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## Message

*Editor in Chief / Managing Editor*



Dear Academicians & Research Scholars,

Congratulations; now our referred research journal listed with the **Global Impact Factor** organization belong to Australia. The motive of the “**Journal of Management Value & Ethics**” is to publish worthy and original research papers after double blind peer review process. There is no doubt that today we are spreading our recognition an international floor. During the last five years of our journey, you can see that there are so many research papers, case studies, book reviews coming from across the world, in the field of management. Many academicians, research scholars & students have approached from different countries like USA, Thailand, Indonesia, Saudi Arabia, Iran, Spain, Nigeria, Nepal, Pakistan, Sri Lanka, Uzbekistan to publish their research work in our esteemed International research Journal. We have considered most of them to publish after peer blind review process. We have also published many research papers from different management institutes of our country and they too are sending the same regularly for publication in our upcoming issues. In addition to, it, there are many academicians, research scholars and institutes subscribing for our journal for reading by students and faculties. There are so many academicians who are approaching for being associated with our editorial & advisory board or as a review expert. We have selected some of them from foreign countries like USA, Nigeria, Uzbekistan and Sri Lanka, Nepal. The standard of our all research papers like empirical, conceptual, book review and case study is increasing the popularity of this Journal day by day. Our renowned editorial & advisory board is a real mile stone of our success. We thank our board members and editorial team, who are experts in different fields and contributing their valuable experience with us.

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With best wishes to all

**Dr.P.S.Bhadouria**

## SUSTAINABLE TOURISM DEVELOPMENT: ECO-TOURISM DEPLOYMENT AND ITS TENDENCIES. CASE OF UZBEKISTAN.

OBIDJON KHAMIDOV<sup>1</sup>

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### ABSTRACT

*Uzbekistan as a major Central Asian Silk Road tourism destination has a great opportunity of deployment in the sector of hospitality and tourism. On this basis, country's potential touristic resources, like greenhouses, reservoirs and relevant ones could be one of the vital sources in the way of sustainable development that has faced exponential growth globally. This research empirically identifies the clear definition of main patterns and approaches of ecotourism concepts as well as provides the principles and profits of this sector of tourism, the link between sustainable development and ecotourism, and the tasks for Uzbekistan as one of the unique ecotourism destination among Silk Route countries at international level. The results serve to point out key trends and gaps in which to focus future research on this topic and they might be useful in formulating public policies and strategies for tourism industry development.*

**Keywords :** *Eco tourism, Uzbekistan, Sustainable tourism, Greenhouses*

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### Introduction

Over the decades, sector of tourism has qualified, continued progression and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses growing several new destinations. On this basis, Central Asian States, especially Uzbekistan has been converted in to attractive destination with its history and resources that could serve to ease economy easily.

Tourism has come to be one of the major players in international commerce, also represents at the same time one of the main income sources for many developing regions. Moreover, the input of tourism to economic well-being relies on the quality and the revenues of the tourism offer ("UNWTO Annual Report 2013", 2014). According to the World Travel and Tourism Council, the total contribution of Travel & Tourism to GDP (Gross Domestic Product) was \$6,630.4 billion (9.3% of GDP) in 2012, and forecasts to rise by 4.4% in 2023.

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Consequently, in 2012, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry, was 8.7% of total global employment and this is expected to rise by 2.4% to 337,819,000 jobs in 2023 (Yearbook of Tourism Statistics., 2014).

The number of global tourist arrivals reached unprecedented highest point 1,138 million in 2014, a 4.7% increase over the previous year, according to the latest UNWTO World Tourism Barometer. For 2015, UNWTO prognoses international tourism to rise by 3% to 4%, supplementary contributing to the global economic recovery. By reached above mentioned index in 2014, 51 million more than in 2013. With a rise of 4.7%, this is the fifth consecutive year of above average growth since the 2009 economic crisis, which evidence the sustainability of tourism as a sector of economy. Over the past few decades, tourism has proven to be an unexpected lyre silient and resistant economic motion and an essential contributor to the economic recovery by producing billions of dollars in exports and establishing millions of jobs. This has been revealed for destinations all around the world, but especially for Europe, as the region has difficulties to integrate its way out of one of the worst economic periods in its history.

As in current years, the progression in international tourism incomes in 2014 is anticipated to have followed that of arrivals impartially close, if to take an account the 2014 results for international tourism receipts will be released in April 2015. In 2013, international tourism revenues reached US\$ 1,197 billion, US\$ 230 billion more than in the pre-crisis year of 2008.

For 2015, UNWTO prognosis international tourist arrivals to rise between 3% and 4%. By region, growth is expected to be stronger in Asia and the Pacific which includes main Silk road tourist destination like Central Asian countries (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3% to +4%).

Specialists of UNWTO expect that demand to continue improvement in 2015 as the global economic condition improves even though there are still plenty of experiments ahead. On the positive side, oil prices have declined to a level not seen since 2009. This will lower transport costs and boost economic growth by lifting purchasing power and private demand in oil importing economies. Yet, it could also have a negative impact on some of the oil exporting countries which have emerged as strong tourism source markets

According to the positive outlook for 2015 is confirmed by the UNWTO Confidence Index. According to the 300 tourism experts consulted worldwide for the Index, tourism performance is expected to improve in 2015, though expectations are less upbeat than a year ago.

International tourist arrivals in **Asia and the Pacific** (+5%) increased by 13 million to 263 million. The best performance was recorded in North-East Asia and South Asia (both

+7%). Arrivals in Oceania grew by 6%, while growth slowed down in South-East Asia (+2%) as compared to previous years.

International tourism in the **Middle East** (+4%) shows signs of rebound with good results in most destinations. The region attracted an additional 2 million arrivals, bringing the total to 50 million. **Africa**'s international tourist numbers grew by an estimated 2%, equivalent to an increase of one million arrivals. The region reached 56 million tourists. While arrivals to North Africa were weak (+1%), Sub-Saharan Africa saw international tourist numbers rise by 3% despite the Ebola Virus Disease outbreak in a few West African countries. Data for Africa and the Middle East should be read with caution as it is based on limited and volatile data.

Countries like Kazakhstan, Kyrgyzstan, Turkmenistan, Uzbekistan, and Tajikistan contain a marvellous and rich untapped tourism interest that has great potential to organize different type of uncommon accomplishments ("Central Asia: Problems and Perspectives of International Tourism/:: Slavomír Horák," 2014).

Well-located World Heritage sites of Central Asian States, amusing history of medieval scientists, and undiscovered nature of people has attracted for visitors from all over the world. A vital factor in the history of the southern part of the region was its location astride the most direct trade route between China and Europe, the so-called Silk Route which began to be developed in the Roman times (Kemal Kantarci, Muzaffer Uysal, & Vincent P. Magnini, 2014).

It is believed that eco-tourism of Uzbekistan is in its infancy, the usage of the resources in the country; untapped sources may be linked to economic development. According to WTO's specialists and Uzbektourism administrative company, country has great potential to organize facilities related to the nature.

However, there are some practical tasks, which should be categorized and tackled by suppliers of the destination under governmental control. Principles of these procedures could be addressed to infrastructure of ecotourism in the region.

Attention and measures that directed by government is noticeable, but policy and behaviors under different requirements of ecotourism should be modified while analyzing well-established countries strategy and way of deployment. Lack inner quality of the services and variety types of offered eco-touristic facilities believed as a principle shortcomings of destination suppliers. Analyses has proved that voluminous ecotourism resources have not been fully utilized; management theories and methods of ecotourism are outdated or traditional. Consequently, demand and supply has been illustrating as a basic factor that underestimates the potential of advancement with restricted long-term development of ecotourism.

As a major Silk Road tourist destination, country possesses exotic tourist potential, distinct monuments of prehistoric times with unique natural landscapes that play main role to become one of the principal tourist states on the globe. That is why much attention is devoted in Uzbekistan to the development of eco-tourism and expansion of corresponding infrastructure as one of the priority directions of the nation's socio-economic development (Knobloch, 2013).

Ecotourism is one of the principle segments of the sector that has been developing rapidly worldwide, and the Silk Road economies are beginning to tap into it. In Uzbekistan, there are number of natural places that may serve as a major ecotourism activity in the area.

It is strongly considered that the flow of tourists is growing simultaneously, nevertheless this goes hand in hand with an increasing diversification and integration among services, infrastructures and modernization. Under-procedure measures will push services and become major initiative to appeal flow of tourists in both eco-touristic recreational places and destination itself ("National Company 'Uzbek Tourism,'" 2014). In this context, the general purpose of this paper is to undertake a review of the tourism potential and its related industry sectors, with the specific purposes of describing and analyzing the strengths that Uzbekistan and other Central Asia countries can have to develop a global tourist product based on the Eco-tourism magnet, identifying major past trends, as an approach to better comprehend the existing knowledge of tourism in the region of Central Asia.

### **Uzbekistan Sustainable tourism development tendencies**

As tourism is a growing industry in many national economies of the Central Asian countries. Especially for most of the underdeveloped countries, tourism is seen as an important and fundamental contributor to increase foreign incomes. In the meantime, tourism sector is defined as an advantageous sector to create income generating activities and job opportunities at the local scale. Many new destinations in the world have been introduced for touristic activities in order to generate more income from tourism industry. However, in most of the cases, the generated income is not utilized in proper ways to upgrade local capacities for development. In other words, the generated income is not used appropriately for increasing local well being and lifestyle of people in the community. This is mainly resulted from aiming to increase tourism profits only without considering social and environmental effects of tourism development. Yet, the tourism needs to be more about achieving sustainable development. This research is mainly set up to investigate sustainable tourism development according to its relations with the objectives, weaknesses and challenges of sustainable development in Uzbekistan.

It is obvious that, the concepts of 'sustainability' and 'sustainable development' were initially introduced and then the principles and objectives of sustainable development were given. The context of 'sustainable development' were discussed in reference to its'

impracticality in real life. Later on, the definition of ‘sustainable tourism development’ was introduced and the concerns about it were set forth in accordance with its challenges and weaknesses to understand whether tourism can be recognized as a sustainable sector or not. In the conclusion, analyses concerns about sustainable tourism development were summarized.

Lots of touristic fairs and exhibitions has been held in country in order to integrate facilities and make collaboration within countries. Between international organizations, such as WTO and Uzbekistan has been established collaborative agreements that been leading to enhancement of tourism in region. According to UNTWO 99<sup>th</sup> session, in Samarkand, have been stated that, sustainable tourism development in Uzbekistan is obvious with the tourism arrivals.

Even, in 2010 the number of tourists was 975000, totally international tourism arrival tendency of Uzbekistan illustrates overall upward trend since 2000 up today. Based on tourism “National Company” data, a quantity of tourists in Uzbekistan were 1,977,600 in 2013(Figure 1).



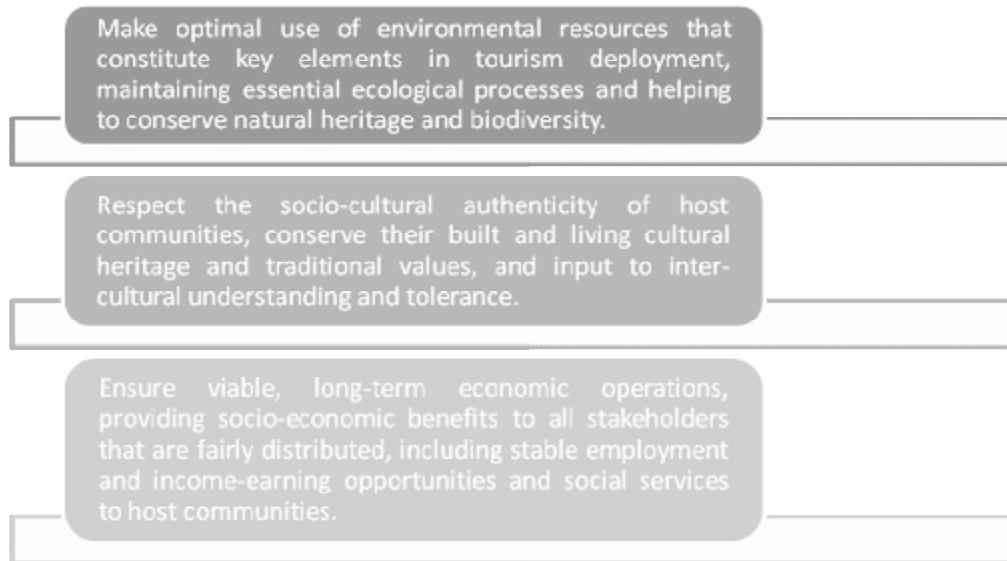


Guidelines and management practices of sustainable tourism development in Uzbekistan are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments. Sustainability principles refer to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance could be established between these three dimensions to guarantee its long-term sustainability.

Government of Uzbekistan pays great attention for the development of the tourist industry: the development of services is defined as one of the top priorities of socio-economic development of the country. As one of the popular Silk Route tourism destinations globally, eco based tourism facilities categorized into various parts.

In order to identify major principles of the ecotourism development there have been distinguished following steps toward sector.

### Concepts of Sustainable development of tourism in Uzbekistan



Concepts should be added Shaxboz

Uzbekistan has a lot of distinctive features to develop eco-tourism and its salient examples including rafting, tracking, door of road, agro-tourism, alpinism and etc. Being favorable among eco-tourists, sights like landscapes that were created naturally and artificially which preserved by government, representatives of flora and fauna, stunning natural sites, natural inheritance are referred as a pivotal to improve this tendency.

Eco-tourism has become one of the flourishing compartments of tourism itself. In Uzbekistan owing to the series of actions including protecting nature, to attract eco-tourist to our fields, to retain lives of rare animals and plants, to resolve problems of multiplying and perhaps provide local dwellers with workplace will be beneficial to our economy. Assuaging demands of local inhabitants will be mostly dumped for onus of nature.

To tell briefly, sustainability has focused mainly on three mainstays: economic, social and environmental. These pillars highlight the fundamentality of considering not only the environmental but also the social and economic aspects of community. On this basis, government will improve from different point of view, through sustainable development of tourism lifestyle of people will also proliferate.

Main aims	Inception to launch	Juridical sides
<ul style="list-style-type: none"> <li>• Attract local and foreign tourists.</li> <li>• Run new vocational places.</li> <li>• Rise living standards in society.</li> <li>• Maintain bio-diversity of sights.</li> <li>• Create new natural zones by tourism</li> <li>• Curtail demands of local dwellers to natural resources and find out alternative way to earn money</li> <li>• Support natural areas by external funding's</li> <li>• Raise facilities for entertain people</li> <li>• Support certain regions in socio-economic context</li> </ul>	<ul style="list-style-type: none"> <li>• Warn from harming bio-diversity of sights by visitors</li> <li>• Launch surveillance after visitors and destine touristic scheme</li> <li>• Economically render assistance to touristic sights</li> <li>• Regularly attend to seminars intending to protecting environment and etc.</li> </ul>	

**Uzbekistan case: Discover Eco-Uzbekistan**

During short period, government has contributed significantly on the deployment of ecotourism facilities. Moreover, “Uzbektourism” national administrative company has the initiative to pave the way toward in ecotourism sub-sector, with the help of Tourist Management Organizations, under the legitimations and legalizations of state. Ecotourism is kind of service that considered as a part of the nature as a recreation tourism service type. Under initiatives of this regulator, a vast amount of job has been completed and it is expected to do more in forthcoming future. In order to improve both quality and quantity of provided eco-tourist service specialists of this authority provide relevant options which prognoses as a way of total developing of this sub-sector. In their turn, eco-tourist places likewise to, widely utilizing natural resources in industrial needs, to suffice multifarious requirements, consolidation in harnessing of natural fields for human and its reputations sake, will suggest to immediately take appropriate decision to protect them. Being fields of high protection they will act as ecological, genetical, preserved, sanitaro-hygienic, recreational, cultural functions and play a vital role in economical adaptation of fields.

Objects of research that will render assistance to stimulate and develop ecological tourism embrace:

- National gardens, orders of state, natural inheritances;
- Botanical gardens ;
- Recreational-recuperational spots and healthy resorts;
- Natural preservation places
- Retain genofond

Originating from protected regions status, function, regime and computed calculations they will also be classified into following criteria:

1. Governments national parks including biosphere sanctuary
2. National parks
3. National natural gardens
4. Government’s wildlife sanctuaries
5. Government’s natural inheritances
6. Separately preserved areas, water defense areal, national health resort fields, recreational sights, botanic gardens, dendrological gardens, restricted areas of forests, zoo parks and so on.

There are numerous utilization approaches of separately protected areas with intention to maintain surrounding, to suffice social and economical demands of society. Given this facts, it will be categorised by economical and ecological functions”: To stable life supply and ecological processes in these complexes. Natural reserved places are natural complexes and objects that circumscribed from economical use and they play important role in protecting nature and, of course, conserve the natural landscapes, uncommon representatives of flora and fauna of local fields.

Wildlife sanctuaries are objects that cover a huge amount of lands. However, only a tiny space devoted to economical needs without any serious influence on environment. Moreover, there were colossal changes with widely harnessing of this areas. As a salient example, apart from hunting, which was dominant figure in this fields, space was consecrated for researches in botanic landscapes and hydrological purposes.

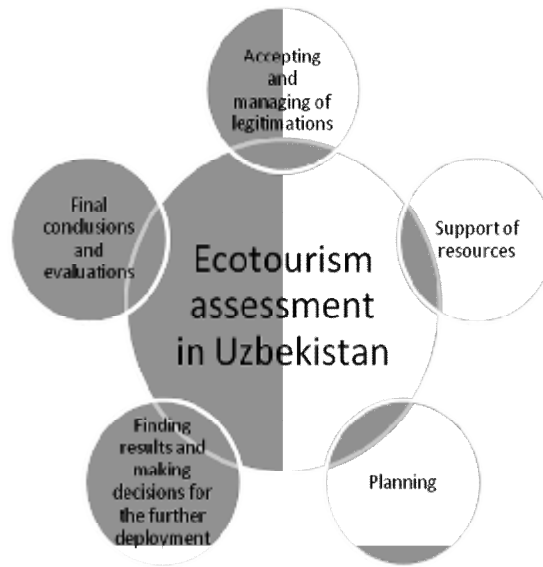
Infrequent natural inheritages are individually preserved sights, that should cover a large space for sake of avoiding some feasible issues. Consequently, the natural heritage sights are extend in small areas and conserved under governments shelter. Another reason for praising them highly is the perspicuous fact that they portray some natural vicissitudes of environment over years. And they embody both scientific-historical and cultural-aesthetic meanings.

In the way of improving eco-tourism in our country, national qumita legislated degree about “Developing conceptions of eco-tourism and its future contrivance”. Nowadays, destinations to eco-tourists are meagre with Zomin national garden and Nurota forests. There several plausible techniques for improving eco-tourism:

- Multiply quantity of natural gardens
- Make investigations on these subjects
- Evaluate and perform cadastral action’s there
- Dedicate edeavours towards stimulating necessary infrastructural procedures
- Wisely use this natural inhabitants
- Run program engendering a cadrer for eco-tourism
- Make a reference to methods and experience of developed countries

These sights are benevolent factor in not only as preserved surroundings but also have a recreational, educational, economical and social contexts. At present, works under selecting destination for eco-tourism are performing by different international organizations like EcoSan.

Evaluation and assessment of the ecotourism in country has been cyclized by following categories:



Based on above-mentioned categories of ecotourism enhancement, have organized unique system of assessment procedure (Table). Listed activity types covered different segments of the ecotourism and individually approaches faced issues.

**Effectiveness of assessment in eco-touristic deployment administration**

1	Current status and condition	<ol style="list-style-type: none"> <li>1. Basics of law</li> <li>2. Resources: natural resources , personal consistency, finance, infrastructure, information</li> <li>3. Results of activity.</li> <li>4. Shortcomings and risk.</li> </ol>
2	Planning	<ol style="list-style-type: none"> <li>1. Juridical supply of activity</li> <li>2. Structure of planning</li> <li>3. Other planning related procedures</li> </ol>

3	Necessary Resources	<ol style="list-style-type: none"> <li>1. Available and special resources</li> <li>2. Quantity of resources in structure of activity</li> <li>3. Contributors and their share on eco-touristic activity</li> </ol>
4	Administrative procedure	<ol style="list-style-type: none"> <li>1. Main ways of administration and their methods.</li> <li>2. Established concepts of managerial activities</li> <li>3. Accepted rules and frames, results and conclusions</li> </ol>
5	Conclusions	<ol style="list-style-type: none"> <li>1. Sectors of service, quantity, quality , achievements and perspectives</li> <li>2. Adjutancy of goals with administrative processes</li> <li>3. Current results, perspective acts for the development</li> </ol>

**Source:**Table prepared by author

There is some primer principles of Sustainable development of eco-tourism and related with it spheres of spheres provided by National authority of Uzbekistan:

- Ecotourism mainly takes place in natural beauty places
- Ecotourism makes a huge contribution to a further recognizing, enjoyment of discovering, and estimating and protecting both nature and traditional culture of local people
- Ecotourism provides the most effective methods from position of sustainable development nature protection
- Ecotourism contributes activity to the educational point of view in a natural habitats and their security

### **Analyses of possible eco-tourism infrastructures in Uzbekistan**

#### **Tourism Modernization**

Universally the contests, which countries are facing in the eco-tourism, are numerous and compound. Nevertheless, addressing these challenges have a need of a great level of corporation and coordination to arrange the resources that possesses Uzbekistan. Stopping to talking about the growth of eco-tourism as one of the rapid growing industry in the country,

we should indicate the importance of tourism deployment model of government and the steps of modernization, classification of services and integration of eco-tourism infrastructure suppliers in universal tourism market, distant investments and credits in the industry could be underlined as a main. Commercial interest in the area has increased significantly over current years, with exploring of natural resources and gorgeous places, which can influence upon investment and trade in energy, infrastructure and manufacturing. According to UNWTO experts, government need to recover roadside and other infrastructures close the reserved districts making easy its connectivity, and direct the attention to progression of Information Communication Technologies (ICTs) and improvement mobility that make more occasions for further augmentation of ecologic tourism of country.

Yet a range of barriers is deterring tourism development in Central Asian countries, including Uzbekistan and as a result creates some consequences for eco-tourism as well. Visa and border crossing formalities , transport infrastructure, corporate governance and quality assurance some matters that emphasized attention of commendations from global tourism organization (“Strategic Recommendations for enhancing Tourism with a Special Focus on Central Asia,” 2012). Furthermore, specialists of tourism highlighted the significance of modernization and integration of sector and industry in order to create better business opportunities and deployment of tourism destination in general and eco-tourism destinations in certain entire the country.

In order to tackle these issues following proposals on 99th Executive Session of UNWTO in Samarkand and other conferences organized by both local and international administratives which were accented on eco-tourism acclaimed as a main key point for the development of eco-tourism in in the Central Asian tourism destination.

### **Naturebased marketing**

The Silk Road is a target brand which has great deal of potential for growth. Investigations made by UNTWO researchers demonstrate that the Silk Road persuades more online discussions than any trade networks, accounting for approximately 30% of international discussions<sup>1</sup>. Yet, minor part Silk Road destinations are manipulating the marketing and promotional potential of their historic and cultural connections with the travel route. Likewise, ecology and relevant natural resources will highlight the source of market inquiry and better identifying travel motivations and the strength of this brand will allow destinations to be more intensify and develop attractiveness in their strategies of general marketing (“Policy and Practice for Global Tourism - World Tourism Organization,” 2012). In order to resolve this problem associated with eco-tourism, specialists have listed following concepts as crucial key factors;

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<sup>1</sup>Source: UNWTO, Social Media Research Silk Road Project (2010)

- Inaugurate devoted section on the official websites of the various tourism platforms destination and its partner
- Classify and use unique selling points and hallmarks of own eco-tourism resources of countries
- Involve purchasers and travelers under the same label name “eco” by diffusing ICT as well as crowdsourcing and social media channels

According to bygone facts, nearly 30 countries was united The Ancient Silk Road and exchanged their culture, tradition and customs as well as beautiful nature to one another. The legacy of the Silk Road can be brightly displayed at architecture, gastronomy, religion, ideology and technology as well as natural reserved regions and special areas of these countries. These factors should be used by holiday makers and absorbed on cooperating together pooling resources and effecting alliance marketing that celebrate this united nature and persuade travel to the Silk Road.

- Diversify key partners and innovative approaches for further maintaining of this zones and joint Silk Road marketing operations
- Integration and unification natural resources on market intelligence’s gathering
- Collaborate with tour operators, airlines, and other enterprises which engaged with this sector in cross-marketing creativities and product deployment

Development countries’ common places of recreation offering and stimulate more ‘word of mouth’ promotion to contribute to a stronger, more internationally familiar with Silk Road destination product would be done by working together and developing new trans-boundary thematic directions and experiences based on the Silk Road destination.

### **Investment in eco-tourism**

As one of the appealing eco-tourism destinations comprise of the complete network of overland and nautical routes, retracing the steps of some most renowned explorers of all times. Yet a general drawback of data available and the compound logistics of travelling these roads prevent many prospective travelers from selecting to visit the country.

Destinations need to direct much more attention to increasing tour operators by assimilating audits and differentiating problem areas that recently hinder the connection of routes. Private sector players of international and national scale should be engaged in the long-term vision of the eco-tourism destinations’ effectiveness and sustainability aspects. Commitment and investment from local small executives will support guarantee the involvement of the local community to conservation of recreational places.



Undeniably, investments in sustainable infrastructure of eco-tourism are dominant for the long-term perspective and survival for this field. Following procedures could make better performance of above-mentioned features in state:

- Advancement of road system
- Enhanced air connectivity via regular flight to main cities in globe
- Inauguration of low-cost airlines for domestic or Central Asian tourism business
- By the way of railway enhancement develop of high speed trains among major natural destinations of Central Asia
- Creating tourism office centers online visitor and destination
- Improve amount of investments created by foreigners and governmental bodies
- Make accessible internet by Wi-Fi availability in major natural sightseeing sides

In order to help guarantee a ‘bottom-up’ system to destination management, institutions should empower local citizens and stakeholders by providing significant training and volume building across all phases of destination management, mostly in regional areas.

Advanced skills and services in the tourism area are required to ensure assessment while transparency in business is main feature to building strong business relations and attracting direct foreign investment. Given ways are proposed to enhance the flow of travelers into eco-tourism destinations:

- Improvement of diffusing of Information and Communication Technologies
- Language skills among service specialist
- Applying of management systems world-renowned organizations
- Well-organized governance and transparency in international business
- Enrich natural and heritage resources by establishing sustainable management

#### **Travel facilitation of eco-tourism destinations**

In order to simplify visa procedures for tourists, government and responsible officials should make optimization of insurance process as well as make some improvements of legislature system in terms of visa periods, apply online access to visa applications.

As one of the Asian countries, main advantages is that it is as a marvellous network of destinations, multiple barriers to the smooth cross-border movement of tourists recently make it virtually impossible for travellers to undertake multi-destination tourism. Information provided by specialists on visa processes needs to be accurate and simple to acquire, available online and up-to-date.

- Improve the system of visa provision on arrival and electronic visa accessibility
- Standardization of single, double and ,multiple entry visas
- Optimization of visa periods to 30,60,90 days
- Enlarge more nationalities not requiring letters of invitation

Incidentally, border crossing advancement procedures and services for touristsstate should adjust the potential for economic incentive and environmental enhancement by taking an inventive approach to cross-border rules.

#### **Proposals for further development of services for tourists:**

Upgrading level of the English speaking staff at the borders; tourist information; shopping; money exchange; transit accommodation; guided service through buffer zones (for guides, drivers with badges); regular working hours signage; food and beverage services; restrooms and first aid facilities.

Recommended advanced methods to cross border administration:

- mutual tourism development plans;
- unique and marvellous package tour services;
- local handicraft markets
- integrate e-tourism frameworks
- cross-border job exchange and mobility
- cultural and traditional events;
- worldwide multidisciplinary joint programs

All in all taking into account of all the persuasive factors aforementioned, Uzbekistan as a major partner of Silk Road tourist destination program could tackle various issues with the support of some international and non-governmental organizations. In consequence, some shortcomings of tourism industry will be prevented and some privileges could be provided for small businesses and entrepreneurship.

#### **Conclusion**

As tourism encourages infrastructure growth of the country, has a strong multiplication influence and helps diversify the economy, supports local culture and crafts and environmental protection, which is actual for the Republic of Uzbekistan with its transitional economy, what's more it is important as Uzbekistan is a country with huge proficiencies in tourism. The travel and tourism industry is a principal export industry in worldwide, Central Asian counties could contribute considerable as well.

Additionally, with enormous under used capabilities in tourism and diversity of tourist attractions represent the potential of tourism in these tourism destinations. Location of the area, corridors on the Great Silk Road, with cities, which were main points of trade, make destination attractive one for the flow of tourists internationally. Accessibility of several tourism types, different traditions and unique cultural background of Central Asia has considered as one of the leading key factor tourism and hospitality businesses.

After have been establishing and implying global experience, the attractiveness of tourism assessed to become as one of the essential one in the Central Asian destination. Likewise, the optimization of visa facilities has listed as one of the main development of tourism policy by the UNWTO research group.

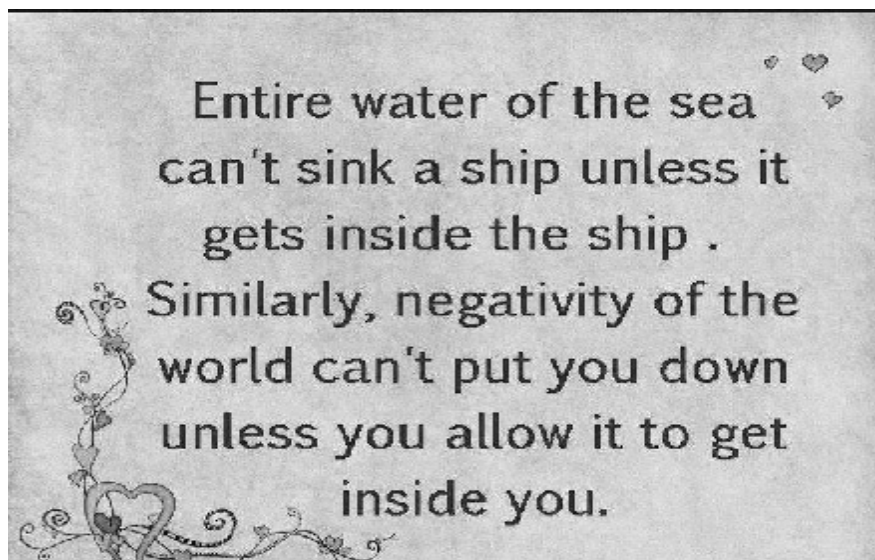
As one of the main Silk Road tourism destination, Central Asian states have great potential to advance sector of hospitality and tourism that create many promotions for different fields. In the other perspective, tourism sector in Central Asia has already established and its policy has led to some fundamentals enhancements in the last 20 years. Further investigations and explorations may be addressed to recognize problems of the industry by learning all its sub-sectors.

In briefly, Central Asian states, including Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan have great potential of tourism deployment as whole. Traditional policies and directed measurements in counties have made already its results. Forthcoming diversifications and modernizations in the industry may contribute exponentially for the economies of the Central Asian counties. Nonetheless, tourism can be an important source of income and improved standards of life only if; economic, social and ecological goals are maintained in balance. Henceforth, conventional mass tourism approaches has yield its place to community based role tourism strategies in order to minimize harmful effects while generating profits to local communities. Maintainable community tourism should object to improving quality of life for the host community by producing social and economic benefits, as well as, by defending natural environment. In order to manage sustainable tourism development, destination management organizations should respect the local needs; thus, they need to engage with local communities' decisions. In other words, ecotourism observations and weaknesses should be taken into account by policy makers in order to develop tourism in a sustainable manner. Community based tourism methods have succeeded throughout the globe in protection and promotion of natural environment together with development of communities' standards of living. The notion of community-based tourism was identified through sustainable community tourism, which certainly constitutes the base of community-based tourism. As a final point, community based ecotourism was estimated in agreement with its key principles and challenges in the non-developed world.

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## CONVERGENCE OF KAUTILYA'S ARTHASHASTRA AND MODERN MANAGEMENT

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### ABSTRACT

*Kautilya's Arthashastra is a comprehensive treatise on the science of politics. It was composed more than two millennia ago, keeping in mind the then Indian subcontinent – Bharatvarsha. Notwithstanding the same, the rudiments of the text are ageless in their very essence. This is because even though we have changed from a kingdom to a democracy, the basic principles still hold. Earlier there was a king, now there is an elected cabinet of ministers constituting the government. Taking the above into consideration, it is of relevance to reconcile the teachings of the Arthashastra with the practices of modern management.*

*Keywords: Arthashastra; Democracy; Kautilya; Kingdom; Modern Management.*

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### Observation

Kautilya, also hailed as Chanakya and Vishnugupta, is one of the greatest political economists of all time. He is recognized as the one who planned and implemented the fall of the Nanda Dynasty and the corresponding rise of the Mauryan Empire. According to legend, Kautilya was born with a full set of teeth, the mark of a king, but parental fear led to his teeth being removed. Thus, one who was born to be a king ended up becoming a king-maker. After the fall of Dhana Nanda, the Mauryan Empire flourished as one of the greatest Indian dynasties of all time under the tutelage of Kautilya. The shrewd political economist guided Chandragupta Maurya and then his son Bindusara. The Arthashastra is the greatest work of Kautilya. It is a *sine qua non* doctrine on political planning and conquests. Through his treatise, Kautilya presents some underlying theories coupled with an analysis of the corresponding possible situations so as to provide a comprehensive coverage of the art and science of managing – a kingdom, a country, a company or any entity.

One of the biggest misconceptions about Kautilya and the Arthashastra is that it was based on the concept – the ends justify the means. In the modern context, this is evident from the two popular theories of business ethics – the Teleological and Deontological theories. The

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teleological theory is based on the concept of “telos” (meaning ‘ends’) which implies that the ends justify the means. The deontological theory is based on the concept of “deon” (meaning ‘duty’) which implies that the underlying intentions govern the justification of the ends. Thus, as per the said misconception, the Kautilyan treatise was based on the teleological theory. However, this is the result of a bird’s-eye view of the Arthashastra *in lieu* of an in-depth understanding of the same. This lays emphasis on a thorough and dedicated reading of the Arthashastra through its various translations available today.

### **Basis of Analytical Discussion**

Under the purview of this research work, the objective was to juxtapose Kautilya’s Arthashastra with Modern Management. This would help illustrate the timelessness of Kautilya’s political treatise. Thus, the methodology adopted was as follows: we take up Kautilyan teachings from the Arthashastra and correlate them to situations of modern management (including modern politics). This is done across various dimensions, which also confirms the comprehensiveness of the Arthashastra.

### **Juxtaposing Kautilya’s Arthashastra with Fayol’s Principles of Management**

Reflections of Kautilya’s Arthashastra can be observed in the fourteen Principles of Management as proposed by Henri Fayol. This can be scrutinized by first understanding a management principle as proposed by Fayol and thereafter analyzing its Kautilyan counterpart.

‘Unity of Command’ implies that an employee should have only one direct supervisor; ‘Scalar Chain’ implies that an employee should be aware of where he stands in the organizational hierarchy. These two principles have been significantly applied by Kautilya. For example, the Kautilyan army was under the leadership of the Chief of Defence (*Senapati*) who was accountable to the King. The Chief of Defence served as a superior to the Chiefs of the various wings of the army – Chief Commander of the Cavalry (*Asvadyaksha*), Chief Commander of the Elephant Corps (*Hastyadyaksha*), Chief Commander of the Infantry (*Pattyadyaksha*) and Chief Commander of the Chariot Corps (*Rathadyaksha*). This was followed by the Heads of Battalions and the subsequent layers of the hierarchy.

Fayol spoke of the ‘subordination of individual interest to the general interest’. This too finds a place in Kautilya’s Arthashastra whereby no individual, including the King, is allowed to tamper with the future of the kingdom for personal gains. This is ensured by clearly spelt-out principles of law and order.

‘Remuneration’ implies that fair remuneration – both financial and non-financial – must be given to the employees to ensure employee satisfaction. This again has a clear reflection in the Kautilyan treatise. Before the army set out on a campaign, the soldiers would be given free ration for their family members on the condition that it would be repaid (sometimes even

double of it to be repaid) based on the spoils of the war or otherwise. Also, the Chief of Defence (*Senapati*) was paid a handsome 48,000 *panas* a year as salary so as to ensure his satisfaction and the corresponding loyalty.

The above aspects of convergence bear testimony to the validity of the Arthashastra in the modern context.

### **Continuous Self Improvement (Japanese concept *Kaizen*) through Training and Development**

Kautilya identified the 7 constituents of any State *videlicet*, the king, the councillors and other high officials (*Amatya*), the territory along with the population (*Janapada*), the towns and cities (*Durga*), the treasury (*Kosa*), the armed forces, and the allies. The above list is in descending order of importance. Here, we consider the King as the most important constituent of a State. Kautilya laid tremendous emphasis on the training and discipline of a king. He stressed on the overcoming of the six vices – lust, greed, anger, arrogance, conceit and foolhardiness. Also, he emphasized discipline through a strict daily routine which specified the various activities along with the corresponding duration. This ensured that the king devoted time judiciously towards all the different areas of concern. In addition to the above, Kautilya gave importance to the thought-out identification and training of the Crown Prince (*Yuvraja*). This would help the Crown Prince acquire the necessary skills and values that would make him suitable for the throne as and when required.

The above Kautilyan teachings correlate to the Human Resource element of Training and Development. If we consider the Chief Executive Officer of a Multi-National Corporation or any top level executive, training and planning are of paramount importance. Additionally, development is of immense significance so as to equip a middle level manager to assume a top level managerial position in future.

### **Emphasis on Group Orientation**

Next, we take into consideration the second most important element of a State – the councillors and other high officials. Kautilya says that just as a single wheel cannot move a cart, the king alone cannot ensure the welfare of the State. Thus, it is essential for a king to appoint a council of advisors comprising individuals from all the relevant fields such as warfare, accounts, rituals, etc.

This concept is in line with the modern emphasis on group activities. In any business organization, planning and implementation is generally done at the group level. This brings in the concept of focus groups and brainstorming sessions. Here, the objective is to bring together a set of diverse minds and ponder over the subject – a product, an advertising layout, a promotional campaign, etc. – so as to arrive at a rational decision. If we consider the process of new product development, it is not undertaken by an individual but includes



individuals from the different functional areas – operations, finance, sales, purchase and human resource – so as to ensure its practicality and commercial viability. This concept is best reflected by the African adage – when spider-webs unite, they can tie up a lion.

### **Uprooting Corruption**

In Kautilyan times, the tax collection was not only monetary but also non-monetary (*exempli gratia*, food-grains). Kautilya suggests the use of two different sets of weights that would automatically account for the tax collection and eliminate any subjectivity or corruption from the scenario. This can be elaborated as follows. The food-grains produced by a farmer would be weighed twice – once at the entry point (into the Treasury) and once at the exit point (out of the Treasury). The weights at the entry point would correspond to 100% of the stated measure whereas those at the exit point would correspond to 87.5% of the specified measure. Thus, once the production was passed through the weighing mechanism for tax collection, a tax of 12.5% for the Crown would automatically get collected and adjusted without any discrepancy.

In the current era, corruption is one of the biggest vices. Corruption among the political officials and leaders is one of the major setbacks faced by any democracy. A common instance of such corruption is associated with the tax officials. There have been alleged instances where a tax raid has added more to the treasury of the tax officials than that of the Government. Kautilya's Arthashastra provides an apropos solution to the above by eliminating subjectivity and bringing in objectivity.

### **Upholding Law and Order**

Law and Order is another area that can be discussed. An integral aspect of the Kautilyan law and order is the blend of objectivity and subjectivity it encompasses. Subjectivity was ensured by taking each decision on a case-by-case basis i.e., based on the conditions surrounding each case. Objectivity was ensured by laying down the definite punishment against each crime or default. A clear reflection of this is seen in the modern day judiciary whereby a judge hears the case and its surrounding information based on which, and after taking into reference the generally prescribed punishment, the decision is taken.

However, the *sui generis* aspect of the Kautilyan law and order was its flexibility from the defaulter's perspective. For example, for a particular crime if the general punishment was the cutting off of a hand, the accused had the option of foregoing the amputation by paying a fine of 400 *panas* instead. Similarly, a fine of 700 *panas* could be used to forego the cutting off of a hand and a leg. This was beneficial from two perspectives – firstly, it offered flexibility of punishment to the accused and secondly, the fines added to the Crown's treasury. Though this isn't practised in our day and age, the following example can serve as a probable suggestion. If we consider Salman Khan's hit-and-run case, the court may give him

the option of paying a heavy sum (say Rs. 100 crores) in order to forego the imprisonment. This sum could be diverted to a government fund aimed at the improvement of living conditions in slums. However, such an option may not be exercisable in case the accused belongs to a lower income group.

### Game Theory – Then and Now

The foreign policy is one of the most important areas of managing a kingdom. Kautilya undertakes a comprehensive analysis of the same in his Arthashastra. He identified the various parties or States involved as – the conqueror, the enemy (*shatru*), the enemy-in-the-rear (*parshnigraha*), the ally-in-the-rear (*aakranda*), the rear ally's friend (*aakranda-asara*), the rear enemy's ally (*parshnigraha-asara*), the Middle King (*madhyama*), the Neutral King (*udhasina*), the enemy's enemy (ally; *mitra*), the enemy's ally (*ari-mitra*), the friend of the ally (*mitra-mitra*) and the enemy's ally's friend (*ari-mitra-mitra*). In Kautilyan terminology, these twelve elements form the Circle of States. While devising the foreign policy, the king must take into consideration the probable retaliations of the other kings within the Circle of States.

In the modern context, this correlates to the economic concept of Game Theory. At the very basic level, the Game Theory takes into consideration a two-by-two matrix where each player has two options, giving rise to four situations on the whole. Thus, a player must analyze each of the four situations and select the option that would maximize his gains or minimize his losses. This is of considerable relevance in an oligopoly market.

### Conclusion

The above analyses show how the Kautilyan teachings, going back millennia, are applicable even today. The treatise was prepared from the perspective of a kingdom under the *Bharatvarsha* extending from the Himalayas in the north to the seas in the south and extending over 1,000 *yojanas* from east to west. However, the Arthashastra is not limited to this archaic definition of the Indian subcontinent; it serves as an eternal tutelage applicable in any organization, enterprise and country.

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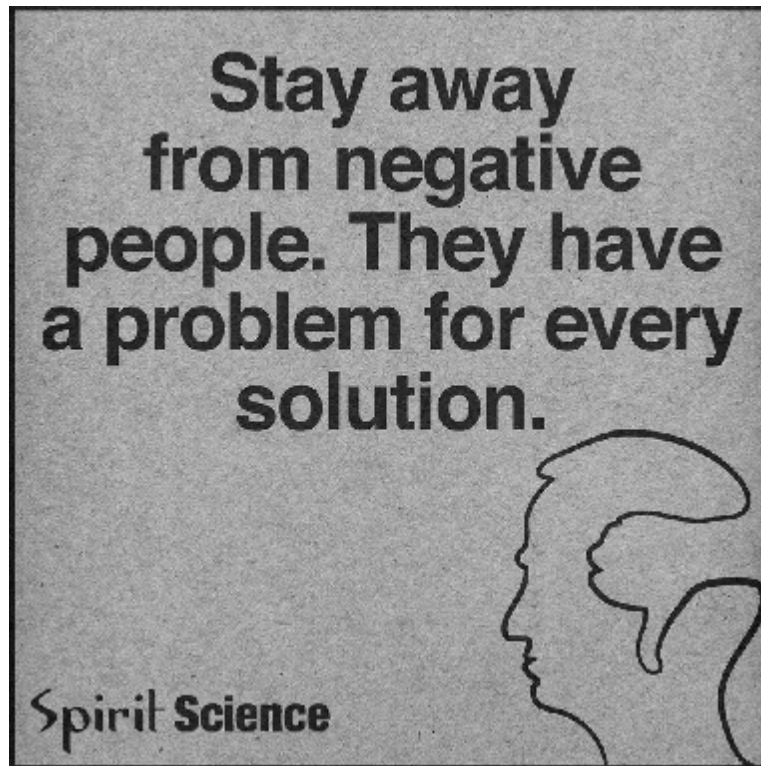
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## AUGMENTATION OF SERVICE SPHERE AND DIVERSIFICATION OF CATERING INDUSTRY

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### ABSTRACT

*The maturing of the manufacturing sector in developing Uzbekistan combined with the relative backwardness of the service sector has made service sphere development a top priority. Our central objective is to broadly survey and analyze the current state of the sector to assess its potential as an engine for inclusive economic growth. Our scrutiny indicates that services are already an important source of output, growth, and jobs in the country, however, their productivity greatly lags behind that of the advanced economies, which implies ample room for further growth. The impact of the service sector on poverty reduction is less clear, but there is limited evidence of a positive effect. One key challenge for all of Central Asia is to improve the quality of service sector data. Developing the sector will be a long and challenging process, creating more competitive service markets by removing a wide range of internal and external policy distortions is vigorous for improving its productivity. As vital as policy reforms are, complementary investments in physical infrastructure and human capital will also be necessary to achieve a strong service sector.*

**Keywords** : *Service, Uzbek model, modernization of catering, technological modernization, mathematical model*

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### Introduction

Over the past few years, gradual measures have been taken to improve the sector of services. The structure of the services market is improving due to the advancement of new emerging sorts of services, banking and finance, insurance, information communication services, tourism and relative ones (Abdakarimov B.A, 2013). The developing services sector in Uzbekistan is gradually becoming an important economic activity, influencing all aspects of life. Furthermore, consumer satisfaction is one of the major indicators of the increasing level of quality of life in Uzbekistan. Due to the well thought-out state policy, the modern services market is developing dramatically in Uzbekistan today (STEP, 2014). It is oriented on private and corporate consumers, it is increasing in quantity and quality, and it is widening

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due to new types of services based on the latest technology that respond to the increasing demands of the local population and international ones as whole. According to statistics, the volume of services has increased 2.4 times. A trend of service industry has developed for forward-thinking growth in services, increasing the share of this sector in the country's economy. For instance, the fundamental dynamics of the farming services sector is due to the increase in machinery and tractors created and in services for agricultural water use and veterinaries that are significantly larger than the programme expected. With the creation of farms, agricultural workers are changing their world outlook, starting to show initiative and becoming more enterprising (Schlagenhauf et al., 2015). Production and market infrastructures for maintaining agricultural production, the provision of transport, packaging and packaging products are being developed.

Within the Development of the Services Sector in Uzbekistan 2012-16 programme, in 2016 the share of the services sector of the GDP is planned to reach 55%. The project will provide priority for credit loans to businesses providing services primarily in rural areas.

Notably in 2012-16, a number of banks are establishing loans for small businesses and enterprises in order to advance the field of service, "Microcreditbank" one which is issuing over 189.9 billion UZS of credit for this purposes. Concessional credit will be start-up while creating new facilities in the services sector, and for technical and technological equipping of existing businesses specialising in providing services (Ajwad et al., 2014).

The distribution of areas of the services sector has also changed due to ease of taxation and privileges on policy of businesses. Traditional types have reduced to trade, domestic, public, whilst the share of new market services has noticeably grown.

The dramatic dynamics of the services market in Uzbekistan over the past few years illustrates that economic tools in the hands of the state such as reduced tax rates and credit loans have become the main stimulant for advancement proposals in the services market. On the demand side the developments in real incomes and quality of life have become defining factors impacting the enhancement of this sphere. On this basis, the intensive advancement of the service has led a rise in demand for services from both corporative clients such as banks, offices and shopping centres, and from private individuals (Shermukhamedov & Abirova, 2014). On this way, President I. Karimov declared "Services Sector Development Program" for 2012-2016 in order to push and facilitate sub-sectors of economy. The program is aimed to accelerate the development of services, expand and improve service quality, especially in rural areas, and on this basis, the role and to raise the importance of services in a sustainable and dynamic development of the country's economy, providing employment, increasing income and welfare.

As a result of targeted, integrated measures of diversification and structural changes in the economy, the share of services in Uzbekistan's GDP rose from 38.7% in 2005 to 50.5% in

2011. Such services as data access and communications, banking, insurance, leasing, tourism and sightseeing and others have received rapid development. Accelerated development of services created 1.1 million new jobs in 2006-2011, primarily in small business and private entrepreneurship ('Country and region specific forecasts and data', 2014.).

However, the current level and quality of services, especially in rural areas, still do not meet the level of developed countries, the real needs of the population, available resources and opportunities. Therefore, the program planned by 2016 to increase the share of services in GDP to 55%. So, communication and information services (including mobile services, Internet access, cable television, mail and telecommunications), financial and construction services are projected to 2.2-fold in volume. Computer programming (including e-learning and consulting services) as well as commerce and public catering will 2.4-fold in volume.

In terms of regions, the biggest growth is expected in Samarkand region, (2.4-fold growth). In other regions, the growth is expected 2.1-2.3 times on average.

For financial help for the project, the Head of Uzbekistan approved the proposal of various regulators like Ministry of Economy, Ministry of Finance and Central Bank of Uzbekistan on the collaboration of franchise loaning resources by "Mikrokreditbank" to business individuals executing projects in this sector ('Text of President Islam Karimov's Speech at the Joint Session of the Legislative Chamber and Senate of Uzbekistan's Oliy Majlis', 2014.).

Soft loans will be provided toward building new facilities, as well as technical and technological equipment (retrofitting) of existing business entities specializing in the provision of services. Preference will be given to business entities providing services in rural areas.

### **Potentials of service sector in Uzbekistan**

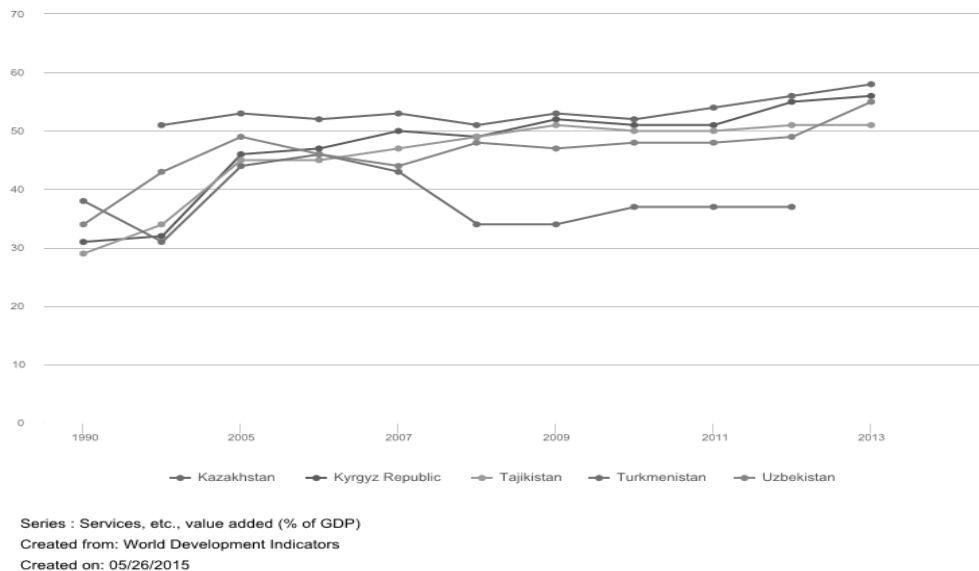
In recent years in connection with the restructuring of the Republic and the free development of the economy, the modernization of the country, ensuring macroeconomic stability constant task of constant growth. This, in turn, is the basis of success in market economy, improving the forms of real estate, the drastic changes in the economy, with the share of gross domestic product in the of service and service.

The economic development of Uzbekistan among stages effectively developing industries can see in the existing service small business and entrepreneurship. As you know, the small business and its essence activity which aims to enrich the consumer goods and services, and generate revenue and benefit. It is the creation of new jobs, provide people work, the main income of the population, one of the areas of sustainable solutions to economic reform, is of strategic importance. Initiative of the state in the initial stage in the January 5, 1995 was an order of the President "to take the initiative to private enterprise and encourage" and 50% of

the money coming out of the state were directed to a small business(‘Decrees’, 2015.). At a later stage the initiative of the State in 1995, December 21 came the law of the Republic of Uzbekistan "On the Development of Small and Medium Enterprises" to enhance its position and role in the economy, to create legal standards, infrastructure development and the circumstances. And we also organized the "Fund support entrepreneurship and small business (Business Foundation)," "House of Uzbekistan production of goods and entrepreneurs" (1996), and to organize their offices in the regions. Business Foundation helped this area over 10 Billion UZS government investment and action of foreign states(‘Forecast Table’, 2015).

Thus, the gradual and progressive development as shown in the Uzbek model, resulting in major reforms and initiatives of small business and entrepreneurship in a short time is developing. Along with this order was passed BM "On enhancement state registration and accounting of business entities." Also on the "wholesale" has sold the material and technical resources to 106 billion soums. Commercial banks until 2001 to small businesses was given credit for 144.3 billion UZS. If in the years 1992-1996, the total 85 thousand, gross domestic product was 1.5%, in developing a landmark in 2010, GDP reached 52.4 in 2011 and intends to increase to 54%. This line of work provides the population and is considered the main source of Doha. State initiative for the development of small business and private enterprise in 2011 was declared the "Year of small business and entrepreneurship," it is a new stage in the development of national notes and entering into livelihoods (Pomfret, 2014).

**FIGURE 1. The share of service into GDP of Central Asian Countries**



Value of services is noticeable on GDP for Central Asian states according to Figure 1, moreover Uzbekistan at the end of the period contributed mostly comparing with other listed

countries. The trend shows unstable tendency of value on total economy and its share is obvious rather than other industries.

Small business development and entrepreneurship is being phased in based on the "Uzbek model". Also, the direction of the service as a small business and entrepreneurship develops in stages in the directions of the Uzbek model. Evolution of service and services in the years of independence can be divided to three main stages of development:



Of course, the release of the ideology of the state economy, as in all directions and in freedom of development, the transition to a mixed economy in the start time has been difficult. Especially, randomly developed part of the economic direction of service in the catering trade. Have effects from the Soviet Union, the lack of funds of the population, the difficulty of the material conditions, the low level of life, getting used to the central administration, etc. Especially as a result of not working for the full large enterprises, centralized communications disorders centralized organizations (trade management, trade press, etc.), the company developed the original chaotic ('Department of "Economics', 2014).

As a result of violations of trade with other countries, the arrival of substandard products in markets of Uzbekistan, produce quality goods more expensive. As a result of lack of qualified personnel in the direction of service, arrival of unskilled workers in personal enterprise culture, ethics and etiquette of service is very reduced and these companies did not meet international requirements, etc. (Lack of competition, development of unregistered economy, the default of taxes, etc.).

At this time, the first stage of the initiation of the state with the development of small business and private entrepreneurship: changed property ratio of service ososbenno, service companies out of control gosurastva, developed chastnosobstvennost especially stopped



monopoly activities of state and cooperative enterprises, the change of administration economic relations of different extent, adjustment to market-economy (ie, instead of the administrative application of economic methods of planning, economic freedom, independent control, own property, independent use of their resources and economic responsibility, etc.) and other generally positive difference and existing the system.

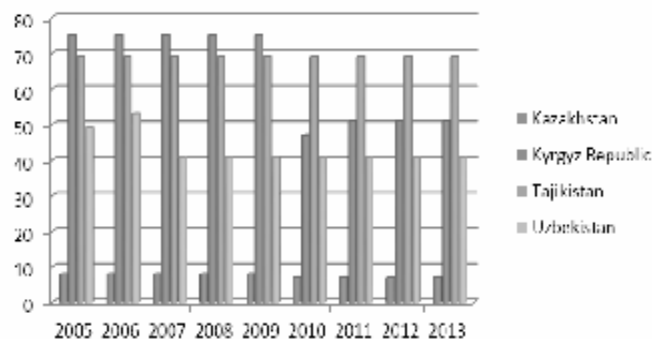
The second stage of development in Uzbekistan maintenance and service was a step in the socio-economic environment. At this time, to create an environment for legal personnel, regulatory styles, financial and material, etc. As with other sectors of the economy in the direction of maintenance and service up to their 1997 "Education Act" and "National designation training", reform education, free him from the old ideological views, prepare highly qualified specialists in democratic level meeting of a high level of moral and ethical standards. The second phase of maintenance and service is coming to the second phase of the "National guidance training."

### Privileges and preferences for small business and entrepreneurships

In the direction of maintenance and service was compiled hundreds specialized secondary and higher educational institutions are competing prepared for expertise. For example, on the orders of the Council of Ministers of the Republic of Uzbekistan with the BM 26 March 2004 was organized Samarakandsky Institute of Economics and Service, to impose the duty of preparation towards maintenance and service of highly qualified personnel.

Therefore, the measurements, which are done in the sector of the private businesses have opened new opportunities for the entrepreneurs. As a result the number of tax payments has stabilized during last eight-year period in country (Chart 1).

**Chart 1. Tax payments (number)**



The scheme of tourism activity licensing considered to be involved seven various steps beginning from preparing documentation ending with permission for tourism businesses. Policy of licensing has diversified in order to make privileges and cut downs of unnecessary

documentations (Figure 2). Diffusion of the Information Computer Technologies (ICTs), make lot of possibilities for representatives of the sector. While checking brand name, searching adjustable logo takes only short period of time rather than bureaucratic procedures. Moreover, experts of the administrative of the area could assess you according your purpose with some useful suggestions while setting –up new business in hospitality sphere.

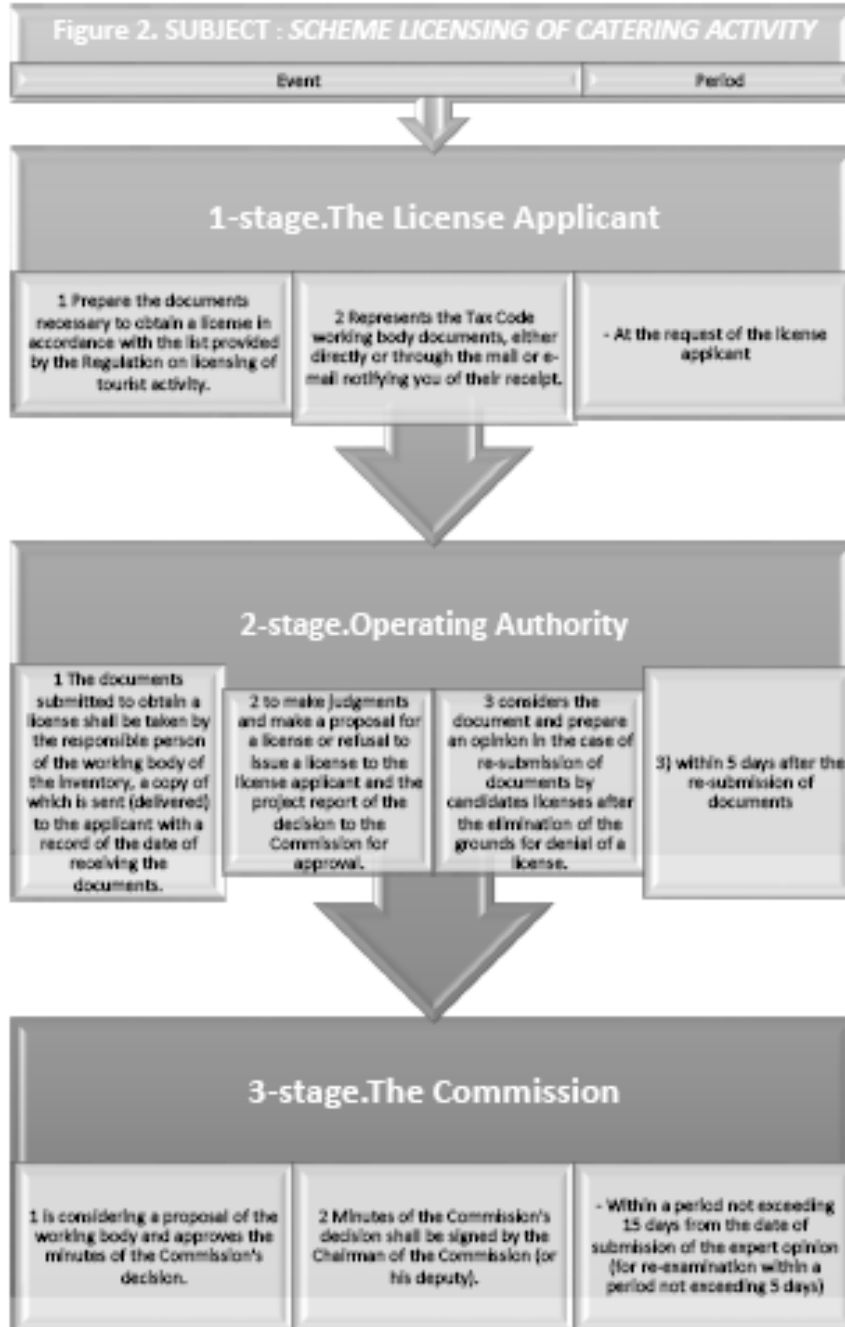
Despite holding many of the cases in the second stage, the share of services in GDP was low. The economy rabotazanyatnosti increase and increase incomes, the local budget take the opportunity to maintenance and service, it became known for its sluggish development in the villages(Schlagenhauf et al., 2015).

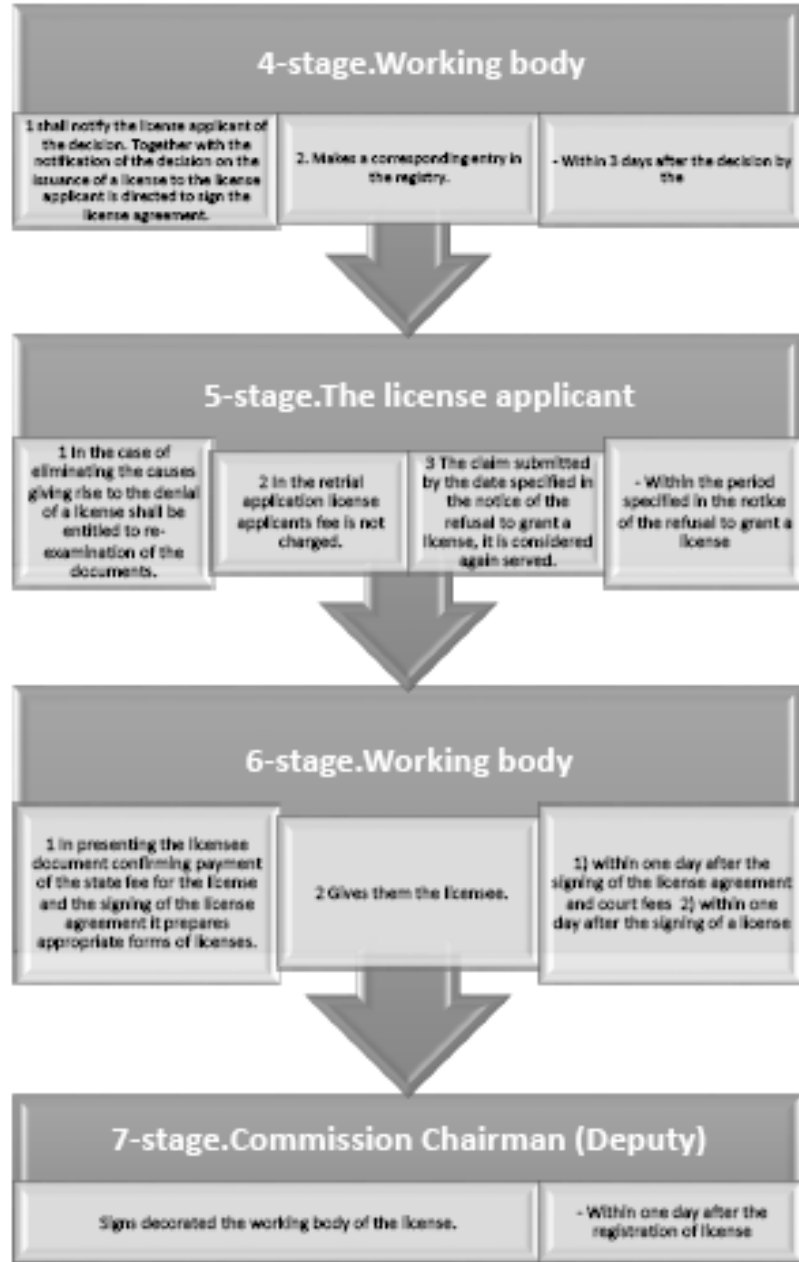
In the third stage of development in a climate of increasing incomes, uvelichivaniya cash, lower inflation, President Islam Karimov at the meeting of the Supreme Council of merging the House and Senate said the law in his reported should increase the amount and type of maintenance and service, especially for the rural population "and adopted the law. On measures of service lines and service at 206-2010 years in the Republic of Uzbekistan. At this time, based on the law of the President "On additional measures to accelerate the development and maintenance services in the period up to 2010 in the Republic of Uzbekistan" by the government of Uzbekistan has developed a state decree on the development and maintenance of service and requires consistent action. During this period, to eliminate the negative outcomes of the global crisis in 2009-2012 intending to perform the decree measures against the crisis, in addition, maintenance and development of small businesses remain the firm objective in order of increasing amusement and raising the degree of life. Also, production modernization, technical and technological equipment, changing the leading areas of the economy are also immutable problem. Announcement of program titled "Year of small business and private entrepreneurship" in 2011 and the Decree show the importance of maintenance and service ('World Development Indicators | Data | The World Bank Data Bank - Create Widgets or Advanced Reports and Share', 2015).

### **Catering industry and its perspectives**

At the heart of the "Uzbek model" for the development of services in Uzbekistan, phased development of service companies should point the strong social policy, social protection of the population.

In particular, in the initial stages of the maintenance and service revenue not only to help, but at the heart of the "National guidance training" free footage prepared or created a favorable economic and financial conditions, regular wage increases, reduced inflation, creating benefits and others too considered as social protection.





The given figure provide information about main stages of obtaining license for catering activity in Uzbekistan, with striking explanation of each step of this process. By the modernizing of system of providing license requirements for applicants, the government of

Uzbekistan has done a successful job in order to appeal people to establish enterprises of this sector. According to modified rules provided by this scheme, not all processes of presenting license must exceed 14 days after requesting from applicants. Furthermore, it could be one of the major policy components of the sector that facilitate the atmosphere of the entrepreneurship in the country. It is noticeable that, government has done great job to simplify small businesses and enterprises, which influence positively in their reputation (Brück et al., 2014).

As a result, the policy of obtaining permission in catering industry will be simplified, also the contribution of small businesses will get reasonable rates. Briefly, the policy of this economic area is under investigation by some international specialists, in order to achieve minimization of bureaucratic procedures during of this process.

After tinning service enterprises, increase cash, financial position lower taxes, favorable conditions are also considered as social protection.

Looking to the basis of the "Uzbek model" of gradual development in Uzbekistan, maintenance and service can will see the flaws in the development stages or steps to develop a rapid pace. These:

- To cover the whole legal framework areas: law on maintenance and service, trade law, the law on nutrition of the population and tourists Code service, serving to develop the requirements of enterprises and put into practice.
- The development of maintenance and service should be introduced national values (especially, show hospitality, wind morality, education, education and courtesy when communicating, shyness, prudence, reliability, endurance, respect for elders, a junior honor, attention to the homeland, customs and habits, rituals, ceremonies).
- In the direction of sustainable development competition relevant requirements of the consumer goes to the first place with the maintenance, development of technology-service technology service should seek to meet the increasing demands of consumers.

Therefore, the activities of maintenance and service, especially from the standpoint of economic, social and cultural phenomenon should presmotret kontseptsualny it is just a theoretical analysis.

Modernization of catering – this update enterprises, improvement, equipment for modern requirements, catering services, improving quality of service. Solution to these problems in more efficient foodservice, improving organizational and economic mechanisms, identification of opportunities, development of quality indicators for services catering. Important indicator of software service companies to provide services is a comprehensive modernization of their. In this important technical and technological modernization. Modernization of the enterprise is the first entry in the production of new technology. In

catering our country is now used different equipment. Study the issue of modernization of catering to the scientific, technical and methodological aspect is one of the urgent problems requiring special attention (Mullerson, 2014).

First criterion of services in service companies providing services is their comprehensive modernization. In this regard, technological upgrading of enterprises takes an important place. Technical modernization means the introduction of "new (the innovative) technology" in production is the first place.

"New technology" is the result of scientific and technological victories. In the country as compared to the previously known and a prototype or analog using this growing power production and meet the needs of society as a product of high interest.

Therefore, in the enterprise, where services are provided service to a new technology (and new technology), it need to look not only as a new product and a new object of exploitation, but also in a broader sense.

"New technology" if it is a new product in the producing company, the company becomes a new object of exploitation for user. Therefore, from time to time it need to change the pace, power resources of scientific and technological progress and clarify effective rate, which is considered a crucial vehicle for enhancing the process.

To increase the utilization of new technologies in production, of course, the following is important: the optimality of its key indicators, the quality of the structure and technology, the conditions of its implementation and condition are important.

When people talk about the technical condition of enterprise's technology, they understand the assessment of baseline production towards improved by comparison and relativity. The main mission is the relative improvement of products to comply with the intended functional definitions. However, you can learn planning techniques, quality improvement and compliance with international standards. If you are comparing products with the definition of customer value and social need, it need to be understood as the technical and economic level. That is, on the one way, if it is possible to assess the using and replacement of one another, and to compare it with the other way, the definition of social labor expended in its creation and using ('World Development Indicators | Data | The World Bank DataBank - Create Widgets or Advanced Reports and Share', 2015).

At present, the regulations (GOST, OST, GOST 15467-79) in determining the technical state compares the main technical and economic indicators of production. However, this state indicates that the theory is not improved and this approach is often not possible to compare with samples issued abroad (Ajwad et al., 2014).

If the technical conditions of production economics indiscriminately is characterized as improved, the technical and economic level linked to economic performance and knowing the

technical development, then we can compare the technical level with foreign models completely (Rodriguez-Fernandez et al., 2014).

At present, in many cases, the method of the experiment, that is, in the opinion of the research team with the exchange of some other equipment remains without solution accurate measurement. Such a state, all the time does not address the issue properly and as a result profitability may be negatively affected.

### **Conclusion**

As service stimulates infrastructure development of the country, has a strong multiplication effect and helps diversify the economy, supports local culture, crafts, and environmental protection, it is actual for the Republic of Uzbekistan with its transitional economy, moreover it is important, and as Uzbekistan is a country with vast capabilities in service. The service and tourism industry is a leading export industry in worldwide, Central Asian countries could contribute considerably as well.

Moreover, with vast underused capabilities in catering and diversity of catering facilities represent the potential of service in these destinations. Location of the area, corridors on the Great Silk Road, with cities that were main points of trade also have a great contribution for developing of service sphere globally.

In briefly, Central Asian states, such as Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan have great potential of service augmentation as whole. Established policies and conducted measurements in counties have made already its results. Upcoming diversifications and modernizations in the industry may contribute exponentially for the economies of the Central Asian countries.

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## OH YES, MODI RUBBER LIMITED WILL SHINE AGAIN

Dr. Praveen Srivastava<sup>1</sup>, Dr Sanjay Srivastava<sup>2</sup>, Vinay Gupta<sup>3</sup>

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### ABSTRACT

*Turn around strategy is a corporate practice designed and planned to protect a loss making company and transform it into a profit making one. If we focus on any manufacturing company which is suffering from losses due to excess idle time taken by the labors to complete their jobs or due to excessive lethargic selling team or incomparable bad policies related with the after sales service or the complex policies of landing price of the product, the company will follow turnaround strategy to reduce labor inactivity by installing modern machines or by recruiting a new selling team or provide good training to old team. In case of bad policies for service, the company has to turnaround by introducing excessive new policies which should be more favourable for existing customers. Further, in case of ineffective landing price of the product, the company should turn around in the way that prices of the product are most suitable and profitable for the dealers. Modi Rubber Ltd was a big concern and due to some reasons it faced heavy losses in 2001 and since then it is almost out of the automobile market. Modi Rubber is, however, looking at regaining possession of the company's Modinagar factory, to re-enter the market for motorcycle, tractor and light commercial vehicle (LCV) tyres. This paper focuses the dealer's perception towards turnaround strategies of Modi Rubber Ltd, that this company can sustain in the current market scenario and it can get its previous regime with more than twenty percent share in the Indian Tyre Market.*

*Key words – Turn around strategies, Landing price*

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### Meaning of Turn around Strategy-

Turn around strategy is a corporate practice designed and planned to protect a loss making company and transform it into a profit making one.

If we focus on any manufacturing company which is suffering from losses due to excess idle time taken by the labours to complete their jobs or due to excessive lethargic selling team

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or incomparable bad policies related with the after sales service or the complex policies of landing price of the product,

### **An introduction of Modi Rubber Limited**

Incorporated in Feb. 71, Modi Rubber (MRL), a B K Modi group company, manufactures automobile tyres. It has entered into a technical collaboration with the German tyre major, Continental Aktiengesellschaft, to manufacture steel radial tyres for trucks. The company has a state-of-the-art plant at Modipuram, which is one of the most modern tyre manufacturing plants in Asia. The company has a 12.4% market share and is doing well on the export front. It has also won the CAPEXIL export award for its excellent export performance. MRL exports to countries like Vietnam, the Philippines, Singapore, the US, the UK, Bangladesh, Afghanistan, Syria, Sri Lanka and the Latin American countries. However exports to Pakistan and Afghanistan received a setback due to political condition and a stiff competition from China. The company has set up the facilities for manufacture of automobile tubes at Partapur, UP. The company expansion plans for manufacture of radial tyres for passenger cars and light commercial vehicles with latest technology from collaborator has been very supportive. The company has been successful in launching new range of Truck & LCV tyres as well as premium tractor tyres which are finding better acceptance in the market. It has introduced a number of new tyres for super heavy and heavy load areas, under the brand name Multilife 2000 and Marathon 2000. The company is planning to tap normal load areas like South India and part of West Zone in India with upgraded technology tyres, to further increase its market share in these regions. In a move that would aid the existing promoters of the company in coming up with an open offer for buying out the 44% stake of the financial institutions in the company, the promoters have spoken to various NRI investors to bring in investments to the tune of \$8-10 million, the open offer by purchasing a maximum of 52.58 lakh shares representing 21% of the company's paid up equity.

### **Current Position of Modi Rubber Limited**

In one of the major acquisitions in the country's tyre business, leading international automotive parts supplier Continental has acquired Modi Tyres, a subsidiary of Delhi-based Modi Rubber. The acquisition is going to give Continental a burgeoning automotive market which has grown the fastest at 18% in the first five months of the calendar year.

Modi Tyres which is a mid-sized tyre maker had announced that it had started the process to transfer the entire 5.6 crore shares to the Hanover-based company for about R117.6 crore. Following the news, Modi Rubber's share price rose 5% on the Bombay Stock Exchange in the morning hours of trading to close at R63.20.

“The new entity will focus on local production and distribution of bias and radial truck and bus tyres as well as radial passenger car tyres for the Indian market,” a company

statement said some days back. According to a member of Continental's executive board and head, the acquisition is a part of the company's overall strategy to focus on both the commercial as well as passenger vehicle segment. "India's truck tyre market is of outstanding relevance worldwide and exceeds with a size of 18 million tyres per year" he said.

When Modi Rubber closed an agreement with German tyre manufacturer Continental for outright sale of Modi Tyre Company Ltd (MTCL) last month, the exit led to speculation of the group foregoing interests in the segment.

Modi Rubber is, however, looking at regaining possession of the company's Modinagar factory, to re-enter the market for motorcycle, tractor and light commercial vehicle (LCV) tyres.

"This plant (at Modinagar) was leased to us by a company called Modi Export Process. This company defaulted and the Uttar Pradesh liquidator put a seal on the plant. We have approached the Allahabad High Court, seeking possession of the plant," said Alok Modi, director, Modi Rubber.

Adding: "After we get possession, we will make a business plan. While technology has changed for car tyres with the introduction of radials, we can still produce motorcycle, tractor and LCV tyres, since there is huge demand for these. This plant has a capacity to process 30-35 tons of rubber per day. While this option is open to us, marketing products for a small plant may not be competitive. Therefore, we may also consider contract manufacturing at this unit."

The Modinagar plant in Ghaziabad district, 45 km from here, used to manufacture tyres for scooters, motorcycles, cars, tractors and light commercial vehicles. It was shut in 2001, when Modi Rubber went to the Board for Industrial and Financial Reconstruction (BIFR), following financial and labour disputes. In 2008, when Modi Rubber came out of BIFR, this plant was, with the ones at Modipuram and Partapur (both in Meerut district), given to the company. But Modinagar was soon taken over by the state liquidator.

Along with the plant, there is land that runs into several acres. This can be used for real estate development. Said Modi, "We may go for a service model in housing for the industrial plants around Modinagar."

Few days backs, Modi Rubber announced an agreement to sell its entire stake in subsidiary company MTCL to Continental Corporation. Upon completion of the transaction, MTCL would become a wholly-owned subsidiary of Continental, the world's fourth largest tyre manufacturer. Continental would roll a million units of truck and bus tyres and tubes annually from MTCL's plants in Modipuram and Partapur. Through the discussion above it is clearly observed that the MRL is trying to regain its position in the market. That means they are looking forward to turnaround. Considering the situation an attempt is made to look into

the dealers perception and their purchase intention that can be considered as the indicators of their future success.

### Methodology

The study is done the dealers of tyres in Agra region. The dealers are those who sale the product of one company or sale of product of more than one company under a one roof. Primary data was collected through a questionnaire consisting of multiple standard scales. The scales were already validated and reliable to measure the constructs selected for the study. Secondary data was used to prepare introduction and review of literature. Primary data are than analyzed using PASW software The result part carries the outcome of statistical data analysis. After that certain suggestions are made under the head managerial implications. In the end the conclusion part carries the limitations and the future scope of the study.

### Hypothesis

H1- There is no significant impact of perceived quality on purchase intention towards Modi Tyres for the dealers

H2- There is no significant difference in perceived quality between sole and multiple dealer for Modi Tyres.

H3- There is no significant difference in purchase intention between sole and multiple dealer for Modi Tyres.

### Instrument

The instrument is made of standard scales. Perceived quality is measured by scale given by Sweeney and Soutar (2001) & purchased intention is measured by purchased intention scale by Grace & O’Cass (2005). The instrument consists of 18 items along with four demographic variables.

### Sampling method

The study is done on the dealers of Agra region randomly selected Data was collected through questionnaire using direct oral investigation method.150 questionnaires were floated among the potential *respondents* .120 Questionnaires came back within the due time in which 100 were correctly filled. The analysis is done based on 100 samples.

### Result and interpretations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809 <sup>a</sup>	.655	.651	.53238

**Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.685	.154		4.454	.000
	Mean_PQ	.810	.067	.809	12.176	.000

The H1 is tested through Regression analysis. The results suggest that there is a significant impact of perceived quality on purchase intention amongst the agencies for Modi tyres. Also the predictive variable explains a formidable 65.5% of variance of the dependent variable.

**Group Statistics**

Type		N	Mean	Std. Deviation	Std. Error Mean
iarget_mean	sole	11	2.5245	1.20149	.36226
	multiple	67	2.0723	.84688	.10346
mean_pi	sole	11	2.9818	1.18475	.35722
	multiple	67	2.3127	.83223	.10167

		t-test for Equality of Means		
		t	df	Sig (2 tailed)
iarget_mean	Equal variances assumed	1.542	76	.127
	Equal variances not assumed	1.200	11.686	.254
mean_pi	Equal variances assumed	2.320	76	.023
	Equal variances not assumed	1.802	11.674	.097

H2 and H3 are attended though t-test. The results suggest that there is a significant difference in the purchase intention between sole and multiple type of dealers. Also it is observed that sole dealers are more inclined to purchase the product of MRL. Although, no significant difference is observed in case of perceived quality.

### **Managerial Implications**

During the study it has been observed very closely that the dealers are still interested to sale the product of Modi Rubber Ltd, If they maintain their quality. Further, it is seen that the sole dealers are more anxious to sale the product of MRL as compare to multi product dealer.

### **Limitations of the study**

In this study only Agra region has been focused. It is required also to focus on fleet account and transporters who use product of MRL.

### **Future Scope of the study**

In this study there is possibility of considering technical aspects of tyres which may focus on durability, rubber quality and mileage of the tyres.

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## CUSTOMER PERCEPTION ON E-BANKING SERVICES-AN EMPIRICAL STUDY IN BANGALORE

Dr.B.S.Patil<sup>1</sup>, Vinay.S<sup>2</sup>

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### ABSTRACT

*Banking is one of best and biggest service sector in India. The growth of Indian banking industry has been more qualitative than quantitative. The present scenario is concerned in the banking industry in India going through a modern phase namely e-banking. E – Banking is slowly substituting use of cheques, pay-in-slips, drafts and most importantly customers personally dropping into the floors of banks. The mobile banking has accrued in revolutionary changes where in customers can operate the bank accounts through mobile phones from anywhere. To avoid fraudulent transactions and to provide more transactions are ensuring all security measures. The technological innovations combined with revolutionary changes in the communication industry has provided and created congenial ground for successful E – Banking services. Every 9 out of 10 customer of the age below 40 years in the urban area aspires to go with E – Banking at least in as much as to withdrawal of money through ATM is concerned. The survey is conducted in Bangalore Urban and Rural reveal that the corresponding percentage in respect of rural customer is only 60 percent with the total sample size of 179. The percentage for E- Banking in the aggregate group counts for 80 percent. The main reason for non-patronization of E-Banking is illiteracy and fear of losing money when E – Banking is practiced.*

**Keywords:** E – Banking, ATM, Mobile Banking, NEFT, RTGS

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### Introduction

A recent trend in the Indian banking system is highly diversified activities by providing a length of financial services within the bank themselves or the subsidiary route. In the present context e-banking is one of the modest practices and e-banking as a new phase in retail banking services reduces time and cost to banker and customer in respect of balance inquiry, inter account transfers, utility bills payment, request cheque book and obtaining statement of account. The competition between physical market and virtual market is getting intense with revolution in the field of electronic communication. Of late banking companies are thinking about switching their businesses from the physical to virtual market. The subsystems in bank-deposit collections, arrangements for payments and transfer of funds, management of

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investment portfolio and loan management are getting digitized. Concomitantly e-banking is getting simplified and internalized in the banking system. Trust, security and safety are the most challenging all time issues for the banks. Since inception banks are effectively handling these challenges, hence, banks are blooming. The time tested adaptation of banks in the evolutionary process has given much required edge to the bankers. Banks began online banking business with Automated Teller Machine (ATM) and now package of services such as RTGS, NEFT, M-Banking and Internet banking as major tools in e-banking. Online banking is helping banks in the process of customer experience engineering.

### **Concept of E-Banking**

E-banking transactions are accommodated on a secured website operated by the bank. Customers having personal Internet access must register with the institution for the on line service, and set up some password for customer verification. Financial institutions, now in routine, allocate unique customers numbers whether or not customers intend to access their online banking facility. Any number of accounts can be linked to the one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be cheque, savings, loan, credit card and other accounts. Customer numbers will also not be the same as any debit or credit card issued by the financial institution to the customer.

To access online banking, the customer would go to the financial institution's website, and enter the online banking facility using the customer number and password. Some financial institutions have set up additional security steps for access, but there is no consistency to the approach adopted.

### **Facets of E – Banking**

The following can be used to carry out various banking transactions namely:

A bank customer can perform non-transactional tasks through online banking, including – viewing account balances, viewing recent transactions, downloading bank statements (statement of accounts), for example in PDF format, viewing images of paid cheques, ordering cheque books.

Bank customers can transact banking tasks through online banking, including –Funds transfers between the customer's linked accounts, Paying third parties, including bill payments, Investment purchase or sale, Loan applications and transactions, such as repayments of enrolments, Register utility billers and make bill payments, Management of multiple users having varying levels of authority, Transaction approval process the process of banking has become much faster



### **Significance of the Study**

Despite the growing interest and importance of Electronic banking in many financial institutions in Bangalore, the implementation of such innovations in public sectors bank, private sectors bank, foreign banks, regional rural banks and co-operative banks. In Bangalore Urban and Rural many branch has remained low, the adoption rates among clients and its usage has not brought significant outputs in the way clients become happy with the services offered, One of the benefits banks derive from Electronic Banking in banking operations especially with respect to service delivery is improved efficiency and effectiveness of their operations so that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks. The customers on the other hand, stand to enjoy the benefit of quick service delivery, reduced frequency of going to banks physically and reduced cash handling, which will give rise to higher volume of turnover. However, this development Bangalore Urban and Rural bank branches seems not to have achieved its aims. Long Queues are still seen at the banking hall, bank customers still handle too much cash, and hardly do people talk about the electronic banking products that are available major branches.

### **Purpose of the Study**

The purpose the study is to find out the problems and prospects of e-banking services acceptance by the customers in Bangalore Urban and Rural with a sample size of 179.

### **Review of literature**

Kumbhar, Vijay (2011) examined the relationship between the demographics and customers' satisfaction in internet banking, it also found out relationship between service quality and customers' satisfaction as well as satisfaction in internet banking service provided by the public sector bank and private sector banks. The study found out that overall satisfaction of employees, businessmen and professionals are higher in internet banking service. Also it was found that there is significant difference in the customers' perception in internet banking services provided by the public and privates sector banks. Nath Ravi & Schrick Paul (2001), feels that in every industry, E-commerce is revolutionizing the way business is conducted. New business models are replacing outdated ones and organizations are rethinking business process designs and customer relationship management strategies. Banks are no exception to this transformation. This study examines bankers' views on providing banking services to customers using the web. The results show that Internet banking is in its nascent stage—only a small number of banks offer web-based banking to customers and the full benefits of Internet banking are still to be realized by many banks. Neha Dixit & Dr. Saroj K Dutta (2010), Points out that in a country like India there is a need for providing better and customised services to the customers which can be made possible through e-banking. The people have positive perception about online banking, should be

treated with the great value. Pooja Malhotra & Balwinder Singh (2009), describes the current status of internet banking in India and it's implication for the Indian banking industry. The attempt was made to see if there is any association between adoption of Internet banking and the banks' performance and risk. The internet banking has a negative and significant impact on risk, which shows that, the adoption of Internet banking has not increased the risk profile of banks. Rod et al (2009), focused on relationship between service quality, overall internet banking service quality and customer satisfaction in New Zealand. The study found out that online customer service quality and online information systems were significantly and positively related to overall customer internet banking service quality. Overall internet banking service quality and customer satisfaction were positively correlated.

### **Objectives of the Study**

1. To find out the customers perceptions regarding E – Banking services.
2. To understand the problems and drawbacks of – E-Banking services.
3. To evaluate E – Banking services on the basis of customer satisfaction.
4. To suggest strategies for improving quality of E-Banking services.

### **Hypotheses of the Study**

- H1: There is a positive impact of e -banking on customers in Bangalore Urban and Rural.
- H2: There is no risk factor involved in the e -banking Transaction.

### **Research Methodology**

The study focuses customer perceptions and problems and prospects of E - Banking services in Bangalore Urban and Rural, based on a survey conducted in October – December 2014, Public Sector Banks, Private Sector and Foreign Banks operating in Bangalore Urban and Rural. The study based on descriptive research with a total sample size of 179 respondents. The study intends to confined awareness of e – banking facilities.

### **Statistical Tools Used:**

The data collected from various sources were analysed by applying appropriate mathematical and basic statistical techniques along with percentage analysis.

**Primary Data:** Primary data is one which is collected specifically for the purpose of the research and can be obtained from various people working in the organization. For this study the primary data was collected from following sources namely Questionnaires and Discussion with bank customers and employees

**Secondary Data:** For this study the secondary data was collected from the following sources namely books related to E-Banking, published and unpublished documents and related websites

### Limitations of the Study

1. Sample size was limited to 179 only. The sample size may not represent whole market.
2. The study relies on primary data, which could be biased and this study sample size only 218 respondents.
3. This study is limited to the customers of Bangalore Urban and Rural only. Therefore the inferences cannot be generalized.

**Table No. 1: Socio – Economic Profile of Respondents**

Sl. No.	Contents	No. of Respondents	Percentage
<b>1</b>	<b>Type of Banks</b>		
	Public Sector Banks	118	65.92
	Private Sector Banks	50	27.93
	Foreign Banks	11	06.15
<b>2</b>	<b>Age</b>		
	Upto 25	31	17.32
	26 – 35	39	21.79
	36 – 45	46	25.70
	46 – 55	43	24.02
	56 & above	20	11.17
<b>3</b>	<b>Gender</b>		
	Male	125	69.83
	Female	54	30.17

<b>4</b>	<b>Profession</b>		
	Business	42	23.46
	Service (Public & Private)	41	22.91
	Professional	39	21.79
	Agriculture	21	11.73
	Student	36	20.11
<b>5</b>	<b>Education</b>		
	Primary	11	06.14
	SSLC	23	12.84
	PUC	29	16.20
	Graduate	40	22.35
	Post Graduate & above	42	23.47
	Professional Courses	34	19.00

**Source:** Primary Data- Survey

Table no.1 showing details of socio-economic profile of 179 respondents in Bangalore Urban and Rural, in this table covered types of bank, age, gender, profession and education of respondents.

**Table No. 2: Respondents utilizing E- Banking Services**

<b>Response</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Yes	110	61.45
No	69	38.55

**Source:** Primary Data- Survey

Table no. 2 showing respondents utilize e-banking services in Bangalore Urban and Rural. 125 respondents (out of 179) using e-banking services and remaining 54 respondents are not utilize e-banking services.

**Table No. 3: Reasons of using E-Banking Services**

Sl. No.	Statements	SA	%	A	%	M	%	DA	%	SD	%
1.	E-Banking is more convenient than Branch Banking	33	30.00	67	60.90	05	04.55	03	02.73	02	01.82
2.	E-Banking is more reliable and safe than branch banking	22	20.00	33	30.00	37	33.64	12	10.90	06	05.46
3.	E-Banking transactions can be done faster than branch banking	38	34.55	62	56.37	09	08.18	03	02.73	03	02.73
4.	E-Banking allows easier maintenance of transaction activities	29	26.36	61	55.45	10	09.90	05	04.55	05	04.55
5.	I Use E-Banking to meet my cash requirement after the bank have closed	05	04.55	05	04.55	30	27.28	35	31.82	35	31.82
6.	I feel hesitation to wait in a queue for depositing /withdrawing the cash in branch	15	13.64	15	13.64	50	45.45	15	13.64	15	13.64
7.	Well Conversant with E-Banking and I found it a User-friendly system	30	27.28	35	31.82	35	31.82	05	04.55	05	04.55
8.	I Use as E-Banking a Status Symbol	20	18.18	30	27.28	30	27.28	20	18.18	10	09.90
09.	Strong faith that machine cannot make any mistake	15	13.64	18	16.36	67	60.90	06	05.45	04	03.63
10.	Quite satisfied with the Transaction system of E-Banking	40	36.36	50	45.45	10	09.90	05	04.55	05	04.55

**Source:** Primary Data- Survey

**Note:** - S A: Strongly Agree, A: Agree, M: Moderate, D A: Disagree & S D: Strongly Disagree

Table no. shows that 110 respondents (out of 179) fill this question, in which ten questions were asked to respondents to know reasons of using E – Banking services.

1. 30.00 % users are strongly satisfied with e-banking is more convenient than branch banking services and 60.90 % users mark on “Agree” point which also shows that they are satisfied. Collectively 90.90% users of e-banking are satisfied (Strongly Agree & Agree), 2.73 % are disagree and 1.82% are strongly disagree of this services.
2. 20.00% users are strongly satisfied with e-Banking as it is more reliable and safe than branch banking and 30.00 % users mark on “Agree” point which also shows that they are satisfied. Collectively 50.00% users of e-banking are satisfied (Strongly Agree & Agree), 33.64% of the respondents are moderate, 10.90 % are disagree and 5.46% are strongly disagree of this services.
3. 34.55 % users are strongly satisfied with e-Banking transactions can be done faster than branch banking and 56.37 % users mark on “Agree” point which also shows that they are satisfied. Collectively 90.92% users of e-banking are satisfied (Strongly Agree & Agree), 2.73 % are disagree of this services.
4. 26.36% users are strongly satisfied with e-Banking allows easier maintenance of transaction activities and 54.55 % users mark on “Agree” point which also shows that they are satisfied. Collectively 80.91% users of e-banking are satisfied (Strongly Agree & Agree), 4.55 % are disagree of this services.
5. 4.55% users are strongly satisfied with I Use e-Banking to meet my cash requirement after the bank have closed and 4.55 % users mark on “Agree” point which also shows that they are satisfied. Collectively 9.10% users of e-banking are satisfied (Strongly Agree & Agree), 63.64 % are disagree of this services.
6. 13.64% users are strongly satisfied with I feel hesitation to wait in a queue for depositing /withdrawing the cash and 13.64 % users mark on “Agree” point which also shows that they are satisfied. Collectively 27.28% users of e-banking are satisfied (Strongly Agree & Agree), 13.64 % are disagree and strongly disagree of this services.
7. 27.28% users are strongly satisfied with I am Well Conversant with e-Banking and I found it a User-friendly system and 31.82 % users mark on “Agree” point which also shows that they are satisfied. Collectively 59.10%

- users of e-banking are satisfied (Strongly Agree & Agree), 27.28% are moderate in the service and 4.55% are disagree and strongly disagree of this services.
8. 11.18% users are strongly satisfied with I Use as e-Banking a Status Symbol and 27.28 % users mark on “Agree” point which also shows that they are not used a status of symbol. Collectively users of e-banking are not satisfied (Strongly Agree & Agree), 55.94 % are 27.97% are disagree and strongly disagree of the status of symbol.
  9. 9. 13.64% users are strongly satisfied with I have a strong faith that machine cannot make any mistake and 16.36 % users mark on “Agree” point which also shows that they are not satisfied of faith that machine cannot make any mistake. Collectively 30.00% users of e-banking are satisfied (Strongly Agree & Agree), 60.90% are moderate and 5.45 % are disagree and 3.63% are strongly disagree of this services.
  10. 10. 36.36% users are strongly satisfied with the Transaction system of e-Banking and 45.45 % users mark on “Agree” point which also shows that they are satisfied. Collectively 81.81% users of e-banking are satisfied (Strongly Agree & Agree), 4.55 % are disagree and 4.55% are strongly of this services.

In contrast relates to know about the customer’s perception about security, forged transaction, ATM services etc. For this purpose the respondents who were not satisfied with e-banking services and system were asked to fill the second section of the questionnaire in which 09 questions addresses all those possible reasons which affect customer decision about adoption of e-banking services. 5-Point Likert Scale is opted here degree of agreement with statements. The frequency detail against each Likert point is presented in Table 4.

Table no.4 showing 36 respondents (out of 179) fill this question, in which nine questions were asked to respondents to know the reasons of not using e-banking services – majority of the respondents fear of losing money on ATM services and complained facing problem on withdrawing money. Respondents not aware towards using of debit card, credit card and mainly fear on security for the transactions. Respondents do not know about internet and mobile banking do not trust the internet as a channel for banking as it is not safe and also chances of Fraud and forged transactions in E-Banking services

**Table No. 4: Reasons of not using E-Banking Services**

Sl. No.	Statements	SA	%	A	%	M	%	DA	%	SD	%
1.	Neither I have a personal computer (at home/office) nor do I have Internet Connection	29	42.03	20	28.99	11	15.94	05	07.25	05	07.25
2.	ATM Machine records incorrect Debit & Credit amounts	15	21.74	15	21.74	29	42.03	05	07.25	05	07.25
3.	I am not satisfied with the Security system of E-Banking services especially of ATM Machines	10	14.49	10	14.49	29	42.03	15	21.74	05	07.25
4.	Quality of E-Banking services is bad and takes a long time to finalize the transactions	10	14.49	20	28.99	30	43.48	06	08.70	04	05.80
5.	I do not know how to use Internet Banking	30	43.48	30	43.48	05	07.25	02	02.90	02	02.90
6.	I do not trust the internet as a channel for banking as it is not safe and also chances of Fraud and forged transactions in E-Banking services	05	07.25	06	08.70	04	05.80	24	34.78	30	43.48
7.	I like meeting people and prefer face-to-face banking	20	28.99	20	28.99	15	21.74	10	14.49	04	05.80
8.	Whenever I need money I experienced problems with E-Banking services. E.g. ATM machine	05	07.25	06	08.70	04	05.80	34	49.28	20	28.99
9.	Overall I am not satisfied with E-Banking Services.	10	14.49	10	14.49	10	14.49	30	43.48	09	13.04

Source: Primary Data- Survey



**Table No. 5: Bank Customer Preference of E-Banking Services**

<b>E-Banking Services</b>	<b>Rank</b>
ATM (Debit Card)	1
NEFT & RTGS	2
Credit Card	3
Mobile Banking	4
Internet Banking	5

**Source:** Primary Data- Survey

Bank provides various types of E – Banking facilities namely, ATM (Debit Card), NEFT & RTGS, Credit Card, Internet Banking and Mobile Banking. An attempt is made to know which service is most popular among customers and to which service customers prefer more. In this regard, ATM (Debit Card) is given first rank. NEFT & RTGS, Credit Card is given third and fourth rank. Mobile Banking and Internet Banking have also gained better preferences of customers and ranked fourth and fifth.

**Table No. 6: Suggestions of Respondents to Improve E-Banking**

<b>E – Banking</b>	<b>Rank</b>
Create awareness among banker and employees	1
Convenient Accessibility	2
Variety of Services	3
Effective methods of Delivery	4
Polite and sympathizing employees	5
Assisting customers to choose	6
Customer Meetings	7
Proper Network and Infrastructure	8
ATM machines should be installed at suitable locations	9
Online Shopping Facilities	10

**Source:** Primary Data- Survey

As per the respondents, employees of banks should be fully aware about the use of E-Banking because a total awareness on E- Banking employee can effectively guide the customers. Convenient accessibility and variety of services are also in the suggestion list of

customers and they are given second and third place, respectively. Effective methods of delivery have gained fourth and polite and sympathizing employees and assisting customers to choose has gained the fifth and the sixth place in the list of suggestions. In the seventh place customers recommend to frequent meetings and proper network and infrastructure, ATM machines should be installed at suitable locations eighth and ninth place. Online shopping facilities in the tenth list of suggestions.

**Suggestions:**

1. Strategies to create knowledge: customer must have education and awareness for the use of e-banking. There should be customer education campaign through media, printed media, social network, workshop or seminar conducted for knowledge about e-banking services.
2. Frequent meeting with banker and customers: banks or banker should organize meetings with customers to educate regarding e- banking services.
3. Proper network and infrastructure: customers facing problems on many times server is down and customers have to wait till the network is settled. In the rural area there is lack of infrastructure facilities and so on
4. ATM machines should be installed at suitable locations: sometimes it is seen that ATM machines do not access the cards and also many times ATM machines are out of service for days. All these factors contribute in losing confidence of bank customers in e-banking. Banks should necessarily to provide good facilities to the customers.
5. Trained staff: the staff should be friendly, polite and well trained to guide the customers in effective way to operate e-banking.
6. Procedure to open an account should be simple and easy: it is necessary to for all groups of bank the procedure to open a new internet banking or mobile should be easy and simple.

**Conclusions:**

A study on problems and prospects of e-banking services of customer perceptions has clearly portrayed that there is significant patronized for e – banking in the present day context. e-banking in India is only at its primitive stage dominated by the Indian private and foreign banks and the present day public sectors bank also provide best e-banking services. The utilization of internet banking is confined to a few consumer segments. The risks associated with internet banking are many, which the banks have to model using sophisticated systems and extensive use of technology. The banks can focus on strategic consumer groups to maximize its revenues from internet banking. Savings in time security

ensured in transaction, flexibility and convenience has made e banking very popular. Another interesting revolution of the study is socially customers have no aversion of standing in que for off line banking and majority of them are not endorsing e banking as a status symbol. Suggestions offered the researchers again that strengthening of e banking system. An era has come to see the metamorphosis in banking services which are erected upon information and communication technology. Hope present genre bankers concur with contemporary demand.

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## PUBLIC HEALTH EXPENDITURE AND OUTCOME IN NIGERIA: AN EMPIRICAL STUDY (1979-2012)

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### ABSTRACT

*The funding of health care in Nigeria has often been described as inadequate with budgetary provision to health hardly exceeding 3% of the nation's total budgetary provisions. The paper examines the relationship between public health expenditure and health outcomes in Nigeria. The data used for this study was obtained from World Bank Indicator and Central Bank of Nigeria Statistical Bulletin for the period of 1972-2012. The study used Johansen Co-integration and the Vector Error Correction Model (VECM) econometric technique to determine the long-run relationship between public expenditure on health and its outcomes. Findings from the study show that public health expenditure has a significant relationship with health outcomes in Nigeria. Based on the finding of the study, it was recommended that government investment on health should be sustained rather than been left at the mercy of market due to its roles in human capital development necessary for development.*

**Keywords:** Health, Expenditure, Public, Outcome

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### 1.Introduction

Health is one of the most important factors that determine the quality of human capital, a necessary factor for economic growth. In line with the above, a consensus of opinion have been formed among researchers recognizing health as a public good, the demand and supply of which cannot be left at the mercy of invisible hands or profit maximizing individual as well as on considerations of utility maximizing conduct alone. Hence, the need for the government to play a major role in delivering good and qualitative healthcare services that is accessible and affordable for the teeming population. The recognition of the importance of the above led the World Health Organization (WHO) to propose at the 2010 World Health Assembly, issues that will address financing of health, which will ensure qualitative and affordable healthcare services (Ataguba and Akazili, 2010). The pattern of health financing is therefore closely and indivisibly linked to the quality of health outcomes (health status), capable of achieving the long-term goal of enhancing nation's economic development (Riman, 2012).

Therefore, the nature of healthcare financing defines the structure, the behavior of different stakeholders and quality of health outcomes. The pattern of health financing is

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therefore closely and indivisibly linked to the provisioning of services and helps define the outer boundaries of the system's capability to achieve the overall goal of enhancing nation's economic development (Rao, Selvaraju, Nagpal and Sakthivel, 2009). Health care financing therefore does not only involve how to raise sufficient resources to finance health care needs of countries, but also on how to ensure affordability and accessibility of healthcare services, equity in access to medical services as well as guarantee financial risk protection. Carrin, Evans, and Xu (2007) documented that how health systems are financed largely determines whether people can obtain needed health care and whether they suffer financial hardship at the instance of obtaining care.

In Nigeria, the major sources of health financing have been identified as through (i) the tax-based public sector that comprises Local, State and Federal Governments (ii) the private sector (including the not-for-profit sector) financing which is done, directly or indirectly through health insurance of their employees (iii) households, through out-of-pocket expenditures, including user fees paid in public facilities; (iv) other insurance-social and community-based; and (v) external financing (through grants and loans) from donor organizations. Despite the health financing options so identified in Nigeria, there still exist disproportions in health system financing. Olaniyan and Lawanson (2010) observed severe budgetary constraints and uneven distribution of resources among the urban and rural areas with the rural areas mostly affected by inequitable budgetary health expenditure allocation. Ichoku and Fonta (2009) had also noticed a catastrophic healthcare financing in Nigeria, which eventually has led to further impoverishment of the poor. According to Ichoku and Fonta (2009) Nigeria's health financial arrangement has shifted from health provisioning by government as a normal good towards a competitive market where greater proportion of health services are provided by ability to pay through out of pocket expenses (often referred to as user fee). Furthermore, excessive reliance on the ability to pay through Out-Of-Pocket payment (OOP) reduces health care consumption, exacerbates the already inequitable access to quality care, and exposes households to the financial risk of expensive illness at a time when there are both affordable and effective health financing instruments to address such problems in low income settings (Bamidele et al 2014). Summarily, it could be argued that the system of health care financing in Nigeria is disproportionate, such that, it pushes the burden and risk of obtaining health services to the poor. The aim of this paper therefore is to examine public health expenditure and outcomes in Nigeria.

## **2. Literature Review**

Investigating the relationship between health expenditures and health outcomes by Baldacci (2004) using a panel data set for one hundred and twenty developing countries from 1975-2000. He discovered that spending on health within a period effects growth within the same period while lagged health expenditures appear to have no effect on growth. He inferred from this result that the direct effect of health expenditure on growth is a flow and not a stock

effect. Other studies such Greiner (2005), Agenor (2007), all conducted researches in respect of other countries and affirmed that health expenditure is positively related to economic growth. What differ from one country to another is the extent and magnitude of its contributions.

In a related studies, Anyawu et al (2007) examining the linkage between African countries' (group into different geographical locations) per capita total as well as government health expenditures to infant mortality and under-five mortality between 1999 and 2004 albeit with mixed results. Their results reveal that Health expenditures have a statistically significant effect on infant mortality and under-five mortality and that total health expenditures are certainly important for African countries depending on each region peculiarities. They conclude that both infant and under-five mortality are positively and significantly associated with Sub-Saharan Africa while reverse is true for North Africa.

Imoughele, (2013) empirically examines the determinants of public health expenditure in Nigeria. Using the error correction techniques and time series data from 1986 to 2010, the results show that demand for health in Nigeria is price Inelastic. Further in their studies, they concluded that total population of children that falls within the age of 14 Years and below and health expenditure share in gross domestic product (proxy for government developmental policy on health) are the major determinants of health expenditure in Nigeria.

### Theoretical Framework

The theoretical base of this study was adopted from Grossman (1972) who developed a theoretical health production function, which is specified as:

$$H = F(X)$$

Where H is a measure of individual health output and X is a vector of individual inputs to the health production function F. The elements of the vector include: nutrient intake, income, consumption of public goods, education and time devoted to health related procedures. Grossman's theoretical health production function model was designed for analysis of health production at micro level.

### 3. Method

The data used for this study were sourced from World Bank Indicator and Central Bank of Nigeria Statistical Bulletin for the period of 1979-2012 and other relevant publication. The data were analyzed using Augmented Dickey Fuller (ADF) and co-integration vector error correction mechanism (VECM) was used to test the stationary and the long-term relationship of the variables. The analysis were conducted on STATA© 12 edition.

### Model Specification

The model was in this paper was based on the study objective, and is given as:

$$LFEXP = f(PEXP, PSEN) \square$$

where; LFEXP is life expectancy;

f is functional relationship;

HEXP is public health expenditure;

PSEN is primary school enrolment rate and

## 4. Findings

### Unit Root Test

Findings from the Augmented Dickey-Fuller (ADF) test to determine the stationarity (see appendix I) shows that all the variables are stationary in their first differences. Therefore, since the series are stationary at the first difference, the variables of each version of Wagner's law can be integrated of order one

### Co-integration Test

Having tested the stationary of each time series, the next step is to search for co-integration between the variables. For this purpose cointegration tests were conducted by using the reduced rank procedure developed by Johansen (1988). This method should produce asymptotically optimal estimates since it incorporates a parametric correction for serial correlation. The nature of the estimator means that the estimates are robust to simultaneity bias, and it is robust to departure from normality (Johansen 1995). Johansen method detects a number of co-integrating vectors in non-stationary time series. It allows for hypothesis testing regarding the elements of co-integrating vectors and loading matrix. Johansen procedure is used to determine the rank and to identify long run relationship. The co-integration test results are reported (see appendix II).

As evident from the co-integration test shows that LFEXP is co-integrated with PEXP and PSEN. The test statistic strongly rejects the null hypothesis of no co-integration in favour of three co-integration relationships between the variables. Since the variables are stationary, integrated of order one, and co-integrated.

### Vector Error Correction Model (VECM)

The VECM measures the speed of adjustment from short run disequilibrium to long run equilibrium. The coefficient of the VECM measures the speed at which the level of the dependent variable adjusts to changes in the explanatory variables in an effort to achieve long

run static equilibrium. The assumptions of the VECM are that the value lies between 0 and 1 and it has a negative sign. From the results in Appendix III, it is observed that the VECM of LFEXP is 12 %, meaning that 12% errors made in a particular year are corrected in the subsequent year. Also, the VECM of the LnPSEN shows that 39 percent errors made in a particular period are corrected in the subsequent year (see Appendix III).

### Conclusion and Recommendations

The purpose of this study was to test the long run relationship between public health expenditure and health outcomes in Nigeria using vector error correction model. The findings from the study have shown that public health expenditure has a significant relationship with health outcomes in Nigeria; therefore, government intervention (both direct and indirect) is needed to improve the health status of Nigerians. The study therefore recommend public-private partnership in health care provision and funding in Nigeria and government investment on health should be sustained rather than been left at the mercy of market due to its roles in human capital development necessary for development.

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LD.	-5.98e-06	2.21e-06	-2.70	0.007	-.0000103	-1.65e-06
L2D.	-4.04e-06	2.36e-06	-1.71	0.087	-8.67e-06	5.91e-07
schen						
LD.	.0043268	.0220696	0.20	0.845	-.0389288	.0475825
L2D.	.0134836	.0226365	0.60	0.551	-.0308831	.0578503
_cons	.1539759	.1071482	1.44	0.151	-.0560306	.3639825
-----						
D_hexp						
_cel						
L1.	27268.9	14380.96	1.90	0.058	-917.2553	55455.06
lifexp						
LD.	769.9066	22915.29	0.03	0.973	-44143.23	45683.04
L2D.	17285.35	21250.05	0.81	0.416	-24363.99	58934.69
hexp						
LD.	.4085586	.2746278	1.49	0.137	-.1297021	.9468193
L2D.	-.1652548	.293375	-0.56	0.573	-.7402592	.4097496
schen						
LD.	-205.6083	2740.233	-0.08	0.940	-5576.366	5165.149
L2D.	4286.302	2810.616	1.53	0.127	-1222.405	9795.009
_cons	-.0446845	13303.84	-0.00	1.000	-26075.09	26075
-----						
D_schen						
_cel						
L1.	1.715994	1.00596	1.71	0.088	-.2556519	3.68764
lifexp						
LD.	.3967042	1.602944	0.25	0.805	-2.745008	3.538416
L2D.	.3438467	1.48646	0.23	0.817	-2.569561	3.257254
hexp						
LD.	.0000283	.0000192	1.47	0.140	-9.32e-06	.000066
L2D.	.0000107	.0000205	0.52	0.601	-.0000295	.000051
schen						
LD.	.4344564	.1916816	2.27	0.023	.0587673	.8101455
L2D.	.0166712	.196605	0.08	0.932	-.3686676	.40201
_cons	-.6445599	.930615	-0.69	0.489	-2.468532	1.179412

Cointegrating equations

Equation	Parms	chi2	P>chi2
_cel	2	143.894	0.0000

Identification: beta is exactly identified

Johansen normalization restriction imposed

beta	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]
_cel					
lifexp	1	.	.	.	.
hexp	-.0000272	2.36e-06	-11.54	0.000	-.0000318 - .0000226
schen	-.0636719	.0224935	-2.83	0.005	-.1077583 - .0195854
_cons	-39.54727	.	.	.	.

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