CHAPTER - 5

PRELIMINARY TO SURVEY
The Chapter-2 and 3 covered various aspects relating to "Balance of Payment" that were relevant from the point of view of research undertaken. The preceding Chapter-4 fully covered all the facets of FCNR scheme.

In the present Chapter the Researcher spells out 'Research Design' and its application to the representative sample of universe under study. Actual universe for study is very large encompassing (i) Non-Resident Indians spread all over world and (ii) Authorised Dealers of different banks.

As an efficient approach to collect information relevant to the study purpose the Researcher decided to adopt 'Survey Method'. The Chapter is divided into following three parts :-

5.1 Need for Survey.
5.2 Methodology for Survey or Survey Technique.
5.3 Structure of Questionnaire as a Tool for Survey.

5.1 Need for Survey :-

The critical analysis of FCNR scheme in previous chapter, brought to light limitations of the scheme. Hence, need was felt to suggest certain changes in the scheme so as to remove these limitations to the maximum extent possible.

However, it was felt that proposed changes in the scheme should be such, that they are in accordance to the expectation of Non-Resident Indians and as far as possible in no way confront to the policies framed by Reserve Bank of India as regards Non-Resident investment. At
present, such policy changes are reflected in the form of amendments to the scheme, that are communicated to Authorised Dealers by Reserve Bank of India through A.D/M.A. series circulars.

In order to elicit opinion of 'Non-Resident Indians' (users of scheme) and 'Authorised Dealers' (implementing authorities of scheme) about the Foreign Currency Non-Resident Account and suggest changes on the basis of their expectations, it was felt necessary to undertake survey of 'Non-Resident Indians' and 'Authorised Dealers'.

5.2 Methodology for Survey or Survey Technique :-

The universe under study comprised of -

(a) Non-Resident Indians i.e. Users of scheme.
(b) Authorised Dealers (banks) i.e. Implementing authorities of scheme.

For the survey of Non-Resident Indians (i.e. users of scheme) the Researcher employed an important tool namely 'Structured Questionnaire' which was purposely designed to elicit views of Non-Resident Indians about working of FCNR scheme.

In order to collect information about FCNR scheme with regard to practices, policies and techniques adopted by RBI and followed by ADs 'Unstructured Interviews' were held with bank officials particularly those working at Non-Resident cell.
Before drafting questionnaire and conducting interviews a 'Pilot Study' was made, which brought to light following facts :-

1) The study of universe in its entirety is not possible since Non-Resident Indians are spread all over world and number of Authorised Dealers through whom FCNR scheme is implemented is also very large.

2) The universe being large, selection of sample is necessary before applying research design.

3) Separate survey technique needs to be adopted for each group i.e. (a) Non-Resident Indians and (b) Authorised Dealers.

4) Because Non-Resident Indians are geographically widely dispersed 'Mail Questionnaire' should be used as a tool in the research design which would enable Researcher to probe into the minds of Non-Resident Indians. As far as Authorised Dealers are concerned 'Unstructured Interview' would be sufficient to collect necessary information.

5) The Researcher also realised that collection of data with the help of 'Mailed Questionnaire' may be time consuming process, as the questionnaire is required to be mailed to Non-Resident Indians stationed abroad. Once such questionnaire is mailed, there is limited scope for follow up. The rate of return therefore, could be possibly low.

All above facts have been taken into account in further work of selecting sample, conducting survey and holding interviews.
Selection of Sample:

The task before the Researcher has been now to select a sample that gives fairly accurate representation of universe viz. 'Non-Resident Indians' and 'Authorised Dealers'. For that matter, following facts have been taken into account while selecting proper sample from NRIs and ADs.

1) The research relates to the study of FCNR accounts maintained with Authorised Dealers by eligible Non-Resident Indians. Therefore, care must be taken to see that not all, but only those NRIs who fulfil eligibility of Non-Residents from exchange control point of view and hold either type of account i.e. Non-Resident External account or FCNR account, are included in the sample.

2) Non-Resident Indians so selected are representatives of those spread world over.

3) For selection of representative Non-Resident Indians spread world over, Authorised Dealers of a bank chosen are such having large network of branches.

4) The FCNR scheme is run by commercial banks and foreign banks doing business in India. Therefore, sample for Authorised Dealers be taken from representatives of above type of banks only. It means co-operative banks cannot be considered for above purpose.

5) The banks selected are easily accessible to the Researcher from
view point of holding interviews and discussions with its officials.

All above five considerations have been fully taken care of in the process of selecting representative sample of (a) Non-Resident Indians and (b) Authorised Dealers.

(a) Representative Sample of Non-Resident Indians :-

The process of selecting representative Non-Resident Indians got facilitated with the help of 'STAT-4' statements prepared by Authorised Dealers (as per Clause-33B5 of ECM,'87 Edn.Vol.I) for onward submission to Reserve Bank of India. These are the statements in which Authorised Dealers report transactions done in Non-Resident External account to Reserve Bank of India. In the first column of this statement, Authorised Dealers give countrywise breakup of Non-Resident accounts. The list of countries is as stipulated by Reserve Bank of India itself. The countries classified are as under :-


The sample selection was done by picking up Non-Resident Indians from each of above country reported in STAT-4 statements prepared by Authorised Dealers of following banks :-

(1) State Bank of India (2) Bank of Maharashtra (3) CITED Bank.

The survey sample of Non-Resident Indians so selected, thus became representative one of NRIs spread over above countries.
(b) **Representative Sample of Authorised Dealers** :-

As stated above, the representative sample of Authorised Dealers has been taken from following three banks :-

(1) State Bank of India (2) Bank of Maharashtra (3) CITI Bank.

The justification for selecting particularly these three banks was as under :-

(1) State Bank of India :-

State Bank of India has been chosen, being a bank having largest network of branches which enabled the Researcher to tap Non-Resident Indians spread world over.

(2) Bank of Maharashtra :-

The Researcher has been banking with this bank for years together and is one of old customers of bank. In view of longstanding relationship with bank, the Researcher found himself in a much better position in getting access to -

(i) Non-Resident Indians holding accounts with this bank for survey purpose and also (ii) its executives for interview purpose. (Unstructured interviews)

(3) CITI Bank :-

CITI bank has been chosen, being a foreign bank doing business in India and which holds large chunk of NRI deposits.
Apart from individual justification, common reason for selecting above three banks has been that head-office of each (where relevant stat-data, statements are compiled) being located near place of residence of the Researcher and hence found advantageous from view point of collecting primary data and keeping necessary follow up in getting feedback (in the form of duly filled in questionnaire) from clientele of each of these three banks.

5.3 Structure of Questionnaire as a Tool for Survey:

While deciding structure of 'Questionnaire' attention has been paid to the fact that questions set therein would generate required data. On analysing data so generated the Researcher should be in a position to draw inferences. It has also been ensured that the data so collected provides a base to suggest changes in the scheme as envisaged in the objective and hypothesis of the research.

The questionnaire has been made up of three parts, containing in all 19 questions. In most of the questions respondents have been asked to tick in the box provided against suggested answers. In some questions, space is provided to specify the answer in 2-3 lines. The very design of questionnaire has been made as simple as possible for any class of Non-Resident Indian to quickly grasp its contents and answer spontaneously. The three parts of questionnaire are as under:

- Part 'A'- Personal Questions -(8' questions)
- Part 'B'- Questions set on Structure of the FCNR scheme - (7' questions)
- Part 'C'- Questions set on policy matters - (4' questions)

The sample of 'Questionnaire' is enclosed in Annexure No. I I