for the purchase of the product. Whereas, the lower the perceived risk, the higher the propensity for online shopping (Tan, 1999).Financial risk is defined as the risk involved in conducting financial transaction through the internet. Previous research found financial risk being a primary reason consumers choose not to shop online (Miyazaki & Fernandez, 2001; Teo, 2002). Consumers are likely to be hesitant to shop online when they have concerns associated with financial risks, such as the loss of credit card information, theft of credit card information, or overcharge (Bhatnagar, Misra & Rao, 2000; Forsythe & Shi, 2003). This leads to the development of Hypothesis 1a.

**Hypothesis 1a:** The risk of losing money and financial details will have negative influence on attitude towards online shopping.

Product risk is defined as the risk of receiving the product that is different from what's perceived to be in the product description. This could be the result of the quality of the retailer's product description and the visual representation of the product, significantly influencing the consumer's ability to understand the product. Inability of physical product examination and insufficient on screen product information may increase concerns of consumers. The issues surrounding product risk associated with online shopping resulted in the following hypothesis.

**Hypothesis 1b:** The product risk will have negative influence on the attitude of online shopping.

Convenience risk is defined as the discontent that comes from shopping via the Internet. Discomfort in online shopping is associated with the steps required to complete personal details to processes the check-out forms. The ease of shopping at the online retailer's website influence consumers' perceptions of the Innovative Marketing, Volume 8, Issue 2, 2012 49 level of convenience risk (Jarvenpa & Tractinsk, 2001). Methods for reducing convenience risk include providing an easy to navigate website as well as an extensive customer service center. A call center, return policy, and a variety of payment options all assist consumers in feeling more at ease (Lee, 2002).

**Hypothesis 1c:** A user friendly website and service availability to help transaction will have positive influence on attitude towards shopping online.

Additional challenges for e-commerce diffusion in developing countries like India are the lack of telecommunications

infrastructure throughout the country manifest in low computer usage and Internet penetration along with the lack of qualified staff to develop and support e-commerce sites (Bingi et al., 2000; Hoffman, 1999). These concerns may no longer be significant deterrents for online shopping in many developed countries. The concerns associated with delivery of the product ordered are shipping fees, delayed delivery and non-receipt of a product ordered. This is due to India's postal careers being mostly unreliable except for the government owned one that is pricey. Thus, online shoppers are forced to choose the pricey postal career for more secure delivery or to take a risk of not getting the product delivered when choosing other careers

**Hypothesis 1**: This was developed considering India's insecure inefficient delivery system.

**Hypothesis 2:** The fear of delayed product delivery or not getting it delivered/losing it in transit will have negative influence on attitude towards shopping online.

The ease of return policy is often a concern to online shoppers (Teo, 2002). The ramifications of how to exchange products, the length of time allowed to return a product, and the cost associated with the shipping of merchandise back to the online retailer are often concerns associated with an online return policy (Shim, Shin, Yong & Nottingham, 2002). Hypothesis 3 was developed based on effect of well placed return policy.

**Hypothesis 3:** The good and convenient product return policy will have positive influence on attitude towards shopping online.

Domain Specific Innovativeness (DSI) is "the degree to which an individual is relatively earlier in adopting an innovation than other members of his system" (Rogers & Shoemaker, 1971, p. 27). Thus, in the online shopping context, domain specific innovativeness is defined to be technology specific innovativeness. Shopping online for most Indian shoppers means going outside their usual shopping routine. While the online shopping offers consumers a wide breadth and depth of merchandise offerings, it also requires them to acquire new technology skills in order to seek, evaluate and acquire products.

Research has revealed that online shopping innovativeness is a function of attitude towards the online environment and individual personal characteristics (Midgley & Dowling, 1978; Eastlick, 1993; Sylke, Belanger & Comunale, 2004; Lassar et al., 2005). Innovative consumers are more inclined to try new activities (Robinson, Marshall & Stamps, 2004; Rogers, 1995). Adoption of online shopping is depiction of individual's innovative characteristic (Eastlick, 1993). It is expected that person's technology specific innovativeness has a propensity to shop online.

**Hypothesis 4:** Technology specific innovativeness will affect online shopping behavior.

According to the Theory of Reasoned Action (TRA) (Azjen & Fishbein, 1980) the human behavior is preceded by intentions, which are formed based on consumer's attitude toward the behavior and on perceived subjective norms. Attitude reflects the individual's beliefs. Subjective norms capture the consumer's perceptions of the influence of

significant others such as family, peers, authority figures, and media. Subjective norms tend to be a strong influential factor especially in the early stages of innovation implementation when users have limited direct experience from which to develop attitudes (Taylor & Todd, 1995). It is during this stage of attitudinal development that online retailers can influence shoppers' propensity for purchasing behaviors (Yu and Wu, 2007).

**Hypothesis 5:** Family members, friends and peers' online experiences and suggestions will positively influence on online buying behavior.

Consumers' attitudes towards performing a behavior have been proven as a strong predictor of behavior (Fishbein & Ajzen, 1975). Attitude has been applied in several ways in the context of online shopping. Adopting a new technology is a function of one's attitude towards it (Moore & Benbasat, 1991). It refers to the consumers' acceptance of the Internet as a shopping channel (Jahng et al., 2001). It also refers to consumer attitudes toward a specific Internet store (i.e., to what extent consumers think that shopping at this store is appealing). Other previous researches have also revealed that attitude towards online shopping is a significant predictor of making online purchases (George 2004; Yang et al., 2007).

Ajzen and Madden (1986) extended the TRA into the Theory of Planned Behavior (TPB) by adding a new construct "perceived behavioral control" as a determinant of behavioral intention and behavior. Perceived behavioral control refers to consumers' perceptions of their ability to perform a given behavior. TPB allows the prediction of behaviors over which people do not have complete volitional control. Perceived behavioral control reflects perceptions of internal constraints (self-efficacy) as well as external constraints on behavior, like availability of resources. Perceived Behavioral Control (PBC) directly affects online shopping behavior (George, 2004) and has a strong relationship with actual Internet purchasing (Khalifa & Limayem, 2003). Thus, the following hypothesis was developed.

**Hypothesis 7:** Individual's resources to shop online will have negative effect on online shopping behavior.

**Methodology:**

A survey was developed to identify factors that influence Indian online shoppers' behavior. Variables examined are technology specific innovativeness, perceived risks (financial risk, product risk, convenience risk and non-delivery risk), perceived behavior controls, demographics and service and infrastructural factors (cyber laws, shipping charges and after sales service). Forty questions were adopted from previous research and fourteen questions were developed by the researcher. Item scales ranged from strongly disagree (1) to strongly agree (7). The survey was created in online and paper versions in order to reach consumers who have no regular access to Internet hence maximize the response rate.

**Pilot study:**

The survey was written in English and pilot tested using a small group of student sample (n = 15) at Banaras Hindu University (BHU) in Varanasi, India. English is taught as a

mandatory subject in schools throughout India. As such, the subjects had no problem understanding English. The purpose of the pre-test was to verify the survey's content for clarity and understanding. Students were asked to indicate all areas that were either unclear, difficult to read, or confusing. The survey was revised based on the feedback from the pretest.

**Data collection procedure:**

Two methods of data collection were usedviz., online and manual distribution of a paper survey. The online survey allowed the researcher to capture the Indian consumers who were proficient technology users. As identified in the review of literature, a large portion of the Indian population neither uses the Internet on a regular basis nor do they shop online. In order to obtain a better understanding of their online shopping fears (i.e., perceived risks), it was deemed critical to survey this group. Using a paper survey was deemed the most appropriate method of reaching this group. Confidentiality of responses was assured and potential respondents were invited to forward any queries via e-mail to the researcher.

**Sample description:**

The sample selected for this study consisted of persons in the Delhi region and students at Banaras Hindu University in India. A total of 987 surveys were administered; 287 paper surveys and 700 e-mail surveys. Fifty-one paper surveys and 92 electronic surveys were returned for a total of 143 surveys. From this, 127 usable surveys were obtained. The 13% response rate is acceptable given the nature of the social science research (Touliatos and Compton, 1988) and the sample population of India.

**Data analysis:**

The data were analyzed using SPSS 16.0. Principal Component Analysis (PCA) using varimax rotation with Kaiser Normalization conducted on the online shopping behavior measures. This analysis was conducted as a reduction technique. There were a total of 50 items measuring 14 variables apart from the items asking about Internet usage, pattern and demographic details (32 items). PCA has been used to factor observed interrelated variables together. Based on the PCA results, habit, trust and others have been deleted as the items were cross loading on multiple components. Thus latent variables were viable for final analysis. Components were extracted and labeled which had eigen values above 1.00 and whose absolute values after rotation was greater than 0.30. Reliability and validity tests were then conducted. The factors generated include:

(1) financial risk;
(2) product risk;
(3) convenience risk;
(4) non-delivery risk;
(5) return-policy;
(6) technology specific innovativeness;
(7) subjective norm;
(8) attitude; and
(9) perceived behavioral control.

The result of reliability tests indicated all the construct measures to be reliable with Cronbach's alpha over 0.80 except for the financial risk (0.748), the nondelivery risk (0.684) and the technology specific innovativeness (0.778) (see Table 1). The items of these components and additionally product risk and PBC (perceived behavioral control) were loaded separately but when measured together performed better in

reliability analysis. Construct correlations were below 0.8 indicating acceptable discriminate validity based on the rule of thumb suggested by Kline (1998). Multiple regression analysis was conducted to test Hypotheses. A significance level of $P < 0.05$ was used as the guideline for identifying statistically significant results.

**Table 1. Factor loadings from PCA & Cronbach's alpha**

| Latent variable | Constructs | Factor loadings | Cronbach's alpha |
|---|---|---|---|
| Convenience risk | Feel that it will be difficult settling disputes when I shop online. | 0.866 | 0.898 |
| | It is not easy to cancel orders when shop online. | | 0.731 |
| | I will have problem in returning product bought online. | 0.868 | |
| | I cannot get to examine the product when I shop online. | 0.787 | |
| | Finding right product online is difficult. | 0.913 | |
| | I cannot wait till the product arrives | 0.62 | |
| Perceived behavior control | I do not shop online as I do not have a computer at home. | 0.874 | 0.871 |
| | I do not shop online as I do not have a computer with Internet. | 0.925 | |
| | I do not shop online as I do not have a credit card. | | 0.844 |
| | Do not shop online because the internet speed is very slow (web page download time is low). | 0.623 | |
| Subjective norm | My friend's opinion is important to me when I make a purchase I will have no problem in shopping online if I get to know that my friends and relatives are doing it without any problems | 0.789<br>0.746 | 0.810 |
| | Sharing my experience through online product reviews will make me noticeable | 0.697 | |
| Technology specific innovativeness | I am usually the first in my group to try out new technologies. | 0.670 | 0.778 |
| | My friends approach me for consultation if they have to try something new. | 0.509 | |

| | | | |
|---|---|---|---|
| | I am confident of shopping online even if no one is there to show me how to do it. | 0.861 | |
| | I feel confident of using Internet for shopping after seeing someone else using it. | 0.699 | |
| Return policy | I do not purchase online if there is no free return shipment service available | 0.703 | 0.840 |
| | I purchase online only when I can return the product without any frills or strings attached. | 0.647 | |
| | do not purchase online if there is no money back guarantee. | 0.915 | |
| Attitude | Using Internet for online shopping is easy<br>Shopping online is fun and I enjoy it. | . 0.930<br>0.800 | 0.860 |
| Product risk | I might not get what I ordered through online shopping. | 0.704 | 0.881 |
| | I might receive a malfunctioning merchandise<br>It is hard to judge the quality of merchandise online | 0.583<br>0.725 | |
| Financial risk | I feel that my credit card details may be compromised and misused if I shop online.<br>I might get overcharged if I shop online as the retailer has my credit card info.<br>feel that my personal info given for the transaction to the retailer may be compromized to a 3rd party | 0.872<br>0.817<br>0.799 | 0.748 |
| Non-delivery risk | I do not shop online because of non-availability of reliable & well-equipped shipper | 0.910 | 0.684 |

**Results and discussion:**

Sample characteristics: The total number of responses obtained was 143. Out of this 127 responses (65% male and 35% female) were valid and usable. Approximately 96% respondents were in the age range 21-39 years and average qualification was a postgraduate degree or above (around 84%) and 40.9% had an income higher than Rs. 600,000/ year. Approximately 73% of the respondents belonged to a household with 3 or more people, 34.6% lived in self-owned and 26.8% in rented accommodation. Fifteen percent of the respondents never bought online and 40% of them have education below a post graduate degree. Eighty four percent of respondents have computer at home, 81% have Internet connection and 62 (48.8%) have broadband service. Approximately 80% of respondents have credit cards and 63% make payments through credit cards only with a meager percent use other payment methods. Detailed Internet usage of the sample is presented in

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**Table 1.**

Internet usage and experience: Majority of respondents use Internet either at home (N = 74; 58.3%) or at work place or school (N=82; 64.6%) with just as few as 21.3% (N = 27) of all still visit cybercafés for using Internet. Majority of respondents said that they mostly use Internet either for e-mail communication

**Table 2: Regression result based on gender**

| Hypotheses | Female | | Male | |
|---|---|---|---|---|
| | Beta | p-value | Beta | p-value |
| H1a: Product risk □ Attitude | -0.289 | 0.054 | 0.307 | 0.005* |
| H1b: Financial risk □ Attitude | -0.186 | 0.221 | 0.333 | 0.002* |
| H1c: Convenience risk □ Attitude | -0.462 | 0.001* | 0.265 | 0.016* |
| H2: Delivery concern □ Attitude | 0.221 | 0.144 | 0.218 | 0.049 |
| H3: Return policy □ Attitude | 0.155 | 0.309 | 0.200 | 0.072 |
| H4: Innovativeness □ Behavior | -0.306 | 0.100 | 0.450 | 0.004* |
| H5: Attitude □ Behavior | 0.652 | 0.001* | 0.188 | 0.253 |
| H6: Subjective norm □ Behavior | -0.157 | 0.407 | -0.012 | 0.944 |
| H7: Perceived Behavioral Control □ Behavior | -0.167 | 0.377 | -0.424 | 0.007* |

Note: * = sig. at p < .05

Overall, the convenience risk was found to be the only factor affecting Indian consumers' online buying behavior. However, the results showed some interesting differences between respondents when broken down by gender. It was found that the men are more concerned towards perceived risk factors (H1a: p = 0.002, H1b: p = 0.005, H1c: p = 0.016) and concerns associated with non-delivery of the product (H2: p = 0.049) while women were only concerned about the convenience risk (H1c: p = 0.001). This is consistent with the findings of the extant studies (e.g., Forsythe & Shi, 2003; Biswas & Biswas, 2004) where financial, product and convenience risk are an important significant risk factor for not shopping online. The possible reason of insignificance in Indian females appears to be the indifference and unwillingness towards online medium and as shopping for them is more of a social and socializing activity. As found in the study of Swinyard & Smith (2003), there is group of Internet users called non-shoppers of online. Since Indian Internet users do not tend to shop online they belong to this class only and the reason again seems to be preference for brick and mortar shops to get the feel of the product before buying it rather than relying completely on the information provided. The reason of difference between male and female's perception could be that in India males are primary earning members of a family and hence they are a little less concerned about and frugal with their money. The return policy (H3) is also not significant with, male, p = 0.072 and for female, p = 0.309 (Table 1). The reason again seems to be the indifference towards online shopping which is contrary to the finding of Lee (2002) which says that

returning hassles lead to dissatisfaction in consumers and that is why they avoid shopping online. For males technology innovativeness (H4) is a significant variable male respondents, p = 0.004 (Table 1) while for female respondents it was not a significant variable, p = 0.100, because they are socially more active than the females and perhaps interaction with other people makes them more aware of newer technology and developments. For females it is not significant and the reason could be influence of other factors like the habit of shopping in brick and mortar shop and non-availability of price negotiation platform. As many as about 46.5% of respondents agreed that they do not buy unless they negotiate price. As per Westfall and Boyd (1960) neither the Indian buyer nor the seller is comfortable unless they negotiate price. The influence of subjective norm on online shopping behavior (H5) was not statistically supported(male, p = 0.944 and female, p = 0.407 vide Table 1). This means the opinion of friends and peers will not be likely to influence Indian consumers' online buying behavior. This finding is consistent with previous studies such as that of Wang et al. (2007) where friends, relatives and media (subjective norm) has not been an important factor influencing the online shopping behavior but not with others like Järveläinen (2007) and Khalifa and Limayem (2003) where subjective norm has been significant. India is collective society (Hofstede, 1980). People like to go to market places together and value opinion of others. They also feel good about sharing online experience. The reason of this inconsistency appears to be distrust for online retailers and transaction. Attitude towards online shopping is significant for females but not for males, female p = 0.001 (Table 1) while for male, p = 1.351. It seems that although women have a good opinion about online shopping but they do not want to do it because of inconvenience they perceive in online shopping. For male it is contrary to finding of Wang et al. (2007) that found attitude to be a significant factor affecting online shopping intention of Taiwanese consumers. This means that although Indian male consumers find online shopping easy and they enjoy using Internet (mean is 4.92) but they are not comfortable with going ahead and shop online. The possible reason could be inexperience in online shopping and lack of efforts from companies to create positive image towards this shopping medium and other related factors.

The perceived behavioral control has an insignificant influence on online shopping behavior, p = 0.377 for female and p = 0.007 for males (Table 1) shows that since majority (84.3%) of respondents have computer at home and (81.1%) responded that they have even Internet connection and (48.8%) have broadband service so they believe that non-availability of Internet infrastructure will not significantly impact online shopping behavior. Which is contrary to the finding of Wang et al. (2007) and other studies (e.g. Khalifa and Limayem, 2003) found PBC to be a significant factor affecting online shopping behavior

**Conclusion, implications and limitations:** People in India are using Internet for last few years (on an average more than 3 years) for different purposes like, banking, buying travel tickets etc. but not for anything for which they do not need to queue up. The reasons as quoted by Channel Push's

(www.channelpush.com) article – "State of Online Retailing in India" are, slow paced building up of Internet infrastructure, lack of interactive and informative websites and unwillingness on the part of retailers.

The results of this study generate insights on online retailing in India in general and on specifically factors affecting Indian consumers' online buying behavior in particular. Although the convenience risk seemed to be the only factor significantly affecting Indian consumers' online purchases, when looking at male and female perceptions, there were different factors affecting male and female consumers' behaviors. Perceived risk is significant for male but not for female, except convenience risk (P = 0.001). For females attitude has been significant factor for online shopping behavior while among males innovativeness was significant which meant females frame their opinion then they will go ahead without considering risks if the process is easy and user friendly while male will gauge various risks before shopping online. The study found that the majority of people who bought online more number of times were in the age group of 40-49 years. This is different from common prediction that younger people who will be more proficient in Internet use and hence likely to buy. Although it has been pointed out by Järveläinen (2007) that customizing the system as per the requirement for different demographic groups is not advisable, but the system should be easy to use keeping in mind inexperienced customers and allowing experienced users some customization options could be attractive.

There are a few implications from these findings on online shopping that merit attention. One of them is that retail companies should start taking measures to eliminate risk factor and build trust in this form of retail. The retail managers should sway consumers through ads, promotions, online only discounts etc. to let people cross the threshold and start buying because Indian consumers are still comfortable with brick and mortar format as they appreciate friendly approach of salesman and social element of shopping, which has been found as important customary element in shopping (Tauber, 1972). In addition, they need to make their website more user-friendly and less intriguing. They should encourage online consumers to spend time exploring the site and comparing prices online, provide detailed product information and offer member discounts. The results also suggest that after-sales operations like, dispute settling and delivery, should be carried out promptly and quickly so that consumer would build faith in the system. During the process of purchasing, online agents can help customers and simplify the purchasing procedure to give a feeling of friendliness of salesman or demonstrate how to purchase with clear text, images or examples. Because of perceived lack of secured transaction, retailers should introduce mechanisms that would improve safety and privacy to motivate more people to buy online. It will also be important to mention that price bargaining factor needs to be incorporated to keep people in sync with their buying habits and giving a feel of having bought a good deal. This could perhaps be done by keeping fixed and variable component in pricing and letting people chose from variable components.

The findings of the study will help online retailers to better understand the psyche of consumers and equip themselves to attract consumers towards online format. They could introduce money back guarantee and insured and assured delivery to alleviate risk factors. It would help managers understand the online consumer better and work towards a new area of retail in India as Internet shopping would help retailers present a potentially low cost alternative to brick and mortar option.

This study has few limitations. First, this survey limits us to a pool of Internet users. Hence, the results may not be generalizable to non-Internet users. Through this survey it was intended to cover few non-users but since the pool of respondents was either students or working professionals so all of them had sufficient exposure to internet. Second, the samples of Internet users for this study were mostly those who are more knowledgeable about the Internet and are thus experienced Internet users. Thus, the sample of respondents may be skewed toward more experienced Internet users. This may also restrict the generalizability of the findings. Due to limitation of time a convenient sampling was done. A random sampling would have given a better idea of Indian consumer as a whole. Also, the sample size is small to be called a true depicter of population as the study was limited to two cities only. Inclusion of cultural and value dimensions can provide a different perspective towards Indian consumers.

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# INDIAN AUTO INSURANCE PRICING REGIME: NEED FOR CHANGING TO USAGE BASED INSURANCE PRICING

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**Abstract:**

This article focuses on the current state of auto insurance pricing in India and the need to bring improvement in pricing structure by introducing the differential concepts of 'pay-as you go' and 'pay - as you drive', which are already under implementation in USA and UK. The usage based insurance pricing is expected to differentiate in premium pricing between good drivers and bad, rash or negligent drivers and also between frequent users and limited users.It is also likely impact on vehicle travel and safety. This is also expected to address the vexing issues like increasing road accidents due to rash and negligent driving, air pollution, traffic congestions etcetera.

**Key Words:**

Auto insurance, Online shopping, Third party, Telematics, Third party liability, usage based insurance, KYC documentation, FIR, Hypothesis, SPSS, Principal component analysis, Online retailing

**Introduction:**

Motor vehicle insurance law in India is governed by the Motor Vehicles Act, 1988, Insurance Act, 1938 and aspects of insurance contracts are governed by Indian Contract Act, Transfer of Property Act and few others. Auto Insurance in India deals with the insurance covers for the loss or damage caused to the automobile or its parts due to natural or man-made calamities. It provides accident cover for individual owners of the vehicle while driving and also for passengers and third party legal liability. There are certain general insurance companies who also offer online insurance service for the vehicle.

Auto Insurance in India is a compulsory requirement for all new vehicles used either for commercial purposes or for personal use. The insurance companies have tie-ups with leading automobile manufacturers. They offer their customers instant auto quotes. Auto premium is determined by a number of factors and the amount of premium increases with the rise in the price of the vehicle. The claims of the Auto Insurance in India can be accidental insurance, theft claims or third party claims. Certain documents are required for claiming Auto Insurance in India. They include duly signed claim form, RC copy of the vehicle, driving license copy, FIR copy, Original estimate and policy copy.

**Types of Auto Insurance in India:**

There are three principal types of automobile insurance and they are private car insurance, two wheeler insurance and commercial vehicle insurance as detailed below

**Private Car Insurance -** Within the overall auto insurance sector in India, private car insurance is the fastest growing segment as it is compulsory for all the new cars. The amount of insurance premium depends on the make and value of the car, the particular State wherein the car is registered and the year of manufacture.

**Two Wheeler Insurance -** The two wheeler insurance under the auto insurance in India covers accidental insurance for the drivers of the vehicle.

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The amount of premium depends on the current showroom price multiplied by the depreciation rate fixed by the Tariff Advisory Committee at the time of the beginning of policy period.

Commercial Vehicle Insurance – Commercial vehicle insurance, under the auto insurance in India, provides cover for the vehicles which are not used for personal purposes, like the trucks and HMV's. The amount of premium depends on the showroom price of the vehicle at the commencement of the insurance period, make of the vehicle and the place of registration of the vehicle.

Scope of Auto Insurance:

Coming to the scope of auto insurance in India auto insurance policies generally provide cover for the following three contingencies.

- Loss or damage by accident, □re, lightening, self-ignition, external explosion, burglary, housebreaking or theft and malicious acts.
- Liability for third party injury/death, third party property and liability to paid driver.
- On payment of appropriate additional premium, loss or damage to the electrical or electronic accessories.

The auto insurance does not include the following three contingencies.

- Consequential loss, depreciation, mechanical and electrical breakdown, failure or breakage.
- When vehicle is used outside the geographical area.
- War or nuclear perils and drunken driving.

Factors Affecting Car Insurance Premium in India:

Car insurance premium is the overall cost charged by an insurance company to protect the vehicle and the vehicle owner in the event of any unforeseen risk or damage. The policy premium rates differ not only from owner to owner but also from vehicle to vehicle. There are a variety of demographic, vehicle related and insurance related factors which condition or determine the amount of car insurance premium.

The demographic factors that are found to be affecting car insurance are

- Gender
- Age
- Residence
- Profession
- Marital status

Vehicle related factors affecting car insurance are found to be the following.

- Car Manufacturer
- Safety features of the vehicle
- Age of the vehicle
- Capacity of the vehicle's engine
- Driving Record

Besides the demographic and vehicle related factors there are a third set of factors. They may labelled as insurance related factors. The insurance related factors are:

- No Claim Bonus (NCB)
- Deductible Amount
- Type of Insurance Policy
- Add-on covers

In India there are two basic types of car insurance policies which one can choose from. The first is a 'Third Party Liability Only' policy which is compulsory by law and

which offers protection against any liability which may arise in an accident involving one's vehicle that results in any bodily harm, injury or damage to property of any third party. The other type of insurance policy is a 'Package Policy' which bundles together 'Own Damage', 'Third Party Liability' and 'Personal Accident Cover' into one and the same.

**Limitation of Present Pricing Structure:**

The present pricing structure of auto insurance in India suffers from a major limitation. It does not discriminate much between a good and bad driver and an extensive user and limited user in India. Except of No claim bonus for not making any claims there is not much of a pricing benefit to a limited and safe driver. It is in this context we have to look at the international scenario of vehicle insurance.

**International Scenario:**

It is important to understand the practices being followed abroad – as we are likely to adopt most of them as soon as we move into a de-tariffed environment. It might help us as individuals or organizations to prepare better for de-tarif□ng. Auto insurance protects against risks associated with owning or driving of an automobile, and it constitutes about 40-50% of non-life premium worldwide. However, being a part of tariff, auto insurance in India has traditionally been different from than those in markets like the US. The differences are found in regard to coverage, classi□cation, underwriting and rating practices. In India, we have only one common 'motor insurance' regardless of whether the vehicle is owned by an individual or an organization, whereas in the US it is driver-centric.

Worldwide also a Personal Auto Policy covers personally owned vehicles primarily used for personal trips or to commute to work with a broader cover and a lower premium. This policy is portable i.e. the policy stays with the owner and not the car. On the other hand, vehicles owned by an organization are covered under a Commercial Auto Policy, whose coverage is restricted, expensive, and non-portable.

The Tariff Advisory Committee (TAC) of USA devised two flavours for auto insurance viz.,'Liability only insurance' and 'Package insurance'. The former is a limited version which addresses legal requirement of vehicles coming onto public roads, as per the Motor Vehicles Act. The later covers damage to the cars, liability to the passengers and driver. As against this US Insurers offer insurance under six different heads thus:

1. Bodily Injury Liability, which is similar to our Third Party Personal Injury cover applies to injuries that a policyholder or a designated driver causes to others. Owner and family members listed on the policy are also covered when driving someone else's car with their permission.

2. Property Damage Liability, which is similar to our Third Party Property Damage cover, pays for damages to others' properties like cars, lamp posts, telephone poles, fences, buildings or other structures that a car hits.

3. Medical Payments or Personal Injury Protection (PIP) pays for the treatment of injuries to the driver and passengers of the policyholder's car. At its broadest, PIP can cover medical payments, lost wages and the

driver and passengers of the policyholder's car. At its broadest, PIP can cover medical payments, lost wages and the cost of replacing services normally performed by someone injured in an auto accident.

4. Collision coverage pays for damage to car resulting from a collision with another car, or due to flipping over or damage caused by potholes. Collision coverage generally comes with a deductible. This coverage will reimburse the costs of repairing insured car, even if at fault, but with the deductible. If the insured is not at fault, insurance company would first recover the cost from the other driver's insurance company and then reimburse the deductible.

5. Comprehensive coverage reimburses for loss due to theft or damage caused by something other than a collision with another car or object, like are, falling objects, missiles, explosion, earthquake, windstorm, hail, flood, vandalism, riot, or contact with animals such as birds or deer. In India, Own Damage section covers both Collision and Comprehensive coverages. Unlike in India, in the United States do require purchase collision or comprehensive coverage, but lenders do insist on the same.

6. Uninsured and Underinsured Motorist Coverage reimburses policyholder, a member of the family, or a designated driver if hit by an uninsured or hit-and-run driver. Underinsured motorist coverage comes into play when an at-fault driver has insuf□cient insurance to pay for the total loss or if a pedestrian is hit. So far this concept is not prevalent in our country.

**Underwriting Practices**

The primary difference between the Indian and US underwriting practices is that while we have traditionally focused on the "vehicle" risk, US insurers do a risk pro□le of the "driver". The driver-centric approach of US considers various personal characteristics of the driver as underwriting parameters in addition to vehicle parameters to arrive at physical damage and liability premium. In contrast to this in India the parameters used to stop with IDV Insured Declared Value(IDV) are vehicle's cubic capacity, broad geographic zone and age of vehicle for own damage. In the US the amount of liability premium depends on limits – greater the limits selected higher the costs. The premium also varies depending upon the following factors or considerations.

• Age – principal drivers with age less than 30 years pay more premium than those in higher age group. They have identified a typical character called youthful driver (an unmarried male member in a family of less than 25 years and licensed to drive). Even if one of the drivers in a family is a youthful driver the premium rating of family goes up.

• Gender – men have to pay more premium than women.

• Marital Status – Unmarried or divorced people pay more than married ones.

• Use of the Vehicle – premium payable decreases in the order of business usage, work use, pleasure or farming use.

• Similarly, the physical damage premium is built around.

• Deductible Amount – a lower deductible entails higher premium.

• Make and Model – high performance cars require higher premium payment .

• Model year – newer cars require higher premium than older ones.

• Cost of Vehicle – the expensive models cost more, like in Indian IDV.

Thus, age, sex, marital status, use of vehicle and territory of garage also infuence physical damage premium computation.

In India, underwriting criteria started becoming more inclusive and more detailed to cover driver/ owner data (along with additional Vehicle data) since the time TAC prescribed a revised proposal format recently. Additionally, certain Private Insurers such as Bajaj Allianz and Tata AIG are seeking information beyond the TAC format to be able to make better underwriting decisions. In India the information sought usually relate to:

• Details of main drivers – date of birth, relationship with owner, driving experience

• Marital status

• Gender of the main driver

• Whether the vehicle is driven mainly on city roads or on highways etcetera.

Automobile industry is one of the steadily growing industries in the country and some of the major problems faced by India due to automobile growth are traffic crashes, traffic congestion, road and parking facility costs, energy consumption and pollution emissions and consumer costs. To address these issues there is a need for introducing innovative methods in automobile insurance premium pricing. In USA and UK Usage based insurance has been in use for some time which is helping those countries in curbing the menace of accidents related to rash driving, excessive usage etc. Therefore it is useful to look at the usage based insurance.

Usage Based Insurance –Concept of Pay as you Drive and Pay as you GO:

There are two variants of usage based insurance. They are: 1) Pay as you drive and 2) Pay as you go

Pay as you Drive Usage-based insurance (UBI), also known as pay as you drive (PAYD) and pay how you drive (PHYD) and mile-based auto insurance, is a type of vehicle insurance whereby the costs are dependent upon type of vehicle used, measured against time, distance, behavior and place.This differs from traditional insurance, which attempts to differentiate and reward "safe" drivers, giving them lower premiums and/or a no-claims bonus. However, conventional differentiation is a re□ection of history rather than present patterns of behavior. This means that it may take a long time before safer patterns of driving and changes in lifestyle feed through into premiums.

The simplest form of usage-based insurance bases the insurance costs simply on the number of miles driven. However, the general concept of pay as you drive includes any scheme where the insurance costs may depend not just on how much one drive but how, where, and when one drives.

Pay as you drive (PAYD) means that the insurance premium is calculated dynamically according to the distance driven. There are three types of usage-based insurances. They are: 1. Insurance coverage based on the odometer reading of the vehicle. 2. Insurance coverage based on mileage aggregated from GPS data, or the number of minutes the vehicle is being used as recorded by a vehicle-independent module transmitting data via cell

phone or RF technology. 3.Insurance coverage based on other data collected from the vehicle, including speed and time-of-day information, historic riskiness of the road and driving actions in addition to the distance or time travelled.

The formula can be a simple function of the number of miles driven, or can vary according to the type of driving or the identity of the driver. Once the basic scheme is in place, it is possible to add further details, such as an extra risk premium if someone drives too long without a break, uses their mobile phone while driving, or travels at an excessive speed.

Telematic usage-based insurance (i.e. the latter two types, in which vehicle information is automatically transmitted to the system) provides a much more immediate feedback loop to the driver, by changing the cost of insurance dynamically with a change of risk. This means drivers have a stronger incentive to adopt safer practices. For example, if a commuter switches to public transport or to working at home, this immediately reduces the risk of rush hour accidents. With usage-based insurance, this reduction would be immediately re□ected in the cost of car insurance for that month.

Another form of usage-based insurance is Pay How You Drive (PHYD) which is similar to PAYD, but also brings in additional sensors like accelerometer to monitor driving behavior.

Benefits & Draw backs of usage Based Insurance: There are both benefits and drawback of usage based insurance. The benefits of the usage based insurance include the following

- Social and environmental bene□ts accruing from more responsible and less unnecessary driving.
- Commercial bene□ts to the insurance company from better alignment of insurance with actual risk.Improved customer segmentation.
- Potential cost-savings for responsible customers.
- Technology that powers UBI/PAYD enables other vehicle-to-infrastructure solutions including drive-through payments, emergency road assistance, etc.
- More choice for consumers on type of car insurance available to buy.
- Social bene□ts resulting from accessibility to affordable insurance for young drivers - rather than paying for irresponsible peers, with this type of insurance young drivers pay for how they drive.
- Higher-risk drivers pay most per use, thus have highest incentive to change driving patterns or get off the roads, thereby leaving roads more safe.
- For telematic usage-based insurance continuous tracking of vehicle location enhances both personal security and vehicle security. The GPS technology could be used to trace the vehicle whereabouts following an accident, breakdown or theft.
- The same GPS technology can also be used to provide other (non insurance) bene□ts to consumers, e.g. satellite navigation.
- Gamification of the data encourages good driver behavior by comparison with other drivers.

The potential drawbacks of usage based insurance are mainly three and they are: There are some problems too with the usage based insurance.

• There are limits to the ability of any insurance system to predict future risk, including usage based insurance. Some lower-risk drivers will still subsidize some higher-risk drivers, to some extent.

• For usage pricing, driving habits must be documented, raising privacy concerns especially in the case of systems which use continuous GPS tracking of vehicles. Personal information such as where you drive may also be inferred using only data such as speed and distance driven.

• Pricing plans based on behavior may be harder to compare between insurance companies, making it more difficult for consumers to price shop and reducing competition.

**Pay as you drive vs pay as you go insurance**

Despite the terms being used interchangeably to describe telemetric car insurance, there can sometimes be a difference between the pay as you go car insurance and the pay as you drive car insurance . Some car insurance providers will market them as one and the same, so be sure to look out for what its key components include.

Pay as you go car insurance usually means that your policy is based on how much you drive. The device fitted to your car will thus keep track of the number of miles you do to make sure you don't go over the agreed limit.

You may even be able to top up your pay as you go car insurance to get more miles out of it. As explained earlier, these types of policies are often aimed at people who don not use their car all the time but want to use it occasionally without paying high premiums.

Pay as you drive car insurance usually means that the black box □tted to your car will assess how you drive and give you a policy based on your driving style.

**Implementation**

USA Metromile: Metromile is a usage-based insurance startup funded by New Enterprise Associates, Index Ventures, National General Insurance/Amtrust Financial, and other investors. It offers a driving app and a pay-per-mile insurance product using a device that connects to the OBD-II port of all automobiles built after 1996. Metromile does not use behavioral statistics like type of driving or time of day to price their insurance. They offer consumers a □xed base rate per month plus a per mile rate ranging from 2 to 11 cents per mile, taking into account all traditional insurance risk factors. Drivers who drive less than the average (10,000 miles a year) will tend to save. Metromile allows users to opt out of GPS tracking, never sells consumer data to 3rd parties, and does not penalize consumers for behavioral driving habits. Metromile is currently licensed to sell auto insurance in California, Oregon, Washington, Virginia and Illinois (as of July 2015). More states are expected to roll out shortly.

Progressive Snapshot is a car insurance program developed by Progressive Insurance in the United States. It is a voluntary, behavior-based insurance program that gives drivers a customized insurance rate based on how, how much, and when their car is driven. Snapshot is currently available in 46 different states of USA plus the District of Columbia.

Because insurance is regulated at the state level, Snapshot is currently not available in Alaska, California, Hawaii, and North Carolina. Driving data is transmitted to the company using an on-board telematic device. The device connects to a car's On Board Diagnostic (OBD-II) port (all automobiles built after 1996 have an OBD-II.) and transmits speed, time of day and number of miles the car is driven.

Cars that are driven less often, in less risky ways and at less risky times of day can receive large discounts. Progressive Snapshot has received patents on its methods and systems of implementing usage-based insurance and has licensed these methods and systems to other companies. Progressive has service marks pending on the terms Pay As You Drive and Pay How You Drive.

Allstate's usage-based insurance program, Drive wise, began in 2010, with the company launching a mobile app version in 2014. The Drive wise app rewards safe driving by analyzing speed, braking, and time of day to calculate cash rewards and/or savings on a customer's auto insurance premium. The app provides feedback on each trip taken and offers tips for safe driving. As of May 2016, Drive wise is available in 48 of 50 states plus D.C. (all but CA, NC). The majority of states offer Drive wise through the app, while seven states (AK, FL, IN, MA, NY, OH, WA) currently only offer it through a car plug-in device. After downloading the Drive wise app and enabling location services, Drive wise will automatically detect trips. Both Allstate and non-Allstate customers can download the Drive wise app and use it to receive safe driving tips as well as Allstate Rewards points, which can be redeemed for savings on brand-name merchandise through a separate website.

Liberty Mutual Insurance Onboard Advisor is a commercial lines pay-how-you-drive, PHYD It offers up to 40% discount to commercial and private □eets based on how safely they actually drive.

National General Insurance is one of the □rst and largest auto insurance companies to institute a Pay-As-You-Drive (PAYD) program in the United States back in 2004.The National General Insurance Low-Mileage Discount is an innovative program offered to OnStar subscribers in 34 states in the US, where those who drive less pay less on their auto insurance. This opt-in program is the □rst of its kind leveraging state-of-the-art technology using OnStar to allow customers who drive fewer miles to bene□t from substantial savings. Under the program, new National General Insurance customers receive an automatic insurance discount of approximately 26 percent upon enrollment. The existing OnStar customers receive a discount based on historical mileage.

With the subscriber's permission, the odometer reading from his or her monthly OnStar Vehicle Diagnostics report is forwarded to National General Insurance. Based on those readings, the company will decrease the premium using discount tiers corresponding to miles driven. Information sent from OnStar to National General Insurance pertains solely to mileage, and no additional data is gathered or used for any purpose other than to help manage transportation costs. Customers who drive more than 15,000 miles per year are not penalized and all OnStar customers receive an insurance discount simply for having an active OnStar subscription.

Japan AIOI introduced a Pay as You Drive insurance product in Japan in 2005. They partnered with Toyota to develop the technology. The technology is based on Toyota's G-Book terminals.

Australia Real Insurance Pay As You Drive is the world's □rst trust-based product developed in Australia by Real Insurance. It solves a number of the problems that especially location-based solutions face, particularly privacy issues and variable premiums. Customers pay a minimum premium, and then pre-pay for kilometers.

QBE Insurance Box is the □rst telemetry-based insurance system in Australia, and uses telemetry from a device plugged into the vehicle's OBD II port. The telemetry is used to rate driver behavior, and provide this via a "Drive Score" to the insured. Premiums are adjusted annually.

EU Mapfre and General offer their Pay as you go policies in Spain since 2007, primarily for 18–30 years clients.

In Italy SARA Assicurazioni was the □rst insurance company to launch a pay per use product in 2003.

'The International Research and Intelligent Systems' global (IRIS) company's Pay As You Drive and Fleet Risk Management products won Strategic Risk magazine's "European Risk Management Product of the Year 2008 Award. These products are currently under evaluation by two major insurance companies. IRIS is located in Coventry, United Kingdom.

Technology for Pay as you go car insurance:

Telematics, or pay as you go car insurance, is increasing in popularity. We take a look at how it works and its pros and cons.

For drivers using their cars only once in a while, the high cost of car insurance can be pretty hard to stomach. What's more, drivers belonging to so-called high-risk groups, such as young and elderly drivers, are often hit with hefty premiums, despite only using their cars infrequently. A solution could come in the form of telematics insurance, which counts your miles as you drive, among other things essentially, pay as you go insurance, or pay as you drive insurance.

Some parts of the car insurance industry also refer to telematics car insurance as black box car insurance, and although there are some minor differences between pay as you go and pay as you drive insurance, all these categories come under the same type of car insurance. Telematics insurance technology works by having a small device, known as a 'black box', fitted to your car. The box then uses satellite technology to track mileage.

Normally, drivers are charged a set amount per year and allowed to drive a certain number of miles before being charged extra. Pay as you go insurers allow you to top up in bundles of miles which you can roll over to the following year if unused.

Many telematics boxes also track things like acceleration, braking, cornering, and journey time, enabling insurers to take these factors into account when working out the cost of premiums. Motorists are also able to monitor their driving behavior online.

Need for telematics technology in automobiles in India

The total number of registered vehicles on Indian roads reached 182mmillion in March

2013 of which 24.9 million were cars, taxis and jeeps. The domestic Motor vehicle sales during 2015-16 was 20.47 million units.(www. Know india.net/auto). India is the second largest motor cycle and fourth largest commercial vehicle manufacturer in the world.

The CAGR of automobile industry was 9.4% over FY06-16 ( source-www. ibef.org/ industry/india autominiles. aspx). Vehicular pollution has grown at an alarming rate due to growing urbanization in India. The air pollution from vehicles in urban areas, particularly big cities, has become a serious problem. The pollution from vehicles has begun to tell through symptoms like cough, headache, nausea, irritation of eyes, various bronchial and visibility problems.

However with one of the highest motorization growth rate in the world accompanied by rapid expansion in road network and urbanization over the years, our country is faced with serious impacts on road safety levels. The number of road accidents increased by 2.5% from 4,89,400 in 2014 to 5,01,423 in 2015. The total number of persons killed in road accidents increased by 4.6% from 1,39,671 in 2014 to 1,46,133 in 2015. Road accident injuries also increased by 1.4% to 5,00,279 in 2015. The analysis of road accident data for 2015 reveals that about 1,374 accidents and 400 deaths take place every day on Indian roads which further translates into 57 accidents and loss of 17 lives on an average every hour in our country. About 54.1 percent of all persons killed in road accidents are in the 15-34 years age group during the year 2015 as per theMinistry of Road Transport and Highways Transport Research wing – data for 2016.

Statistics reveal that young drivers in India are significant in number and they are more likely to have accidents and make insurance claims than any other age group. There is a need to curb their usage and driving habits in India. Consequently the other major problems like air pollution and traffic congestions can also be checked. Implementation of Usage based insurance pricing can be a possible solutions to these problems.

The advantages of telematics technology based insurancepricing or pay as you go car insurance are clear. Put simply, the less you drive — and the safer your driving — the more you stand to save on insurance.

Also, as cars spend less time on the road, the number of accidents decreases — the car insurance industry has stated that telematics insurance products cut accident rates by about 20%. Pay as you go car insurance could have a positive impact on the environment, with people more likely to ditch their cars in favor of public transport like Metro rail/ RBTS etc. if they knew their premiums could go up if they were to exceed a certain number of miles.

Challenges in India for adoption of the US practices

- Maintaining of previous records of driving for each person by the proper authorities.
- Making sure that each and every offence by a driver is recorded.
- Proper KYC documentation by the insurance companies.

- Recording of the correct price and year of manufacture of the vehicle.
- Maintaining correct and factual records of distance travelled by a driver on an yearly basis.
- Making sure that there is no corruption from the perspective of the records maintained and the work done by the surveyor.
- Proper verification of the way the car is driven by the person on whose name it is registered, so that there is no misclassification of records.
- Verification of the purpose of car usage.
- Employment of correct resources for risk profile management by the insurance companies.

Structural Changes required In India for adopting usage based Insurance

Following structural changes are required for India to switch over to the usage based insurance system.

- Proper automation of maintenance of government records.
- For corruption to be curbed. it has to be made sure that there is less manpower and more of software usage, by the traffic authorities. Corruption can be in terms of people paying money and thus, altering the yearly usage of the car, the wiping off, of earlier offences, offences not getting booked.
- A mechanism has to be created where in, information is collected on a regular basis, from the people covered under the insurance policy. This can be done by making it compulsory for people to update information on an yearly basis.
- Surveyors have to be well trained on the job.
- Verification companies employed by the insurance companies have to be on their toes, in terms of the information collected.
- A proper pricing mechanism is required as the customers will be charged on their driving habits.

**Conclusion:**

India is facing the ever increasing menace of road accidents, rising air pollution and increasing traffic congestions. There is an urgent need to address these issues by implementing techniques like usage based insurance pricing as is followed in the USA. Government support is needed in terms of incentivizing the use of new telematics technology in India.

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# JAYALALITHAA: THE DEMOCRATIC DICTATOR

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**Abstract:**

Jayalalithaa Jayaram, popularly known as Jayalalithaa was an Indian actor turned politician who had served four-time Chief Minister of Tamil Nadu, for over fourteen years between 1991 and 2016. She was also the head of the AIADMK party at the time of her death. She ruled over the tinsel world and the world of politics and breathed her last on December 5, 2016 at Chennai's Apollo Hospital due to cardiac arrest leaving a big void which cannot be filled by any of her followers in AIDMK. She played a key role in the development of the Tamil Nadu State and made it one of the industrially developed states of India. She was one of the most flame buoyant, controversial, audacious politician of the post-Independent India. This article highlights and assess her life- film as well as political-and achievements as a doyen in the public life of Tamils.

**Key Words:**

Puratchi talaivi, Adiparashakti, Sexism

**Introduction:**

Politics has traditionally been a male preserve. Yet some exceptional women forced themselves on to the ruling seats occasionally by dint of their sheer ability and determination. Jayalalithaa Jayaraman, popularly known as Jayalalithaa and called'Amma' (mother), 'Puratchi Talaivi' (revolutionary woman) or 'Aadiparaashakti' (the ultimate goddess) was one such exceptional woman who strode the political arena and public domain of Tamil Nadu like a colossus by becoming its Chief Minister four times. Prior to her political debut as the Propaganda Secretary of AIADMK Party she was a leading lady of the tinsel world commanding highest price for acting among south Indian actresses. She was also a popular heroine on the silver screen who acted with all the major south Indian heroes of her time. She was also the chief of the All-India Anna Dravida Munnetra Kazhagam (AIADMK) Party. She had acted with her mentor M G Ramchandran in about 28 movies and developed close relationship with him. In all she acted in some 145 movies in a short span of 16 years and left the filmdom for good and joined politics. Her popularity was such that her fans committed acts like walking on the hot coals, offering prayers in temples and other religious places, committing self-immolation etcetera to express sympathy, solidarity or loyalty to her. She died on 5th December, 2016 though rumors were swirling for more than two months previous to that about her terminal ill health and probable death.

**Personal Life:**

Jayalalithaa was born in a Tamil-Iyengar family on 24 February 1948.She was born at Melukote village in Pandavapura Taluka of Mandya District in the old Mysore State (now Karnataka) to Jayaram and Vedavalli. Jayalalithaa was given her grandmother's name Koamalavalli at the time of birth. As per Iyengar Brahmin's custom, two names are given to a new born girl – one ancestral grandmother's name and the other the personal name. Her paternal grandfather, Narasimhan Rengachary, was in the service

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of the Princely State of Mysore as a surgeon and the court physician to Maharaja Krishna Raja Wadiyar IV. Her maternal grandfather, Rangasamy Iyengar, had moved to Mysore from Srirangam to work with Hindustan Aeronautics Limited. He had one son and three daughters – Ambujavalli, Vedavalli (Jayalalithaa's mother) and Padmavalli. Vedavalli was given in marriage to Narasimhan Rengachary's son, Jayaram. The Jayaram-Vedavalli couple had two children: a son Jayakumar and a daughter, Jayalalithaa..

Jayalalithaa's brother Jayakumar, who was not on cordial terms with her, in his later life died in an accident in 1995. She had to be raised by her mother Vedavalli as a single parent. Even her mother Vedavalli moved to madras in1953 to pursue acting with the assumed name of Sandhya. In the same year she was admitted in the well-known Bishop Cotton Girls School. Jayalalitha was thus deprived of the parental care unlike other children of her age. Jayalalithaa's mother, relatives, later co-stars and friends used to call her as 'Ammu'.

Jayalalithaa had a troubled childhood due to her father's untimely death when she was just two-year old. Her father was a lawyer who squandered all his fortune and died when she was just a two-year old bequeathing whatever was left to her step mother. Her mother Vedavally was a clerk. Her mother with her assumed alias name Sandhya became a small-time film actress who acted in some south Indian movies. Jayalalthaa had moved to Madras in the year 1958 to join her mother. In this year she was admitted to the Sacred Heart Matriculation School, popularly known as Church Park Presentation Convent or Presentation Church Park Convent. She excelled at school and stood State first in the SSLC Examination. She had won many awards in her student days. She was offered a government scholarship in 1964 to pursue further studies. She spurned the offer of admission from the well-known Stella Mary's College, Chennai to pursue a career in acting. She won Gold State Award for coming first at the 10th Standard Public Examinations in the State of Tamil Nadu.

She was a multi-lingual and was proficient in English, Tamil, Kannada, Malayalam, Hindi and Telugu. She wanted to become a lawyer by studying law. However she could not do so due to her financial position and was compelled to take to acting from the age of fifteen. She made her acting debut with the Kannada film 'Chinned Gombe' which, ironically she herself was not allowed to watch. She was trained in classical music, western classical, piono, and in different dance forms including Bharata Natyam and Kathak. She had learnt Bharatanatyam when she was just three years old.

Jayalalitha remained unmarried till her death. This perhaps enabled her to devote more time for public life than she would have otherwise devoted if she were to be married. She adopted her companion Sasikala's nephew V N Sudhakara shortly and performed his marriage with much pomp thereby landing herself into deep trouble. Sasikala was not only a companion but was a close confidant of her. Sasikala was privy to many things about Jayalalithaa which the outside world would not know. She was called Chinnamma (mother's younger sister) while Jayalalitha was called Amma (mother). Sasikala had entered Poes Garden in 1980s.The depth of

The depth of the relationship between the two is revealed by an episode. When Jayalalithaa celebrated her 60th birth anniversary she and Sasikala exchanged garlands. Usually garlands are exchanged by a couple or between spouses. Sasikala fell from Jayalalithaa's grace twice and was banished from her residence Poes Garden in 1998 and2011 but was forgiven and taken back within a few months on both these occasions. She was an avid reader of biographies and was fascinated by women who wielded political power in Delhi including Rajia Sultana and Queen Victoria. Indira Gandhi was her role model.

**Film Career:**

Jayalalithaa was a very popular actress. She initially acted in a drama company. Her first ever film was 'Sri Saila' in which she appeared as a child artist and got many acting offers while studying. She had refused them as she was interested in continuing her studies to become a lawyer. Financial crisis forced her to enter films. She acted in the Kannada movie 'Chinnada Gombe' in 1964.Ironically she was not allowed to see the film as it was an adult movie. Her debut into the tamil filmdom was through the movie 'Venira Adai' in 1965 when she was 17 years old. She played female lead roles in scores of films in Tamil, Telugu, Kannada, Malayalam and Hindi. She even acted in on English movie "Epistel" released in 1961. According to one count she had acted in as many as 145 movies in about 19 years. As mentioned earlier she had acted with all most all the popular heroes of the South Indian cinema . She acted opposite Dharmendra in the Hindi movie Izzat.

Many of her films were box-office hits. She became the superstar in South Indian cinema and was the highest paid actress of her times. Her glamour, ability to speak multiple languages, inimitable style, ability to sing and dance were her markers for a successful career in movies as well as in politics. She spurned stereotyped roles and chose atypical roles for her in the films she had acted. She was the first Tamil actress to wear a sleeveless blouse for a song and drenched in the waterfall. She had left the film field in the prime of her career to join politics at the behest of her mentor-cum-friend late M G Ramachandran (MGR) in the year1982. Her first movie was a Kannada film in which she appeared as a child actress in 1961.The last movie she acted was a Telugu film entitled **Nayakudu Vinayakudu.**

**Political Life:**

Jayalalithaa had a long and distinguished political career as mentioned below.

Early political career: Jayalalithaa claimed that MGR, who had been Chief Minister of the State of Tamil Nadu since 1977, was instrumental in introducing her to politics. In 1982, she joined the AIADMK, which was founded by MGR. Her maiden and successful public speech, "Pennin Perumai", meaning the greatness of a woman, was delivered at the AIADMK's political conference in the same year. This speech of her struck a chord with many. In 1983, she became the Propaganda Secretary of the AIDMK Party and was selected as its candidate in the bye-election to the Tiruchendur Assembly Constituency. Her mentor-cum-friend MGR suffered a heart-stroke and was hospitalized in the US around that time. She had successfully led the 1984 General Election campaign in alliance with the Congress and increased her political visibility markedly.

ISSN No.: 2278 - 263X

MGR wanted her to be a member of the Rajya Sabha because of her excellent command over English. She was nominated and elected to that body in 1984 and retained her seat until 1989. She made her presence felt in the Rajya Sabha through her articulation and felicity of communication. Her success in her role as the Propaganda Secretary of AIADMK Party caused heartburn and resentment among high-ranking members of that party. By engineering a rift between her and MGR, these members influenced MGR to stop her from writing about her personal life in a Tamil magazine. Despite these machinations, she continued to be admired by the rank and file of the party.

In 1984, when MGR was incapacitated due to a heart stroke, Jayalalithaa allegedly attempted to take over the position either of Chief Minister or the party chief on the pretext that his health would prevent him from the proper execution of his duties in two very demanding roles. Soon after the death of MGR she declared herself to be his political heir. At this turn of events the AIADMK split into two factions. One of these supported his widow, Janaki Ramachandran, while the other favoured Jayalalithaa. Janaki was eventually elected Chief Minister on 7th of January, 1988 with the support of 96 members. This victory was partly due to alleged irregularities by Speaker of the Tamil Nadu Assembly P.H. Pandian, who dismissed six members to facilitate Ramachandran's victory. Janaki had even won a motion of confidence in the house. However, the then Prime Minister Rajiv Gandhi used Article 356 of the Constitution of India to dismiss the days-old Janaki-led AIADMK government and imposed President's Rule in the state . Jayalalithaa contested the subsequent 1989 elections by successfully claiming that she was MGR's political heir.

Leader of the Opposition, 1989: She was elected to the Tamil Nadu Legislative Assembly in 1989 from the Bodinayakkanur State Assembly Constituency. This election saw the Jayalalithaa-led faction of the AIADMK win 27 seats. Consequent upon this Jayalalithaa became the first woman to be elected Leader of the Opposition of Tamil Nadu. In February 1989, the two factions of AIADMK merged and unanimously accepted Jayalalithaa as their leader and the "Two leaves" symbol of the party was restored. On 25th March, 1989 Jayalalithaa was assaulted by the ruling DMK legislators on the floor of the House. She exited the House disheveled with a torn sari and vowed not to enter the floor of the House except as the Chief Minister. She actually redeemed her vow and became the Chief Minister of Tamil Nadu in 19991.

First term as Chief Minister, 1991: In 1991, following the assassination of Rajiv Gandhi days before the elections, her alliance with the Indian National Congress enabled her to ride the wave of sympathy that gave the coalition a victory. The AIADMK alliance with the Congress had a landslide win with a tally of 225 out of the 234 Assembly seats contested and won all 39 Parliamentary Constituencies from Tamil Nadu. Re-elected to the assembly, she became the youngest Chief Minister of Tamil Nadu. She served a full term of five years in this seat, serving from 24 June 1991 to 12 May 1996.

Loss of power in 1996: The Jayalalithaa-led AIADMK lost power in the 1996 elections, when it won only four of the 168 seats that it had contested. Jayalalithaa was herself

ISSN No.: 2278 - 263X

defeated by the DMK rival in Bargur Constituency. The outcome has been attributed to an anti-incumbency sentiment and several allegations of corruption and malfeasance against her and her ministers. The wedding event of her foster son Sudhakaran, who married a granddaughter of the Tamil film actor Shivaji Ganesan, was held on 7 September 1995 at Chennai and was viewed on large screens by over 150,000 people. The event holds two Guinness World Records: one is for the most guests at a wedding and the other is for being the largest wedding banquet. Subsequently, in November 2011, Jayalalithaa told a special court that the entire sum of Rs. 6crore expenses associated with the wedding were paid by the family of the bride. There were also several corruption cases filed against her by the then ruling DMK Government headed by her political rival Karunanidhi.

Police arrest and custody, 1996: Jayalalithaa was arrested on 7th December 1996 and was remanded to a 30-day judicial custody in connection with the Colour TV scam, which charged her with receiving kickbacks to the tune of Rs 10.13crore. The investigation alleged that the amount was routed through the TV dealers in the form of cheques to a relative of her best friend Sasikala who had quoted Jayalalithaa's residence as hers. She earlier filed an anticipatory bail in the trial court, which was rejected on 7 December 1996. She was however acquitted in the case on 30 May 2000 by the trial court. The High Court too had upheld the order of the lower court.

Joining in and Pulling out from Vajpayee Government, 1998&1999: Jayalalithaa became a king-maker after 1998 general Elections with a tally of 18 of her party MPs in the hung Parliament wherein no party had the required majority to form the Government on its own. She lent the support of her MPs to BJP-lead Government headed by Vajpayee. She rejected an offer to be a Cabinet Minister as she never wanted to be second to somebody. She pulled out her party MPs from the ruling alliance in the following year. She nevertheless demonstrated her ability to be a player in national politics by these two acts of hers.

Second term as Chief Minister, 2001: Jayalalithaa was barred from contesting the 2001 elections because she was found guilty of criminal offences, including allegedly obtaining property belonging to a state-operated agency called TANSI. Although she appealed to the Supreme Court, against the sentence of her five years' imprisonment, the matter was not resolved till the time of the elections. Despite this, the AIADMK Party had won a majority and she was installed as the Chief Minister as a non-elected member of the state assembly on 14 May 2001. She was also convicted with one year prison term in the Pleasant Stay Hotel Case on 3 February 2000 by a trial court. Jayalalithaa was acquitted in both the TANSI and Pleasant Stay Hotel cases on 4 December 2001 and the Supreme Court upheld the order of the High Court on 24 November 2003.

Her appointment was however legally voided in September 2001 when the Supreme Court ruled that she could not hold office of the Chief Minister as she was convicted of criminal acts. O. Panneerselvam, a minister in her party, was subsequently installed as the Chief Minister.

ISSN No.: 2278 - 263X

According to some sources he was puppeted and micro-managed by Jayalalithaa. She took the reigns of the State Government in 2003 after the Madras High Court had acquitted her.

Loosing out to DMK, 2006: Jayalalithaa's AIADMK lost to the DMK Party in the Assembly elections held in2006.

Third term as Chief Minister, 2011: In April 2011, the AIADMK was part of a 13-party alliance that won the 14th State Assembly Elections. Jayalalithaa was sworn in as the Chief Minister of Tamil Nadu for the third time on 16 May 2011. On 19 December 2011, Jayalalithaa expelled her long-time close aide Sasikala Natarajan and 13 others from the AIADMK party. Most of the party members welcomed her decision, and on 2 February 2012, the Tehelka Magazine claimed that Natarajan and some of her relatives were conspiring to kill her by poisoning her food over a period of time. The matter was resolved by 31 March, when Sasikala Natarajan was reinstated as a party member after submitting a written apology.

Disproportionate Assets Case, 2014: On 27 September 2014, Jayalalithaa was sentenced to four years in jail and fined Rs 100crore by the Special Court in Bangalore. She was convicted in an 18-year-old disproportionate assets case that was filed by the then Janata Party President Subramanian Swamy (now member of Bharatiya Janata Party) on 20 August 1996 on the basis of an Income Tax Department report on her. Jayalalithaa's close aide Sasikala Natarajan, her niece Ilavarasi, her nephew and the Chief Minister's disowned foster son V V Sudhagaran were also convicted. They were sentenced to four years in jail and fined Rs 10 crores each. Special Judge John Michael D'Cunha convicted her for owning assets to the tune of Rs 66.65crores (which includes 2,000 acres of land, 30 kg of gold and 12,000 saris) disproportionate to her known sources of income during 1991–96 when she was Chief Minister for the first time. The verdict was delivered by a makeshift court in the Parappana Agrahara Prison complex in the presence of Jayalalithaa and the other accused. She was automatically disqualified from the post of CM and the membership of Legislative Assembly of Tamil Nadu. She was the first Indian Chief Minister to be disqualified thus. O. Panneerselvam, a minister in her party, succeeded her as the Chief Minister on 29 September 2014. On 17 October 2014, the Supreme Court granted her two months' bail and suspended her sentence

Return as Chief Minister, 2015: The acquittal allowed her once again to hold the coveted Chief Minister's office. On the 23rd of May 2015, Jayalalithaa was sworn in as Chief Minister of Tamil Nadu for a fifth time. She was subsequently re-elected by the electorate of the Dr. Radhakrishnan Nagar State Assembly Constituency of North Chennai in the by-election held on 27 June 2015. In a landslide victory, she polled more than 88 per cent votes of the 74.4 per cent turnout, winning by a margin of over 1.6 lakh votes.

Elected as Chief Minister in 2016: Jayalalithaa was again elected as the Chief Minister of Tamil Nadu after the May 2016 elections. She was the second Chief Minister, after MGR, to serve consecutive terms as the Chief Minister of Tamil Nadu.

ISSN No.: 2278 - 263X

**Her Fans &Detractors:**

Jayalalithaa had a huge fan following. Her admirers loved her and even worshipped her as Adiparashakti. She also had her bitter critics and sworn enemies who were literally after her. While her rivals showcased either their party ideology or their dynastic brand of politics Jayalalithaa did not have any of these trappings. Her lone persona, as a single woman, was held up for ridicule.

Jayalalithaa's estrangement with her brother and family and the arrest of her companion's husband who was a small-time video shop owner for his alleged involvement in a corruption scandal added more fodder to the media and provided ammunition to her rivals hungry for her downfall. Her loneliness and lack of family were often held up as her personality flaws by her detractors even while they were actually her strong points enabling her to spare more time for public life. Critics also accused her of corruption and faulted her for building a corrupt inner circle. She was known for her ruthless suppression of her rivals. The midnight arrest of her rivals and her withdrawal of support to ruling BJP lead government headed by Vajapayee in the 1990s earned her many enemies among political parties across India. Further, eyebrows were raised when she arranged an extravagant wedding for her foster son in 1995 while she was the Chief Minister. Although she disowned her foster son a year later the vituperative attacks persisted. Her supporters defended her from corruption allegations, saying that she was no more corrupt than the male politicians of her time and that she was playing a one-up game they were all too familiar with. Jayalalithaa was outspoken and minced no words. He words and actions both won her followers as well as enemies because of whom she had to spend lot of time in court and jail facing multiple allegations of corruption. But following each arrest she eventually emerged unscathed during her life time. She was finally indicted and a heavy fine is slashed against her albeit posthumously.

**Awards and Honours:**

In 1972, Jayalalithaa was presented the Kalaimamani Award by the Government of Tamil Nadu. She has received several honorary doctorates and other honours, beginning with an award from the University of Madras in 1991.She was a reciepient of Film Fare Special Awards for the years 1966, 1969 and 1970. Film Fare Best Actress Award was bestowed on her for the years 1972 and 1973.She was adjudged the Best Actress continuously for five years from 1971 to1975. She was invited by the House of Lords of UK to receive the "Woman Politician of the Decade Award" in 2004.A resolution was passed in 2011by the New jersey General Assembly lauding her exemplary excellence and dedication as a leader in the service of people of Tamil Nadu.

**Death at 68:**

On 22 September 2016, Jayalalithaa was admitted to Apollo Hospitals in Chennai, as she suffered from infection and acute dehydration. O. Panneerselvam was sworn in as Chief Minister on 12 October2016. She was also said to have suffered from severe pulmonary infection and septicemia, which were however cured. On December 4, she was re-admitted to the critical care unit after suffering a cardiac arrest. The hospital released a press statement stating that her condition was "very critical" and that she was

on life support. On December 5, the hospital officially announced the death of Jayalalithaa at 23:30 IST.

The Central Government declared a one day national mourning with the national flag in all government buildings flying at half-mast, while the State of Tamil Nadu declared seven days of mourning. Her body was kept for public viewing at her residence in Poes Garden and Rajaji Hall. Her last rites were performed at 18:30 IST on 6 December 2016 and she was interred in the northern end of the Marina beach in Chennai, near the grave of her mentor late M.G. Ramachandran. All thogh she was an Iyengar Brahmin she was buried in keeping with the non-Brahminical tradition set by her predecessor party chiefs like C N Annadorai and M G Ramachandran.

Her funeral procession was one of the biggest that the State of Tamil Nadu ever witnessed, after those of C. N. Annadurai, MGR and Sivaji Ganesan. Thousands attended her funeral and paid their last respects. President of India Pranab Kumar Mukerji in his condolence message said that Jayalalithaa's "contribution to the progress and development of Tamil Nadu will be long remembered". Prime Minister Narendra Modi said that her concern for the welfare of the poor was remarkable. It needs to be mentioned as a postscript that the Supreme Court in its recent judgment has indicted for her corruption and slashed a heavy fine against her posthumously.

**An Assessment:**

Jayalalithaa was a multifaceted personality. She was a bright student, versatile dancer, talented actress, singer, writer, politician and a diehard fighter. She was a multilingual too.

Jayalalithaa was an artiste par excellence. She was in fact a versatile artiste who could act, sing and dance with equal poise. She acted in movies that were shot in six different languages and played lead roles with all the South Indian superstars. She was the busiest and the highest paid south Indian actress of her times. She was an inimitable actress who spurned stereotypical roles. She had left acting at the prime of her acting career. She did many endorsements during her acting career, the notable one being the Lux bath soap endorsement. Though she was a reluctant actress who took to acting out of family compulsions she had put her heart and soul into acting and excelled in the field. Unlike many she did not leave filmdom for want of opportunities but to get into politics.

She has been one of the most enigmatic, colourful, powerful, astute, bold and controversial politicians of post-Independent India. She had reigned over both her AIDMK party and government with a firm grip. Perhaps no other female leader in post-Independent India, barring Indira Gandhi, wielded so much of power as did Jayalalithaa. For a former film star, a single woman and a non-Dravidian (Brahmin) hailing from another state speaking Kannada with more ease than Tamil running and commanding a party that had its roots in Brahmin-baiting must have indeed been tough.

She alternated between the seat of power and out of power with her arch rival and the DMK supremo Karunanidhi for over a quarter century and died at her 68th year at a time when she was on a high pitch in her political career. Though she was hard working, dynamic, tenacious and intelligent her arrogance and autocracy did not allow her to

ISSN No.: 2278 - 263X

earn the goodwill of many including her party seniors. She was both a reluctant politician as well as a reluctant actor. She entered both these arenas not out of volition but otherwise but made a big mark in both like no other woman ever did in the whole of South India.

She was gutsy politician capable of taking a hard stand on issues. She had an abiding passion for national security and did not treat LTTE with a kid glove as done by most other politicians of Tamil Nadu. She had always kept the state's interest in her mind. She kept pressure on Centre regarding Cauvery water dispute with Karnataka and Mullaperiyar water dispute with Kerala.

Jayalalithaa was an astute politician and an effective administrator. Whatever she took up she had per sued it to the end with perfection. Nothing was too small for her personal attention. She would go to the last detail in pursuing things. A case in point was the SAARC Games of 1993 held in Chennai. Jayalalithaa oversaw every minute detail of the event from the color of the costume to the quality of entertainment and the choice of commentators. She attended every rehearsal to make sure that every event would go as planned.

Another of her major achievement was the improvement in the power supply position in Tamil Nadu. Before her return to power there used to be massive load shedding and erratic power supply. She solved the problem by stepping of power generation by speeding up power projects as well as by focusing on generation of solar energy. Another of her major achievement was the killing of the dreaded sandal wood smuggler Veerappan who was a nightmare for almost all the police forces in South India.

She was a popular leader with a huge mass base. She had perfected the art of populism by an orchestrated pursuit of her own brand of politics. Her popularity was not entirely on account of her filmy glamour. It was largely because of her pro-poor schemes coupled with direct money transfer. She has undertaken a number of welfare schemes targeted for the benefit of the poorer and the marginalized sections of the society. The more important of these are:

Cradle Baby Scheme: This is a scheme introduced in 1992 to tackle the obnoxious problem of female infanticide for which Tamil Nadu is well known. Under this scheme parents were allowed to anonymously handover their babies to Cradle Baby Centers set up across the state. This imaginative scheme has made a significant dent on the incidence of the female infanticide in Tamil Nadu.

All Women Police Stations: The Government of Tamil Nadu under Jayalalithaa had set up 200 all-women police stations in different parts of the state to encourage women to lodge complaints relatively more freely than in police stations manned by men.

Hiking Reservations to 69%: She has extended the ambit of reservations upto 69%through special efforts by convincing the Centre.

All Women Establishments: She had set up several all women establishments like Women's Stores, Women libraries, Women's bank, women Cooperative society etcetera to exclusively or specially serve the women.

**Distribution of Cows & Goats:**

**Distribution of laptops among students:**

**Women Commandos Project:**

Mandatory Harvesting of Rain Water: Rain water harvesting is made mandatory in the state by Government in all residential and government buildings.

Promotion of Amma Mark Products: She has initiated more than 15 business v necessities and facilities and provided that subsidized rates for the general public. The Amma products include canteens, baby kits, mobile medical units, call centers, marriage halls etc.

She was instrumental in starting several welfare schemes after her name such as Amma canteens, Amma Drinking Water Scheme, Amma seeds.

She once nurtured an ambition to be Prime Minister but soon came out of it and made Tamil Nadu as her political arena and focused all her attention to it by spurning even position of Union Cabinet Minister.

There was nothing in her background that would have ever suggested her ascent to power in the masculine world of politics. She was a woman from a lower middle class family. She neither had the needed family power lineage nor the inherited wealth to aspire and win the expensive race for power. She had no political pedigree but reached the top by getting elected as CM not once but four times. Her emergence and ascendance to power largely owed to her own cultivated capabilities, dogged determination, and strenuous self-effort.

She was a fighter till the end. She wrested control of AIADMK after it was left rudderless after the passing away of MGR. She broke the 30-year old culture of male dominated politics of Tamil Nadu to become the state's most powerful Chief Minister. She relentlessly challenged the male-dominated sexist politics of Tamil Nadu that worked as relentlessly to blocked her at every step in her way. She single-handedly fought against the crude machinations of her enemies from within and outside her party. She was undaunted by cases foisted against her on charges of corruption. She crafted her strategies methodically to win people's hearts through her welfare schemes in which her name and face were stamped. She had an inimitable style both as an actress and as a politician.

She was very outspoken. She said she was proud to be a woman,an upper caste Brahmin and Hindu. This she said in a state where politicians espoused the rationalist credo of their parties and derided Brahminism and religion.

Jayalalithaa, was 'Amma' to her a legion of fan followers, 'Ammu' to her kith and kin and "Purachi Talaivi" to the people to whom she was a benefactor. She has demitted the public space of Tamil Nadu's political firmament after dominating it for about a quarter century due to her death despite best of medical care. She ruled over the hearts and minds of millions of Tamils in India and abroad. She was one of the most charismatic as well as controversial figures of post-Independent Tamil Nadu. Her heart-broken admirers died in hundreds after hearing that their leader was no more.

She was the head of the AIADMK party on which she had an iron grip as if she was the party and the party was herself. Not even a whimper was heard when she dismissed her ministers at will. No party member could oppose her as they knew that they would not exist without her. She had successfully defanged the opposition that once humiliated her on the floor of the legislature.

ISSN No.: 2278 - 263X

Jayalalithaa's celluloid career was one of success begetting success. However her political career was marked with ups downs. She has perfected the fine art of populism and doled out many schemes for the poor and the indigent and saw to it that they feel benefitted substantially from out of them. At the same time her critics and political rivals accused her for the personality cult she nurtured by abetting or encouraging the 'paada pooja' or prostration at feet. She is also faulted for indulging in an overtly extravagant life style. She was industry-friendly and has contributed substantially for the industrial development of the State of Tamil Nadu. She went through ups and downs in her life but she retained her poise and fighting skills till her death. She donned the mantles of party and government. She has demonstrated to women how they can deal with the male-dominated world of power politics on their own terms. The word 'Amma', as she was known was an emotion that electrified millions of Tamils, especially the women folk. In a way she has assaulted the cult of hero-worship and in its place ironically promoted heroin-worship by dint of her hard-nosed commitment to the cause of the poor and underdog. However, her imperious aura, unforgiving and vengeful style of work created many enemies for her resulting in tormenting and tortuous time for her including her incarceration in the jail.

One measure of her importance could be had from the obituaries on her death that poured in from far and wide. The President and Prime Minister of India, about ten Chief Ministers and Governors of different states Ambassadors, Representatives of several countries flew in to Chennai to personally convey their condolences and to mourn her death.

The void created in Tamil Nadu by her death is difficult to fill and the politics of Tamil Nadu will not be the same with her death. This void is likely to push Tamil Nadu into an era of political turbulence and shake the foundations of Dravidian politics. She will be remembered as a woman who stood up and created her own narrative both in the film world and the masculine world of Tamil Nadu politics. Her life was even more dramatic than some of the movies she had acted.namics of Tamil Nadu politics in Sri Lankan ethnicity. Northern Book Centre, New Delhi

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# CHANGING FACE OF EMPLOYMENT RELATIONS IN INDIA: CAUSES OF UNREST AND COPING STRATEGIES

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**Abstract:**

The New Economic and Industrial Policy of India-1991 has introduced many changes in the business environment of India and increased competition among industries for survival. Potential market capacity and availability of cheap workforce lured many MNCs to set up their bases in India, giving a tough competition to the domestic companies. The new policy dispensation has been placing considerable demands on employers and their enterprises to develop and implement new strategies, structures and processes. There is an increasingly strategic role assumed by employment relations within the enterprises as a result of these changes. Employment relations tensions, of course, were always there in India and they have never really gone away from the work place. However some new factors have contributed to the increased trend of labour unrest in the last couple of decades. Accentuating economic disparities, changing demographic profile of workers, post-2009 political climate and backlash from a squeezed workforce have been some of these factors. In the last 25 years, from the opening up of the Indian economy, militant labour unrest had been generally on wane as political and legal support for it dwindled. But that is only one side of the coin. The other side of the coin is the omnipresence of poor employment relations across manufacturing sector due to accentuating pay disparities, increased use of contractual labour, revival of once muted hire and fire policies, obsoleteness of the labour laws on the statute-book etcetera.

It is in this context that we have taken up three cases of industrial unrest at three major MNCs to study them closely for gauging the changing face of industrial relations consequent to the opening of the Indian economy in 1991.They are:

1) Honda Motorcycle and Scooters India Limited case of 2005,
2) Regency Ceramics case of 2012, and
3) Maruti Suzuki India Limited's case of 2012.

**Key Words:**

Employment relations, Demographic profile, Contractual labour, Employee engagement, Globalization, Collective bargaining, Benchmarking, Minimum wages, foreign capital, Multi-National Companies (MNCs)

## Introduction:

The year 1991 is a watershed in the economic history of post-Independent India. The post-1991 economic policies in India have introduced significant changes in the business environment and increased competition among industries for survival and growth.

Potential market capacity and availability of relatively cheaper workforce have together lured many MNCs to set up their bases in India, thereby giving a tough competition to the domestic companies. During the 1990's, the heightening of international competition and dramatic advances in technology, which were the prime forces of globalization, have substantially changed the nature and operation of the "market place", and the way production is organized in many industries across the world. Individual enterprises are now being required to innovate so as to provide "the right product, at the right price and time". These requirements are placing increased demands on employers and their enterprises to develop and implement new strategies, structures and processes. There is an increasingly strategic role for industrial relations within the enterprise, as much of what has to be done involves significant changes to traditional practices in this and the related areas of human resource management. The result has been that the nature of industrial relations is significantly changing in many enterprises. A newer and a more broad based approach to employment relations is beginning to emerge.

Industrial relations, in the past, were broadly defined to include the relationships and interactions between employers and employees. By that definition, industrial relations covered all aspects of the employment relationship, including human resource management, employee relations, and labour relations. However, in the last 30 years, the meaning of industrial relations has become more specific and restricted to the study and practice of collective bargaining, trade unionism, and labour-management relations.

The employment relations tensions in India had never really gone away from the work place. Various factors have contributed to the increased trend of labour unrest particularly in the last two decades. Economic disparity, changing demographic profile of workers, changed post-2009 political climate and backlash from a squeezed workforce have been identified as some of the contributory factors. In the last 26 years, after the opening up of the Indian economy, militant labour unrest had been generally on wane as the political and legal support for the militancy had dwindled. Some years ago the acceptance of the need for contingent workers unwittingly paved the way for large number of contract employees being brought on board. These two factors have in combination provided easy temptation for the management to push hard on discipline and productivity. However the wages and dignity of workers did not get the same attention.

**Causes for Changing Employement Relations:**

Prior to the unveiling of the New Economic and Industrial Policy-1991 many industries in India had witnessed poor employment relations due to reasons such as improper treatment of employees in terms of dignity, poor working conditions, economic exploitation, and the highhanded treatment of employees by employers.

The post-liberalization scenario however is much different as industries adopted benchmarking HR practices in terms of pro-employee policies, in matters of pay, working conditions, work-life balance that resulted in harmonic employment relations in the increasingly knowledge-driven industries. But that is only one side of the coin. On the other side we find the omnipresence of poor employment relations across manufacturing sector due factors such as pay disparities between executives and nonexecutives, hiring of contractual labour, pursuit of hire and fire policies and the obsolete nature of labour laws. It is in this context the following three cases have been taken up to discuss the causes of changing employment relations.

**Honda Motors Cycle and Scooter India (HMSI) Private Limited Strike of 2005**

The month-long strike-cum-lock-out at HMSI at Gurgaon in Haryana State and the police attack on the workers in 2005 had caused a big stir in India. This was mainly due to the locale of the strike. The strike occurred in an MNC in a developing region which up to that point was not seen as prone to industrial disputes. This conflict threatened to become a spark to stroke passions in a generally tense atmosphere within India's modern international industry. Therefore the police brutality against the workers at HMSI cannot be understood as a mere response to a single workers' struggle, but must rather be explained by the general situation in the new investment zones. This precipitate police action has to be particularly seen in the light of increased dependence of the Indian economy on foreign capital influx since 1991.

Gurgaon, the seat of the incident is situated in the state of Haryana, close to the national capital New Delhi. This is a town in a rural area without any tradition of workers' struggles. The new industrial town centre is also characterized by many modern office blocks and shopping malls. Big MNCs like Microsoft, IBM and Nokia have established their India-headquarters here. The Government of Haryana on its part has been implementing rather anti-union and anti-labour laws in a bid to attract further foreign investment. The industrial zone that had mushroomed during the five years preceding the incident comprised of 90-odd factories, including a large number of automobile companies. About 70 percent of all scooters produced in India are said to be produced in this region. Japanese companies play an important role, given that Japan was India's fourth biggest foreign investor and about three quarters of all Japanese companies in India were situated in Gurgaon.

The CPI backed AITUC was the most important union in Gurgaon. The CPI had a difficult role to play. On the one hand, it had to make an effort to appear to support the workers, by indulging in a "patriotic propaganda" against foreign investors. On the other, it had the compulsions of governance. The CPI ruled West Bengal attracted the second largest amount of foreign investment of all Indian states. Shortly before the incidents in Gurgaon the Government of West Bengal signed up an US $ 500 million deal with Mitsubishi.

The struggle in Gurgaon took place against the background of various conflicts within the modern industrial sector which often resulted in significant wage improvements for the workers. At HMSI the management did not yield to the demands of workers saying that

they had already received a 100 percent wage rise in the previous year. In June 2005 the workers at Toyota in Bangalore demanded a 100 percent wage increase. The management promised 25 percent hike and was able to avoid industrial action. At the car part suppliers Speedomax, Hitachi Electrics and Omax Auto, situated in Gurgaon, industrial disputes were settled only a few days before the police attack on the HMSI workers. Apart from a booming, but still modest, automobile export industry more and more electronic device companies (mobile phones etc.) are opening their factories in India. Companies like Solectron and Flextronics had just then increased their investment in the Indian sub-continent.

The HMSI factory which was only four years old at this time churns out 2,000 scooters per day and employs about 1,900 to 2,500 workers. In 2004 HMSI is said to have sold 550,000 scooters in India wherein scooters and other two-wheelers were the most important means of motorized transport. In 2003-04 about 5,625,000 motorcycles were sold, compared to 850,000 cars. Most of the workers were either hired by subcontractors or were on daily contracts. The wages were poor and were barely adequate for securing mere survival. Many of workers who came from the surrounding villages and from other states used to rely on the company's bus service.

**The Cause of the Conflict:** The conflict began in December 2004 after a manager allegedly hit a worker, who was said to be engaged in organizing a union within the plant. Four workers were sacked after they had expressed their solidarity with their workmate. The official justification for the dismissals was "undisciplined behaviour in the factory". The whole situation came to boiling point when the management sacked another 57 workers. Enraged by this nearly all the workers in the factory reacted by going on strike in June 2005. At the end of June 2005 the management responded by officially sacking 1,000 workers and locking out the strikers.

Time lines of the Strike: On 27th of June workers from the surrounding villages were not picked up by the company buses that used to regularly pick them up. The management wanted to force them to sign a declaration saying that they renounce further demands and strikes. As the workers did not comply with this the strike continued up further.

*On10th of July media reported that about 38 percent of the workers were still at working. Some of them were recently hired temporary hands or redeployed office workers. For two days different sources spoke about 200 workers still on production line. The production was said to be down to only 30 percent of normal volume. In June the total sales of the scooter Unicorn decreased by 66.5 percent compared to the previous month.

*On 13th of July the employers' Association of the Automotive Supplying Industries demanded the government to take steps against the strike at Honda, complaining about the negative impact on the situation in other plants in the region.

*On17th of July media reports said that the company had already lost 200 million US-Dollars due to the conflict. There were also reports about a large numbers of police troops arriving from various nearby towns being deployed in Gurgaon. Unionists talked about the first acts of intimidation from police and management.

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The management offered to let 100 locked-out workers return to work to restore normally.

*On 25th of July between 2,000 and 3,000 workers of the Honda plant demonstrated in Gurgaon.They were supported by their family members and employees of other factories. Some initial scuffles broke out near the factory, but the demonstration continued. Workers reportedly tried to occupy the nearby Highway 8. The police had allegedly attacked the protestors with long bamboo batons, tear gas and rubber bullets without any warning. The television channels showed pictures of policemen hitting had fallen already unconscious workers. One worker is said to have died right on the street. The reported number of injured people varied between 300 and 800 and a lot of them had serious head injuries and broken limbs. The fights continued, people started rioting, burnt police cars and buses and looted shops. There were pictures on TV showing groups of women chasing policemen with their own batons. About 300 workers were arrested of whom about 60-80 were still in police custody at the end of August. Some of those in custody were charged with cases of attempt to murder.

*On26th of July family members and friends of workers searched in hospitals and police stations for protestors who were still missing. Later on a union lawyer claims to have seen the police beat up an arrested demonstrator to death and then burn him.

*On 26th of August newspapers announced that 28 workers were still missing. More riots broke out and they continued on the following day too.

* On28th of July a solidarity strike which was called by the Left Parties took place in Gurgaon. The participation however was low. An India-wide day of protest was announced for the 1st of August.

*On the 1st of August production was officially resumed, but only 800 to 900 scooters could be produced per day. Arbitration proceedings took place, but no representative of the workers was admitted at the proceedings.

Results of the Strike: The company had lost about Rs 1.2 billion due to the strike. The media reported that all dismissed workers were re-hired, under the condition that they sign a so-called 'good-conduct' declaration promising to abstain from further demands and strikes. The workers were granted a wage increase for the year, although any information on the exact amount was not reported. There was contradictory information on the question of whether the days of the strike would be paid or not. Some sources said that all strike days in May and June would be paid days, while others said that they won't. The AITUC demanded the release of all workers still in custody and according recognition for the union in the HMSI.

Reaction to the Strike: The strike and the police attacks got huge public attention and caused diplomatic tension between India and Japan. Prime Minister Manmohan Singh met representatives of the Left Parties in a special session in order to discuss the causes and consequences of the strike and to work out remedies. On the second day of rioting the chairperson of the ruling Congress Party, Sonia Gandhi, came to Gurgaon for mediation talks.

ISSN No.: 2278 - 263X

The Japanese Ambassador told the media that the strike would endanger future investment by the Japanese companies.

Managers of automobile companies operating in the region expressed their concern that the strike could have negative effects on the production climate in their plants too. On television Hundreds of SMS messages were flashed on TV channels expressing solidarity with the Honda workers. The daily newspapers and political magazines published several articles asking whether the strike is a prelude to a wave of new struggles in the multinational companies, after a general decline of strike activity since 2000. The Hindu nationalist opposition party BJP talked about "national security", which according to their opinion would be harmed by foreign investment. The CP also tried to play the patriotic trick and announced a general strike against the changes in the labour law in September. Against the background of the strike the company bosses started publicly discussing the need for reformed labour laws. They demanded, among other things, that strikes would have to be announced three weeks beforehand and that an approval of 75 percent of all workers in the plant would be required as the legal precondition for the strike. In addition, for each day of wildcat strike the bosses wanted to make the workers pay a fine equivalent to eight days' of wages.

**Regency Ceramics Limited's Yanam Plant Incident of 27-01-2012**

Trouble had been brewing in the Regency Ceramic Limited's Yanam plant since January 2, 2012 with more than 800 contract workers staging protests daily demanding regularization of the services of senior workers and upward revision of wages. Murali Mohan, who was leading these protests, went to the factory at 6 a.m. on Friday and tried to obstruct workers going for the morning shift. Police personnel attacked him with batons, resulting in chest injuries to him. He collapsed and was rushed to hospital, where he was pronounced dead.

As news of his death spread, workers started destroying the company's assets. Dividing themselves into groups, they first targeted buses being run for students of the Regency Institute of Technology, by dousing them with petrol and setting them ablaze. Another group went to the company president Mr. Chandrasekhar's house and attacked him. He was shifted to a corporate hospital at Kakinada in Andhra Pradesh, where he subsequently died.

A group of workers torched lorries laden with ceramic tiles and two-wheelers belonging to the regular employees. In all, 50 lorries and 10 buses, besides dozens of two-wheelers, were destroyed in the incident.

As the situation went out of control, the police resorted to baton charge .The mobs retaliated by throwing stones. The police opened several rounds of fire resulting in bullet injuries to nine workers. The injured workers were rushed to the Government General Hospital at Kakinada. Their condition was stated to be stable.

Meanwhile, hundreds of local residents rushed to the factory and the college and looted or ransacked computers, tables, chairs and ceramic tiles. In the melee, the nearby warehouse of a gas agency was also ransacked, and people made away with 416 refill cylinders.

ISSN No.: 2278 - 263X

The police were rushed from Kakinada to restore normalcy and senior police officials of Pondicherry rushed to Yanam. Prohibitory orders were imposed in the town and a holiday was declared for educational institutions to ease the tension. The Yanam police registered a case and booked 72 people. They arrested many and launched a hunt for others. The case was transferred from the local police to the CB-CID and later to the CBI.

A day after the violent incidents the company Chairman and Managing Director G.N. Naidu, told reporters that in the given circumstances, it was not possible to re-open and run the factory. He visited the private hospital where the body of his relative Mr K.C. Chandrasekhar, President of Regency Ceramics, was kept. He later told reporters in a choked voice that "this is the gift the workers have sent me for setting up the factory and providing them livelihood. My team and I set up the factory at a cost of Rs. 700 crore and strove hard for the development of Yanam and the welfare of workers. They have destroyed everything." Naidu also said that it was reprehensible that the workers had attacked the educational institutions, unmindful of the damage to the future of the students.

**Maruti Suzuki India Limited**

In July 2012 the mass violence that erupted at the Manesar plant of Maruti Suziki India Limited charred to death Awanish Kumar Dev, General Manager–Human Resources and also injured over 100 others, of whom a few were reported to be critical and in intensive care. Initially it started as a simple altercation between a worker and a supervisor. The management could not foresee that it will result in this kind of violence. Workers armed with iron rods and wooden sticks rioted through the plant attacking managers, smashing equipment and setting fire to parts of the factory in a seemingly pre-meditated attack. Reports in media also stated that during the rampage, the police allegedly remained mute spectators. While nobody would support this kind of mindless violence the that came to the fore was question is: What drove workers to such extremes that they took the risk of losing their jobs and indulged in the mayhem?

While it is true that the Maruti episode has brought to fore the challenges of employee-employer relations and reopened the debate on the larger issues of labor reforms; the reasons for the mob violence were generic in nature and not a point in isolation. A few commentators had attributed this to this the veil of social inequity and impatience of the new generation young workers for the increasing frequency and violence of confrontation and protests. The argument put forth was that the substantial wage disparity between permanent and contract employee was a critical reason for the outburst. Aspirations of a new workforce, accentuated by increasingly visible consumerism around them was also given an explanation for the psyche of the mob. The new generation of workers are less tolerant and aggressive in their expectations in the manner of realizing those expectations. Poor wage hikes and raging inflation have queered the pitch further, resulting in an impatient, militant workforce, which believed in aggressive posturing. A few analysts squarely blamed the hard-nosed and cost-focused management, denial of benefits enjoyed by their tenured colleagues to the temporary

workers, low wages that have not kept pace with soaring inflation, a trade union movement that had gone wrong, and the antiquated nature of labor laws for the situation.

There were also reports which stated that at least three trade unions active in the region are either fronts of the CPI (Maoist) or are Naxal sympathizers, who want to destabilize the economic environment and create industrial unrest.

**July 2012 Incident at Maruti Suziki India Private Limited**

Maruti Suzuki India's Manesar plant was hit by violence on July 18, 2012 . Workers at one of its auto factories attacked supervisors and started a fire that killed the General Manager of Human Resources Ashwini Kumar Dev and injured 100 managers, including two Japanese expatriates. The violent mob also injured nine policemen. The company's HR General Manager's arms and legs were broken by his attackers. He was injured so badly that he was unable to leave the building that was set ablaze, and was therefore charred to death. The incident was the worst-ever for the Maruti Suzuki since the company began operations in India way back in 1983.

In April 2012, the Manesar union had demanded a three-fold increase in basic salary, a monthly conveyance allowance of Rs 10,000, a laundry allowance of Rs 3,000, a gift with every new car launch, and a house for every worker who wants one or cheaper home loans for those who want to build their own houses. According to the Maruti Suzuki Workers Union a supervisor had abused and made discriminatory comments against a low-caste worker. These claims were denied by the company and the police. The company management held that the unrest began, not over wage discussions, but over the reinstatement of a worker who had been suspended for beatingup a supervisor. The workers' claimed that the working conditions were harsh and there was extensive hiring of low-paid contract workers. The contractual workers were paid about $126 a month, which is about half the minimum wage of permanent employees. The regular employees were also earning allowances in addition to their base wage. However, the company executives denied existence of harsh conditions and claimed that they hired entry-level workers on contracts and made them permanent as they gained experience subsequently. Union also claimed that bouncers were deployed by the company to rough up wokers

The police, in its First Information Report (FIR), claimed that the the Manesar violence was the result of a planned violence by a section of workers and union leaders. They arrested 91 people. Maruti Suzuki in its statement on the unrest announced that all work at the Manesar plant has been suspended indefinitely. The shutdown of Manesar plant lead to a loss of about Rs 75 crore per day. On 21 July 2012, citing safety concerns, the company announced a lockout under the Industrial Disputes Act, 1947 pending results of an inquiry the company has requested the Haryana government to institute into the causes of the disorder. Under the provisions of the Industrial Disputes Act the report claimed, that the employees are expected to be paid wages for the duration of the lockout. On 26 July 2012, Maruti Suzuki however announced that employees would

not be paid for the period of lock-out in accordance with Indian labour laws. The company also announced that it will stop using contract workers by March 2013. The report claimed that the salary difference between contract workers and permanent workers has been much smaller than what was suggested in the initial media reports. It also claimed that a contract worker at Maruti received about 11,500 per month, while a permanent worker received about 12,500 a month at start, which increased in three years to 21,000-22,000 per month.

Shinzo Nakanishi, the MD and CEO of Maruti Suzuki India, said this kind of violence had never happened in Suzuki Motor Corp's entire global operations spread across Hungary, Indonesia, Spain, Pakistan, Thailand, Malaysia, China and the Philippines. Mr. Nakanishi went up to each victim apologizing for the miseries inflicted on them by fellow workers. In a press interview he had requested the Central Government and the Haryana State Government to help stop such ghastly violence by legislating decisive rules to restore corporate confidence amid emergence of this new 'militant workforce' in Indian factories. He announced, "We are going to de-recognize Maruti Suzuki Workers' Union and dismiss all workers named in connection with the incident. We will not compromise at all in such instances of barbaric, unprovoked violence." He also announced Maruti's plans to continue manufacturing in Manesar, and that Gujarat was only an expansion opportunity and not an alternative to Manesar.

The company dismissed 500 workers accused of causing the violence and re-opened the plant on 21 August, saying it would produce 150 vehicles on the first day, less than 10% of its capacity. Analysts said that the shutdown was costing the company 1 billion rupees ($18 million) a day and was denting the company's market share. In July 2013, the workers went on hunger strike to protest the continuing jailing of their colleagues and launched an online campaign to support their demands.

**Causes of Unrest:**

There are numerous reasons for the changing employment relations in India right from social inequity to Maoist influence. The question that CEOs and management community at large is facing is how to deal with the increasing frequency of confrontations. The various stakeholders need to necessarily think through the pain points that are often cited as reasons for such ghastly and dastardly acts of violence. We bring forth the more important of these reasons hereunder.

Economic Disparity: One of the common reasons for industrial disputes cited by social activists is the widening disparity between the compensation levels of management and those of workers on the one hand and between the permanent workers and contractual workers on the other. However, one moot point is whether it makes sense for a shop floor worker to compare their wages to that of a manager in the same plant. Well, conventional economics would say no, for the two are performing different functions. In this light, the charter of demands raised by unions to their respective managements does raise some eyebrows. For instance, as per reports the charter of demands placed by the Maruti Suzuki India Workers' Union at Manesar

before the management on April 18, 2012, if implemented, would imply that a permanent worker of Maruti Suzuki India would see a four-fold hike in gross pay to more than Rs one lakh a month. It may sound a bit amateurish. However the general underlying logic of being ambitious ahead of wage settlement negotiation is in line with long standing negotiation tactic of starting very high.

However, it does make sense for a contract worker to compare his or her wage to that of a permanent worker. More so if they are both essentially doing the same job. Temporary or contract workers typically earn less than half as much as their permanent counterparts, and bear the brunt of a cyclical downswing. This has led to demands of pay parity. Given the levels of consumer price inflation and the disparity meted out to contractual workers, wages are not in accordance with the economic realities so that a worker can afford a decent living. A trade union activists argue that wages for contractual workers must be at par with those of permanent workers. Some of the industry executives also argue that the disparity is certainly a pain point and needs to be addressed.

There appears sufficient ground to revisit the very concept of minimum wages. The Minimum Wages Act, 1948 which is based on Article 43 of the Indian Constitution emphasizes on a living wage for ensuring a decent standard of life and for full enjoyment of leisure and social & cultural opportunities. While this is the pious hope of the constitution, the reality is that the Act does not set out a minimum wage in Rupee terms, but merely stipulates that the same be a living wage to be decided by labor department in each State. This is the reason why minimum wages vary across the country. Minimum wages should be fixed considering two main objectives. The first being social, to provide sufficient purchasing power to the workers, enabling their basic standard of living and contributing to reduce poverty; and the second being economic, to ensure that industry is competitive in the sectors that contribute heavily to the formation of the Gross Domestic Product.

Increasing Dependence on Contractual Workers: The companies in India are increasingly relaying on casual labour and contract labour to get routine operational jobs done at cheaper rates. This is one of the primary reasons for the increase in labour strife and violence. These contingent workers almost do the same work as their 'permanent' peers, but are paid lesser. Contract workers virtually have no job security and are usually denied benefits like gratuity, provident fund and health insurance that are extended to the permanent workforce. They are the vulnerable lot. Add to this their numerical strength, disparity in the pay structure and socio-economic status. These are the perfect ingredients for discontent which is sometimes exploited by disenchanted groups to incite labour unrest.

It is obvious that companies opt for contractual workers for reasons of cost competitiveness. The ideal use of temporary or contract workers is to manage spikes in demand. But manufacturing companies in India have often been accused of going overboard.

Over the last few years, the Indian industry across sectors has gone into an overdrive of contractual engagement of workmen with a view to reduce their operational costs.

What started initially as contract workmen being engaged in tertiary, non-core activities of the enterprise have now become all pervasive across operations even in the core areas of the organizations' operations. Some labour activists are of the view that companies hire contract workers for exploitation rather than bringing any flexibility to their production, just because they come cheap. The Contract Labor (Regulation and Abolition) Act, 1970 stipulates that companies cannot hire a temporary worker to do a permanent worker's job. Most state governments conveniently overlook this. Consequently companies use temporary workers for just about anything. Contract workers end up sharing the same work space with permanent ones and doing the same jobs as the permanent ones do thereby adding fire to the fuel of their discontent.

Obsolete Labour Laws: Ever while archaic Indian laws have been more of a deterrent for companies from retrenching permanent employees in volatile times, lack of positive, government intervention encourages companies to opt for contractual employees. Companies think that in addition to the advantage of having to pay less, hiring and firing the contract workforce is easier compared to the permanent employees. The Contract Labor (Regulation and Abolition) Act, 1970 is woefully inadequate to meet the challenges of the present day economic ecosystem.

Role of Trade Unions: Naturally when the fundamentals of employer-employee relations or industrial relations week, the mob fury questions the very basics as to why unions exist. Is it to help in effective communication between the workers and the management so that differences of opinion do not turn into major conflicts or is it to shield the perpetrators of the orchestrated violence. It seems the trade unions today have lost their erstwhile clout. In the virtual absence of unions, in some sectors of employment like the ICT sector companies have become either too paternalistic or too dictatorial. Rioting and vandalizing the very properties that are source of their bread and butter, seems to have become the only ways to prove their identity or relevance of the unions.

The Trade Union Act needs to be revisited to see to it that necessary checks and balances are embedded into it so that trade unions are not hyper-empowered. Trade union activists reason that a majority of the protests in last 12-13 years in the Gurgaon-Manesar belt are due to companies' unwillingness to allow formation of labor unions. While companies are advised not oppose the democratic rights on grounds that political backing and interference might make the obstructive nature of existing labor laws even worse, it is equally important that unions review and reorient their operating strategies and to act constructively to harmonise the growingly antagonistic industrial relations milieu.

**Coping Strategies:**

The kind of labour unrest manifest in the above three cases makes it all the more important that effective dispute resolution should be a strategic priority for organizations. Companies must conduct a root cause analyses and formulate suitable strategies to cope with situations to restore peace and harmony at the work places. The following strategies are suggested to improve

the industrial relations scenario and to prevent recurrence of violence of the sort encountered in the case studies.

- The managements should understand the aspirations of new generation employees who are more consumerist less focused than the older generation workers.
- Hire and fire policies of contractual employees must be curbed to instill confidence in them about continuity of their employment.
- Wage disparities between regular and contractual employees should be reduced to the possible minimum.
- Industry should not rely much upon contractual labour only on economic considerations.
- Trust building measures must be taken up to maintain cordial employment relations.
- There should be focus on employee engagement to improve the production climate in companies.
- There should be transparency in communication between the management and the workers.
- Robust grievance redressal mechanism should be set up for effective and timely settlement of disputes.
- Workers participation in management should be encouraged.
- Employees issues need to be seen in psychological perspective and measures should be taken to solve them accordingly.
- Proactive approach is better than reactive approach and hence the former should be preferred to the later to resolve employees' issues and grievances.
- Trade unionism should be encouraged where ever employees are willing to form unions and managements should not interfere with union affairs.
- Flexible and liberalized laws are required to protect the employee's interests in place of old one.

**Conclusions:**

The three cases analyzed to discern the causes of changing employment relations in India reveal the following. The causes for changing employment relations are found to be growing wage disparities at workplace, increased reliance on contractual labour, obsolete nature of labour laws, militant tendencies in the trade unionism, and the hire and fire policies of industry. The article suggests that industries must do a root cause analysis of unrest in their own companies and formulate suitable strategies to cope with situations for restoring peace and harmonic employment relations. Strategies suggested are understanding the aspirations of new generation employees, restricting hire and fire policies of contractual employees to instill confidence in them about some stability of employment, and reduction of wage disparities between regular and contractual employee. The industry should not rely too much upon contractual labour just on economic grounds. Trust building measures must be taken to maintain cordial employment relations, focus should increase on employee engagement and there should be greater transparency in communication to bring about better employment relationships.

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5. http://www.thehindubusinessline.com/companies/labour-trouble-claims-2-lives-at-regency-ceramics/article2836719.ece

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- Literature Review
- Methodology, Findings, Analysis & Discussion
- Conclusion, Limitations and Recommendations
- References - Harvard or APA Style is required.
- Tables, figures, etc. in their appropriate location in the paper (if applicable)
- Margins: 1 inch or 2.5 cm.
- Font: Times New, 12 points
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