Publications
CASSAVA - THE MULTIPURPOSE CROP

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INTRODUCTION
Cassava, also known commonly as Tapioca, continues to be a crop of food industry for the millions of people especially in the developing countries of the globe. It is an important alternate source of energy to meet the demands of increasing population. This crop has the potential to produce more food per unit area, the capacity to withstand adverse biotic and abiotic stresses and adaptability to the condition of drought and marginal lands. The crop has been cultivated in India for more than a century.

AN IMPORTANT SOURCE OF CALORIES
Besides being easy to cultivate, tapioca contains more calories than many other crops. As a consequence, the production cost per calorie of tapioca is relatively very low, making it fit for cultivation to feed people in developing countries with food problems in Asia, Africa and Latin America. It is foreseen that the role of tapioca as food in these regions will keep on growing.

USED FOR MAKING FLOUR
Flour derived from tapioca is a perfect substitute for flour made from maize, sorghum, wheat, etc.

Tapioca flour can be used in two ways:
1) Raw starch is a food ingredient, being used in the production of seasoning powder, sauces, glucose and bakery products.
2) Modified starch is used as feedstock by a number of non-food industries, viz., textiles, pharmaceuticals, glue, paper and plywood.

IT IS USED AS ANIMAL FEED

Tapioca has a high carbohydrate content though its price is low. It is therefore suitable for the production of animal feed, helping cut production costs.

USED FOR THE MANUFACTURE OF ALCOHOL

Starch, which is high in tapioca is changed into sugar through a chemical process. The sugar is further processed into alcohol.

APPLICATIONS

Broadly speaking tapioca flour is employed by two categories of industries, namely food and non-food industries.

1. FOOD INDUSTRIES

Tapioca flour is made use of by these industries thanks to a number of characteristics. These include the fact that it aids the thickening and solidifying process, gives a sticky consistency and preserves the balance of water in various foods. Tapioca flour is consequently employed as feedstock by industries making such products as soup, candy, pudding, sausages, bread, ice-cream, noodles and vermicelli. It is used as binder by the pharmaceutical industry in making pelletized medicine.

Moreover, due to its saccharification property, tapioca flour is used for manufacturing food seasoning glucose, fructose, soft drinks and canned food.

GLUCOSE INDUSTRY

Tapioca flour accounts for as much as 80% of the total raw materials made use of by the glucose industry. The flour however has to be of the 'super grade' variety. Demand for this type of tapioca flour by the glucose industry is estimated at 10,000 - 15,000 tonnes annually.

There are three types of glucose:

a) glucose syrup, which is a solution derived from the saccharification of starch. It is further purified and made into a concentrate, which is highly popular and is used for making sweets and drinks.

b) dried glucose syrup, which is used for preparing food and medicine.

c) dextrose anhydrous, i.e., D-glucose which has been purified, crystalized and made into powder. It is used by the pharmaceutical industry.

Seasoning powder is highly popular. Its scientific name is mono-sodium glutamate. The substance was first synthesized by a Japanese professor who used sawdust for the production of amino acid. Now tapioca flour and molasses are used instead.

2. NON-FOOD INDUSTRIES

The bulk of tapioca flour exported by Thailand is for industrial use. For instance, it is a feedstock for the production of paper, textiles, glue, plywood and alcohol.

PAPER INDUSTRY

Raw materials, such as wood, grass, straw and bagasse, are defibrizied into pulp, which is further processed into paper.

PLYWOOD INDUSTRY

Tapioca flour is used for making glue which is an important raw material of the plywood industry. The strength and the quality
of plywood depend largely on the quality of glue.

**GLUE INDUSTRY**

Tapioca flour becomes sticky when it is mixed with hot water or certain chemicals. It stays sticky over a very long period of time. However, only purified, low-acidity tapioca flour is fit for making industrial glue, namely dextrin and oxidized starch.

**ALCOHOL INDUSTRY**

Increased priority has been given to alcohol along with other non-oil energy sources like wind, solar power and bio-gas. In several agricultural developing countries experiments have been conducted to produce alcohol as a substitute for petroleum. The mixture proves as good as gasoline and less polluting when used in motor vehicles.

In Thailand ethanol is produced - 70% of it being for domestic consumption and the rest for export. The former is accounted for mainly by the alcoholic beverage industry and hospitals.

Tapioca is an apt raw material for alcohol manufacture, while its supply is abundant all the year round and its prices low.

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INTRODUCTION

Cassava was an important part of the diet of people below poverty line in the yesteryears in Kerala. But with the improvement in the standard of living and availability of cereals, people are shifting from cassava to cereals. Cassava along with fish forms a very good combination of carbohydrates and proteins. Now, it is common to find this combination in big hotels and restaurants.

In Tamil Nadu, cassava is consumed as either directly as cooked tubers or the products prepared from cassava. Cassava is consumed as baked tubers as fried chips and as a cut item in Kerala, Tamil Nadu and Andhra Pradesh. In Tamil Nadu, cassava is consumed as fried chips. Petty vendors purchase raw tubers from wholesale market and convert into fried chips for selling. The following value-added items from cassava:

1. STARCH

Starch is the most important value-added product produced from cassava. Approximately 400 starch processing units are located in Tamil Nadu. Starch is mainly used in the textile industry in making adhesives, in pharmaceuticals, in paper industry, in confectionery industry etc. Eighty to ninety per cent of the cassava starch produced in India is from Tamil Nadu while the remaining quantity is from Andhra Pradesh.

2. SAGO

Sago is another important value-added product produced from cassava. Sago production units are located in Tamil Nadu, Andhra Pradesh, Gujarat and Maharashtra. Sago production is limited to Tamil Nadu and Andhra Pradesh. It is consumed throughout the country. Maximum sago is consumed in Maharashtra, Payasam, Khichdi, Upama, Bonda are the different items prepared using sago. Sago is used mostly as baby food in West Bengal. In the remaining parts of the country, it is consumed mainly in preparing payasam and sweet dishes. Demand for sago is generally more during festival seasons and in seven month (August) due to more marriages being held then.

3. CHIPS

In Tamil Nadu, cassava is consumed as fried chips. Petty vendors purchase raw tubers from wholesale market and convert into fried chips for selling. Fried chips are produced mostly during harvesting season of the crop. It is commonly found in Salem, Erode and Namakkal District. Cassava is also consumed as baked tuber during the harvesting season. It is seen during the harvest season in cities like Chennai and Coimbatore. In Tamil Nadu quantum of cassava production used for human consumption is 22% only and the remaining production is used in starch, sago and chips production.

4. FRIED CASSAVA CHIPS

This is high value product with good shelf life. Six to eight month old tubers are suited for making fried chips of good quality having soft and crisp texture. Fully mature tubers with a starch content more than 20% yield a product that has a very hard texture, with low consumer acceptability. Research at CTCDRI has shown that a pre-treatment of thin slices of cassava chips in dilute acetic acid brine solution, followed by washing in water, parboiling for 1-2 minutes in boiling water, surface drying in the sun for 20-30 minutes followed by deep frying in oil can produce lightly coloured fried cassava chips of highly acceptable quality and soft and crisp texture. As high as four times value addition is possible by converting cassava tubers to fried chips.

5. CHIP FLOUR

Chip flour making units are concentrated in Andhra Pradesh, Tamil Nadu and Kerala. Chip flour

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is mainly used in textile industries, adhesive, etc. industry, Gumum preparation, making colours in confectionary industry and in preparing food items industries manufacturing gumum are located in Chennai. Colours are made using cassava chip flour in Hatton district of Uttar Pradesh, as adhesive in concrete industries at Sivakasi (Tamilnadu) and for making food items called murukku in Tamilnadu and Andhrapradesh.

Barada quality flour is the flour prepared from small pieces of tubers. These tubers are peeled, chipped, dried and then ground to coarse powder. This powder is mixed with tapi and peel flour and is mostly used in animal feed industries and gum making.

6. WAFERS

It is another important value-added product from cassava starch, seventy water making cottage industries are functioning at Namagiripet taluk, Namakkal district in Tamilnadu. These wafers are marketed through Water Serve, The Namagiripet Tapioca by Products Industrial Cooperative Service Society Ltd., demand for wafers is more in Northern State like Delhi, Gujarat, Uttar Pradesh.

7. CASSAVA RAVA AND FONDIDOE

These are two stable and marketable food products that can be made from cassava starch. Cassava rava is a pregelatinized granular product similar to the wheat semolina and is ideal for breakfast recipes like uppuma and for making desserts like the Kesari. The peeled and sliced chips are parboiled in water for 5-10 minutes depending on the cooking nature of the tubers. Hard-to-cook, yellow coloured varieties of cassava like the Sree Visakham are ideally suited for making cassava rava. After parboiling, the steep water is decanted and the parboiled chips are thoroughly washed with water to remove the stickiness due to gelatinized starch. The chips are then sun-dried or oven-dried to <13% moisture, powered in a hammer mill and sieved through a fine mesh sieve first to separate the fine powder and then a large mesh size sieve. The medium sized fraction is used as rava, while the large size fraction is sent back to the hammer mill. The well cooking mostly varieties of cassava with white flesh yield a product that is inferior due to excess stickiness and poor colour.

The fine fraction from the cassava rava making is a flour type pregelatinized product that can be enriched with milk powder, sugar, etc., fortified with iron and/or calcium and flavoured to obtain a balanced energy drink.

8. CASSAVA SILAGE AS CATTLE FEED

The most ubiquitous processing method for cassava is sun-drying sliced chips. However, the dried chips are susceptible to attack by a number of pests, which reduce the feed value. Ensiling is one of the most cost-effective techniques for utilization of cassava as cattle feed. The technology perfected at CTCRI involves chopping whole cassava tubers (with rind) into thin strips using a Malaysian Chopping Machine, exposing the chips in sunlight to reduce the initial cyanogens load, mixing with chipped rice straw in the proportion 9:1 and then tightly packing to plastic containers, tanks or polythene covers. The mouth of the silo is tightly sealed using plastic tapes. Within 2-3 days of ensiling itself, the pH comes down to 4.3-4.5 and the lactate acid content increases due to the growth of favourable microbe.

Animal feeding studies conducted with ensiled cassava indicated its potential use as cattle feed. There was 20% increase in milk yield and 14% increase in the growth rate of calves, when fed with cassava silage based feed.

CONCLUSION

Though cassava production centers are concentrated in the Southern India, marketing centers are distributed throughout the country for different value-added products from cassava. Cassava and its value-added products are marketed in three different sectors viz., human consumption market, animal feed market and as commercial product. Maximum production in Kerala is consumed as staple food. Sago is consumed in preparing many items like payasam, uppuma, kichdi, bonda, etc., Starch, Sago, Chips, Flour are the major commercial products from cassava. In the animal feed market, tapi and peel flour are used in the preparation of concentrate feeds. Technologies developed in various fields such as the development of new varieties from value-added products from cassava.
Customer Relationship Management in the Banking Sector: Emerging Trends

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The biggest management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relations with the kind the customer. In the past producers took their customers for granted because at that time customers were not demanding nor had many alternative sources of supply or suppliers. Since he was a passive customer, the producer dictated terms and had little customer commitment. But today there is a radical transformation. The changing business environment is characterized by economic liberalization, increasing competition, high customer choice, enlightened and demanding customer, more emphasis on quality and value of purchase etc. All these changes have made today’s producer shift from traditional marketing to modern marketing. Modern marketing calls for more than developing a product, pricing it, promoting it and making it accessible to target customers. It demands building trust, a binding force and value added relationship with the customers to win their hearts. The new age marketing aims at winning customers forever, where companies greet the customers, create products to suit their needs, work hard to develop life time customers through the principles of customer delight, approval and enthusiasm.

What is Customer Relationship Management (CRM)?

The process of developing a cooperative and collaborative relationship between the buyers and sellers is called customer relationship management shortly called CRM. CRM aims at
focusing all the organizational activities towards creating and maintaining a customer. Thus CRM is a new technique in marketing where the marketer tries to develop long term collaborative relationship with customers to develop them as life time customers. CRM aims to make the customer climb up the ladder of loyalty. The company first tries to determine who are the most likely prospects (i.e.) the people who have a strong potential interest in the product and the ability to pay for it. The company hopes to convert many of its qualified prospects into first time customers and then to convert those satisfied first time customers into repeat customers. Both first time customers and repeat customers may also continue to buy from competitors as well. Then the company tries to convert these repeat customers into clients (i.e.,) they are those people who buy from the company in the relevant product categories. The next challenge for the company is to convert these clients into advocates. Advocates are those clients who praise the company and encourage others to buy from it.

The ultimate challenge is to convert these advocates into partners where the customer and the client work actively together to discover ways of getting mutual benefit. Thus in CRM the key performance figure is not just current market share of lifetime value by converting customers into partners.

**Why Customer Relationship Management?**

1. A satisfied customer in 10 years will bring 100 more customers to the company.
2. It costs 7 times more to attract a new customer than to serve an old one.
3. 20 percent of the company’s loyal customers account for 80 percent of its revenues. (Pareto’s principle).
4. Approximately 70 percent of customers switch brands because they don’t like the service or the provider.
5. On an average a customers tells 9-10 people about a problem.
6. The chances of selling to an existing customer are 1 in 2,
the chances of selling to a new customer are 1 in 16.

**Customer Focus in Banking Services**

As the intense competition becomes a way of doing business, it is the customer who calls the shot in deciding the nature of products and services offered in the market. The customers are becoming demanding, dominant and selective. In fact the perceptions and the expectations of the customers have undergone a sea change, with the availability of banking services to the customers at their doorsteps through the help of technology. Now a day they have also become more immune to marketer’s pressure. This means that the advertising and marketing gimmicks will work only when they see real quality in the provision of services at the ground level. Marketing of banking services would imply creation and delivery of customer satisfying services at a profit to the bank. It is the mix of six P’s—price, promotion, people and procedures.

Marketing of customer services aims at two important goals: prosperity to the bank and satisfied customers. Banks offer tangible services like loan schemes, interest rates and kinds of account and the intangible services like behaviours and efficiency of staff, speed of transactions and the ambience. The banks may need to include customer oriented approach or customer focus in their five areas of businesses such as cash accessibility, asset security, money transfer, deferred payment and financial advices.

When the customer is talked about, the word not only refers to depositors and borrowers but it has to mean all stakeholders in the bank. It could include equity holders, Government, employees or virtually any group or individual who requires information from the organization. The bankers are forced to put in place a system of CRM (Customer Relations Management) that addresses the core issues of profit through satisfied customers. There are four strategies available to customer relations managers:

1. To win back are save customers.
2. To attract new and potential customers.
3. To create loyalty among existing customers.
4. To upsell or offer cross services.

The future of banking business very much depends upon the ability of the banks to develop close relationships with their customers. In order to develop close relationships with the customers, the banking industry has to focus on technology-oriented innovations that offer convenience to the customers. Today customers are offered ATM services, access to internet banking, and phone banking facilities and credit cards. These have elevated banking beyond the barriers of time and space. Technology-oriented innovations have forced the customer to abandon branch banking and pushed them into internet banking. Because of the technological revolution CRM has taken the form of e-CRM (electronic CRM) giving new dimension to relationship between the banker and the customer. Wherever the customers might be, the services offered to him must be of the same standard and quality.

Though relationship tends to be impersonal the customers satisfaction is personnel. The customers needs not necessarily positively evaluate the personalized services offered by the bank. Therefore bank should be cautious to ensure that customers feel the services as personal and useful. This can be done through careful selection and training of employees, defining their behavioural norms. With the aid of technology they should further mechanise and automate the services provided to the customers. The bankers can convincingly satisfy the customers only through the integration of technology and the services offered.

Challenges and Strategies in the New Millennium

Finance is the lifeblood of an economy. The economic liberalization process has increasingly exposed the banking sector along with other sector of the economy to international competition. In order to meet the challenges of global competition, it has become an imperative necessity for various
sector of the economy to open up to harvest the advantages ensuing from the period of change. In this context, India's most important segment via the banking sector has started opening up itself to face the challenges the ground realities. Accordingly, several measures of improvement have been recommended and implemented for improving and strengthening the competitive position of Indian banking industry. Such measures include nationalization of 14 commercial banks by the stroke of the then prime ministers, India Gandhi's pen in 1969, and the marked the beginning of the end of commercial banking in this country.

By coincidence, the banking sector got deregulated about the same time in the developed world. Deregulation in developed capitalized countries (particularly in Europe) witnessed a remarkable growth in the banking industry whether measured in terms of deposit growth, credit growth, growth in intermediation instruments as well as in net worth. In India, continuous political interference, and absence of competition and a complete lack of scientific decision making and management led to consequence just the opposite of what had happened in developed countries.

Liberalisation of the financial system has a tremendous influence on the expense and depth of the market. A number of savings and investment institution have come up with a large range of financial instruments as alternatives to bank deposits. This is happening in India at a pace which is often dubbed as mushroom growth. "Banks are no longer the only institutions for savers". As the depth of the financial market, is also increasing, banks will lose their importance as the sole providers of liquidity of savers. In this emerging scenario, we will find banks competing for funds in the market place. Interest rate callings having been almost removed as part of the reforming process. The average cost of funds for bankers is already on the rise. In this era of financial liberalization and global integration, the question is do bank have any future prospects? With the end of financial repressions, interest rates
start showing an upward trend causing the quality of borrowing to decline with rising risks and falling returns.

"In fact banks all over the world are facing competitive challenges and under pressure to enhance earnings. The traditional bread and butter market is no longer in a position to sustain the banking structure in an era of deregulation and globalisation. The dismantling of cartels for interest rate determination or withdrawal of the administered rate regime, which provided an umbrella to the banks for long, is no longer there".

Interest rate has emerged as one of the dominant risk elements with such as force that a number of well known international banks have suffered heavily due to mismanagement of this risk. Because of this commercial banking is now moving down to third position, with investment banking and asset management moving up respectively as the number one and number two activities of banks. The accent is now on off-balance sheet business, or sweetness, as in the current terminology in the banking market. Now the volume of sweetness is often regarded as a condition percent for granting a loan. The present age of financial innovation is dependent heavily on developing financial instruments which may not find a place in the main body of the balance sheet of banking organization. The total volume of off-balance sheet transaction is about 200 times the balance sheet assets of major international banks. While the reward is high in this expanding business segment, it would be wrong to consider these as risk free.

The base committee drew the attention of bankers and regulators to the element of risk in these instruments and brought them within the frameworks of capital adequacy norms. It is being increasingly felt that decisions parameters for direct lending decision should be one and the same for off-balance sheet items as well, because of similar types of risk-exposure, through the structure of the risk attached to different kinds of off-balance sheet business may appear to be new.
Does this call for a well policy for banks in the form of a well
documented loan policy framework, the absence of which
often leads to banking crisis, as was seen in the case of Bank
of America crisis of 1986 in the U.S.? This is the question
which Indian banks attempt to explore. The health of banks is
determined by many factors, the most significant being a
string capital base adequate provisioning. The nature of
investment, the skill and commitment of officials, quantity and
quality of informational data, the internal incentive mechanism
and above all the nature of governmental interference, in
particular by the monetary authorities of the country.

Financial repression is not always bad, as can be seen in
the South Korean experience with state intervention. In fact the
crises in South Korea can be attributed to an extent, to the
withdrawal of the state from the financial sector since 1993.
However, the Indian experience with state intervention is very
poor. One expects that withdrawal of the State may usher in a
new hope to the banking industry. Of course, even with
government intervention some nationalized banks have
performed reasonably well in the recent years, like the
corporation banks for example. In the eighties it was Canara
Bank. But there is always exception. On the whole, the Indian
banking industry has witnessed a very gloomy state of affairs.
Liberalization is a step in the right direction.

In a new competitive setting, the performance of banks
would depend mainly on how they handle their lendings and
investments. Banks ought to come out of their traditional roles
and enter the capital market in a big way as traders in new
innovative intermediation instruments, in bonds, commercial
papers, bills of all funds fixed deposits and various certificates.
In other words, banks should start behaving like corporate.

Overtime, many concepts, definitions, methods of
measurement technology of the banking business and
accounting procedures have undergone a tremendous change.
All these changes must be taken into account in dealing
with banking strategy credit appraisal and lending decisions.
These changes are manifested in most of the variable are which banking activities depend, like liquidity, assets, liabilities, working capital, fixed capital, balance sheet leverages, rations, depreciations, discounting equity, debts, risks, returns and cash flows.

**Marketing of Banking Services**

Marketing of banking services means organizing right activities and programmes in rendering right services to the right people at the right place, at the right place, at the right time, at the right price and with right communication and promotion.

Marketing of banking services embrace the following unique features.

1. **Intangibility:** they cannot be seen or processed physically but can only be experienced.
2. **Inseparability:** their production and consumption occur simultaneously.
3. **Variability:** they are highly variable depending on the merit of customers.
4. **Perishability:** they cannot be stored.

Marketing strategy in banking services starts with developing customer profiles by which the bank can collect and analyse all relevant information on customers. With the help of these profiles, the preferences and prejudices of the customers are identified and this enables the bank to enhance its marketing activities. To satisfy the customer needs, the existing services of bank may be modified or new services may be introduced. The production and planning of banking services have to be viewed in terms of customers’ satisfaction. This means that banks have to attain the required level of proficiency so as to keep the customers happy and satisfied.

**Distribution of Banking Services**

In marketing, distribution is the means through which a seller makes his product available to the buyer through the use
of various middlemen known as channels of distribution. But in marketing of banking services, a different type of distribution has to be adopted. Banks can employ a number of distribution modes like Bank branches, credit cards banking by mail, in-shop branches, ATM services, any branch banking (ABB) and the like. Banks increase the profitability of their branches by extending the range of products and services offered. Thus, the all-purpose bank is emerging now-a-days as a sort of super market of financial services.

The role of banks in the shaping of a nation through its services to the various sections is laudable. Thus banks help to improve industries both large and small, individuals rich and poor in advancing their development. Apart from this wide coverage, banks play an active role in the growth of a man right from his childhood to his end. Banks serve in the smooth delivery of a child by financing the hospital expenses. As the infant grows as a boy, the banks care for his education by lending him educational loans on marginal interest and easy repayment schedules. Banks support him on the eve of his marriage through marriage loans. Later, the banks come in handy to realize the dreams of owning a house through house loan programmes. Banks also provide loans for the purchase of consumer durables adding happiness and fulfilment to domestic bliss. Thus from refrigerator to car anything can be obtained, through personal loans from banks on nominal rates of interest.

Desire for travel and acquirement of knowledge through it is inherent in every human being. Visiting foreign lands and meeting people on the other side of the globe are very much longed for by most of the individuals. Banks fulfil these dreams by offering subha-yatra loan. Old age characterized by physical weakness and sickness require more concern and financial commitments. Banks come in handy to these people to meet their medical expenses through medical and other related loans. Even on death, banks come into the rescue by providing loans to meet the funeral expenses. Thus in all
phases of human life, banks offer a helping hand. It is obvious that the financial assistance from banks activate the individual to move towards his prosperity, growth and joy.

**Globalised Scenario**

"Change" is a continuous process and banking industry is no exception to this natural law. Change in the Indian banking industry is inevitable due to the implementation of the financial sector reforms and policies in the country. The main objective of financial sector reforms is to promote an efficient, competitive and diversified financial system in the country. Indian banking industry has undergone tremendous transformation after liberalization and globalisation process initiated from 1991. These changes have forced the Indian banking industry to adjust the product mix to effect the rapid changes in their process to remain competitive in the globalised environment.

The Indian banking industry has to re-orient its strategy towards marketing of banking services to accommodate the changes and challenges that are taking place in the present globalisation scenario. The changes that are taking place in the present globalisation scenario. The changes and challenges call for ways and means to compete in the future and to survive with profit and business growth on strong and sound banking principles and practices. The vital challenges that threaten Indian banking industry are discussed below:

**Competition from Foreign and New Private Sector Banks**

The entry of more and more foreign banks and new private sector banks, with lean and nimble footed structure, better technology, market orientation and cost effective measures, have intensified the competition in the Indian banking industry. Financial institutions have also started entering into the domain of banks. In recent years, the share of business of public sector banks has declined considerably. So there is a compelling need for the Indian banking industry to modify its
marketing strategy to attract the customers and to withstand the stiff competition from foreign banks and new private sector banks.

**Technological Advancement**

The advent of technology both in terms of computers and communications has drastically altered the methodology of banking business. In the banking sector, the technology has opened new vistas and in turn has brought new possibilities for doing the same work differently and in a most cost-effective manner. Technology helps to have 24 hours a day banking, all seven days in a week. Tele banking, Internet banking and E-banking have opened new business potentials and opportunities which hitherto remained unexplored. All these technological advancement may pave the way for home banking rather than branch banking.

Another important force of change in the Indian banking sector is innovation. Banks are innovative, pro-active now-a-days and offer top class service to customers. They play a dynamic role not only as a provider of finance but also as a departmental store of finance. As a result of this, new products like merchant banking, mutual funds, leasing, factoring, factoring, corporate advisory services and venture capital are emerging. These innovative services may augment revenue with cost effective measures.

**Diversified Activities**

There is universal trend towards banks diversification normally through insurance, depository participant services. Investment banking and the like in case of affluent customers. Further, banks have diversified their activities by rendering various services like gold deposit, sale of gold, collection of interest on securities, paying tax liability and telephone bills on behalf of the customers. All these diversified activities have paved the way for banks to develop and offer consultancy, counselling and customer designed packages for efficient
funds management. As banks diversify their activities and redefine their roles, their traditional role as financial intermediaries is gradually assuming lesser importance in their overall business. This is confirmed by the figures stated in the profit and loss account and balance sheet of banks. It is interesting to note that the percentage of interest income of banks is decreasing as compared with the percentage of non-interest income.

Customer Awareness and Satisfaction
Banking services largely depend upon customer demands and their perceived preferences. In urban and metropolitan sectors customers are more knowledgeable and demand more facilities than offered. They are looking for services that are cheaper, faster and qualitatively better. The "bank-comes-home-to-you" approach is fast developing. For example IDBI is offering 110 percent of loan of the cost of the project in case of construction of building. This type of loan is given mainly to meet documentation and other charges. Further, Indian Overseas Bank is offering “Home Decor Loan” besides “Home Loan” in order to furnish the house with modern amenities. Customers can now-a-days know the status of their accounts; request a financial statement or a cheque book, order “stop payment” on cheques and transfer funds, all from their desktop.

Development of the Skills of Banks Personnel
To meet the new challenges, banks have to devise novel ways of meeting the customers' demands. To help the banking staff to get sufficient exposure to technology, suitable packages relating to hardware and software applications in relation to their works are to be provided. Further, a separate marketing wing may be created in every bank to market their banking services. They must be trained suitably to keep pace with the changing environment. In order to meet the challenges, the Human Resource Departments in banks have to
prepare appropriate manpower plans and strategies.

Profitability Nature
The fruit of an effective and successful marketing is earning adequate profit. Profit is the major governing parameter for judging the performance of any bank. Profits are essential to meet expectations of stakeholders, benefits of employees and also for building capital. Banks have to pay attention to the following emerging areas to protect and enhance their profitability.
1. Product development and management skills.
2. Modern credit management skills.
3. New risk management practices.
4. Skills for operating in electronic environment.
5. New internal audit skills in a changing business environment.
6. New focus on customer and his needs.

Corporate Governance
In the banking sector, corporate governance assumes a highly significant role. Though the corporate governance revolves around enhancing shareholders value, it has the responsibility of marketing the banking services by introducing and positioning new products and services. The major ingredients of good corporate governance would be accountability at all levels, transparency and enhancing the image of the organization. Of late corporate governance has been receiving a lot of attention in the banking sector particularly after the globalization and financial sector reforms aimed towards sound and strong banking with transparency in policies.

Conclusion
The recent trend of globalization and liberalization has posed serious problems to domestic banks. The entry of new foreign banks and private sector banks with their advance
knowledge base of automation in the banking operations and aggressive marketing strategies has pushed public sector banks to a tight corner. Domestic banks are facing stiff competition from their foreign counterparts and are slowly losing their solid base. Potential customers have started moving towards foreign banks and private sector banks. The business prospects of our public sector banks have gradually started shrinking. They are forced to revise their strategy of their banking operations in order to meet the threats posed by foreign banks. To survive and succeed, banks must identify their marketing areas, develop adequate resources, convert these resources into healthy and efficient services and distribute them effectively satisfying the manifold tastes of customers.
Sustainability of Micro-Credit Systems

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Introduction

The concept of sustainability has to be viewed from a broader perspective and multiple dimensions. These include economic, socio political, enterprise, institutional and biological aspects and their interface with various sub-systems for balanced development. Eradication of poverty is the ultimate goal of sustainable development. Poverty stems from a number of factors, which are region specific. There is growing evidence across the globe regarding the role of rural financial services for alleviation of food insecurity and poverty. The traditional face of banking is undergoing change since 1991 due to banking sector reforms. Rural banking network is getting pruned. It has come down from 35216 in March 1991 to 32538 in September 2001. The share of agriculture in total bank credit had touched a low of 9.9 percent in March 2000. A similar reduction has occurred in small scale (from 11.5% to 7.6%) and village industries sector (from 0.9% to 0.6%). Alternative micro-finance institutions mostly in the informal sector are sprouting in different parts of the country. Along with these developments, viability and sustainability issues of micro-finance system are being debated. Against the background, micro-credit becomes a crucial ingredient to fight poverty. Micro-credit refers to a host of financial service, savings, loans, insurance and other products availed by the poor households who remain or choose to remain outside the purview of formal credit system. Micro-credit has some important features like, (to begin with) small loans, targeting very poor beneficiaries, shorter loan repayment period, higher rate of interest on loans and good repayment performance.

Poverty-Credit Interface

The linkage between economic growth and poverty reduction is rather weak. This calls for the need for suitable mechanisms to provide safety nets for sustainable development of the poor. Though micro-finance is not a panacea for poverty alleviation, there is a consensus now that the poor through self-help approach can be lifted out of poverty syndrome. It can be a powerful instrument for self-empowerment by enabling the poor especially women to become economically self-reliant. Promoting income generating activities among the poor therefore, seem to be one of the push factors for poverty eradication in India. Recognizing this reality, the Government of India had introduced the ‘Swarajyathithi Gram Swarojgar Yojana (SGSY) in April 1999. The objective of SGSY is to bring assisted poor families (swarojgaris) above the poverty line in three years, by
providing them income-generating assets through a mix of bank credit and government subsidy. In the process, involvement of the poor as primary stakeholders is the key to access credit from SHGs and banks. Support from government and NGOs are crucial in helping micro-entrepreneurs to realize their innate potential to pull them out of poverty situation.

**Characteristics of Self-Help Groups**

In spite of a large banking network, the vast majority of the rural poor have no access to bank credit for various reasons. Despite the massive subsidy-credit linked self-employment programme under SGSY, poverty levels in India continue to be high (25%), and many poor people still do not have access to formal credit institutions. It is the inability of credit institutions to cover a sizable segment of the rural poor due to the high cost of administering a large number of small loans and their perceived leading risks (in the absence of any collateral), which has prompted a number of non-governmental organizations (NGOs) to enter the rural credit scene by organizing the poor into informal groups for mutual help and benefit. Many of these groups have provided credit support through their credit institutions. SHG is small economically homogeneous affinity group of rural poor voluntarily formed to save and to contribute to a common fund to be lent to its members as per group decision. The great merit of SHGs has been their ability to inculcate savings habit among its members. Sustainability of credit market depends on the capacity building of SHGs, project approach financing and catalyzing change through better HRD practices for development functionaries. The strength of SHG linkage programme in mobilizing small savings of the poor, utilizing funds optionally through collective wisdom, transparent and democratic participation, ensuring excellent repayment through group dynamism and peer pressure, reduction in transaction costs for the banks and the SHG members are being demonstrated amply in various parts of the country. In its endeavour for economic empowerment of the poor through improved access to bank credit, NABARD collaborates with non-governmental organizations (NGOs), banks and others for the promotion of SHGs and links them with banks. As on 31 March 2001, the number of SHGs linked to banks aggregated 234843 under SHG bank linkage programme. About 90 percent of credit linked groups are women groups. However, distribution of credit linkage is somewhat skewed in favour of four southern states. The southern states have a lion’s share of 73 percent during 2000-2001.

Several interesting features have been observed in the financial flow and dynamics in the functioning of self-help groups. There is evidence of a qualitative shift in the loans portfolio in favour of productive purposes as against consumption loans availed earlier. The social mobilization efforts in forming the surging SHGs involves almost 4600 NGOs. Of these, about
2000 NGOs are involved as micro-finance institutions. With the SHG linkage programme being accepted as a cost-effective approach by banks in reaching the poor, a number of government programmes have also adopted the SHG approach to implement their social programmes.

**Typology of SHGs**

Micro-credit is being increasingly recognized as an important tool for sustainable social and economic progress. The micro-credit in practice is a savings and credit programme. But the emphasis has been on the credit side to channel financial resources to the poor for self-employment and consequently for generation of income. Self-help groups of the poor are the charism on which the micro-credit movement has been built over the years. There are two distinct models, which are emerging in the SHG-led micro-credit movement in India. One set of framework can be branded as an ‘organic model’ based on bottom-up approaches. Mutually Aided Cooperative Societies (MCAS) in Andhra Pradesh are an example of this model. The other model can be branded as ‘affiliation frame’ which fall in the category of super imposed structural arrangements. The bank linkage programme of NABARD is one such example.

**Role of Self-Help Promoting Institutions**

Self-Help promoting institutions are the pillars on which the SHG movement is to be erected. NABARD’s vision of taking banking services to the unbanked and the underserved poor in India, also includes the mission to promote the development of self-help groups, with particular focus on women, covering 20 million families by the year 2007. NABARD is deeply committed to the promotion of self-help groups, grading of self-help groups, and the networking of self-help groups. Both governmental and non-governmental sectors have been instrumental in promotion of self-help groups. The institutions promoting such groups are called self-help promoting institutions. Some examples of Self-Help Promoting Institutions are described below:

**Rashtriya Mahila Khosh (RMK)**

RMK is a registered society for facilitating micro-credit to poor women living below the poverty line throughout the country. RMK mainly provides loans through NGOs, which have developed women’s self-groups. No collateral is required for getting loans from RMK. It has set a goal of reaching two million women with credit support by the year 2005.

**Self-Employment Women’s Association (SEWA)**

The goal of SEWA is to ensure achievement of self-employment and self-reliance for all its members. The Swarajya Mahila SEWA Bank was established in 1974 and it networks with several cooperatives. The SEWA experiment has shown that when women are organized as workers for producers it elevates their self-esteem since it recognizes their contribution to society wealth.
Working Women’s Forum (WWF)

WWF is a Chennai-based voluntary agency. The main objective of the forum is to provide organizational support to women workers in the informal sector on trade lines for improving their living conditions. In 1981, the WWF established its own bank both for mobilizing savings of its members and providing credit to them. It has become a vehicle of economic freedom and social change to organize the most oppressed and deprived sections of Indian society, particularly in the rural areas, and in the organized sector. The groups formed by the working women’s forum are federated to the Indian Cooperative Network of Women which is a cooperative owned and managed by member women.

Sustainability issues in Micro-Finance Institutions

☐ Breaking the psychology of poverty is the first issue to be addressed in building group synergy through SHGs. Poverty has its origin in assetlessness of the poor. The vicious cycle of poverty stems from low income, inadequate savings, and low capital formation leading to low investments. SHGs are capable of breaking this cycle by organizing the poor, building their social capital and economic efficiency which will enable them to cross the poverty threshold using the instrument of micro-credit. Experience suggests that collective self-management of resources holds the key to sustainable development of the poor. An enlarged and well-managed community banking system is expected to make meaningful contribution to the supply of credit in the rural areas.

☐ HRD interventions are the other way to break the poverty conundrum. People are the real resources in any development process. Building physical assets by involving the people as stakeholders is essential for sustainable development of the poor. For this, capacity building of the poor is essential. Capacity building calls for skill upgradation and exploring new markets. The approach should be holistic and self-sustaining so that empowerment of the poor constitutes the fulcrum for their socio-economic advancement.

☐ Promotion of micro-enterprises is the next logical step for sustainable development of the poor. It is the enterprise that enables income-generation and provides sustainable livelihood systems for the poor. Income generation is closely linked to investment patterns, skill training, technology transfer and marketing avenues. Under SGSY and related self-employment schemes, the interconnection between micro-credit and micro-enterprise for sustainable development of the poor is gaining momentum in the emerging market driven economy.

☐ The role of support organizations in the development of the poor is well understood. Sustainability of micro-finance institutions need the support of appropriate promotional institutions catering to the needs of
Specific group being served. These could be Non-Governmental Organizations or Mutually Aided Cooperative Societies or banks. Rating of the SHGs for credit linkage programme under NABARD on the linked to the dynamism infused by self-help promoting institutions on the performance of SHGs.

Financial viability of micro-finance institutions is a major issue that needs attention. This is one of the important aspects being neglected by various agencies involved in the micro-credit movement in India. As a matter of fact, many micro-finance institutions do not achieve financial viability. This is partly because most of the micro-enterprises of the poor are tiny in nature and do not provide adequate scope for income generation so as to improve their socio-economic status. Hence, future efforts should be directed towards achieving enterprise viability at household level so as to make financial institutions willing partners in the development spectrum. Unlike in India, the Bangladesh experience suggests that it is possible to develop profitable micro-finance institutions, which exclusively works with the poor. The Association for Social Advancement (ASA), a leading NGO is a living example of sustainable and cost-effective micro-finance being followed by more than 100 small NGOs in Bangladesh.

Policy Suggestions

- SHG led credit movement in the country has become the pivot around which people-centered poverty alleviation programmes are being implemented. The success or failure of Swarnajayanti Gram Swarozgar Yojana (SGSY) programme, being implemented in the country as a whole, is closely linked to the strengths and weaknesses of SHGs that are functional in the rural areas. Hence, there is the need to design appropriate mechanism for monitoring and evaluation of SHGs for effective implementation of SGSY.

- The operational efficiency of SHGs prompted by NGOs, Banks and Government varies a great deal. There is need for a self-regulatory organization to standardize best practices and evolve suitable credit rating norms for SHGs so that the SHG Bank linkage programme could be firmly established. In addition, the Reserve Bank of India should mandate them to render quarterly report on their operations, for the purpose of identifying problems and possible assistance.

- To ensure credit security before granting a loan, SHGs should ideally establish appropriate relationship between savings and credit ratio of every loan applicant. There is little evidence of this happening in the past in several places. This may dilute the concept of accountability and good repayment record in SHGs. Hence, as a matter of policy,
there is a need to assess the best practices in SHGs prior to forging bank linkages.

- Micro-credit should be delivered as a package with in-built value principles like hard work, savings habit, good repayment and peer culture among members. This would ensure organizational sustainability and good repayment behaviour.

- Micro-credit movement has to be viewed from a long-term perspective. Its mission goes beyond development through credit for poverty reduction. In the ultimate analysis, SHG led credit delivery system sows the seeds for a self-reliant economy incorporating certain business culture and social development action within the community as essential elements for the economic and social mobility of the poor.

- Micro-enterprise development by the poor under SHG umbrella undermines the need for a deliberate policy frame in favour of assurance in terms of technology back up, product market and human resource development. However, in the context of economic liberalization, there are indications that the markets are turning out to be unfriendly to the poor. Hence, there is an urgent need to provide insurance for the products of micro-enterprise sector through a suitable institutional mechanism.