

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I
J
R
C
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Indian Citation Index (ICI), J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 6114 Cities in 195 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	INFLATIONARY TRENDS OF SELECTED ESSENTIAL COMMODITIES WITH SPECIAL REFERENCE TO CITY OF HYDERABAD <i>MOHAMED ZAHEERUDDIN & Dr. MOHAMMED OSMAN AHMED</i>	1
2.	BUSINESS SUSTAINABILITY - ENVIRONMENTAL MANAGEMENT SYSTEM <i>NOOPUR KOTHARI & Dr. ABHAY KUMAR JAROLI</i>	7
3.	MEASUREMENTS OF INEQUALITY IN SOCIETY <i>Dr. VIJAY PRAKASH SRIVASTAVA & Dr. ANKITA SRIVASTAVA</i>	10
4.	A STUDY ON VALUATION OF REAL ESTATE PROPERTY WITHIN GUWAHATI METROPOLITAN CITY AREA <i>NRIPEN CH. DAS & Dr. SANKAR THAPPA</i>	14
5.	A STUDY ON MARKETING STRATEGY ADOPTED BY LEADING PLAYERS OF TELECOM SECTOR IN GUJARAT STATE <i>BHAVANA K. PATEL</i>	27
6.	DOING BUSINESS IN INDIA: ISSUES & CHALLENGES <i>NIKHIL GARG</i>	34
7.	FACTORS HINDERING THE GROWTH OF INTERNATIONAL NEW VENTURES (INVs): EVIDENCES FROM SURGICAL INSTRUMENT CLUSTER <i>Dr. OMAR ALMOHAMAD & MUHAMMAD MOHSEN LIAQAT</i>	44
8.	FINANCIAL AND NON FINANCIAL TURNOVER FACTORS INFLUENCING IT COMPANIES IN INDIA <i>SUNANTHA KUMAR</i>	50
	REQUEST FOR FEEDBACK & DISCLAIMER	55

CHIEF PATRON**Prof. (Dr.) K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur

(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)

Chancellor, K. R. Mangalam University, Gurgaon

Chancellor, Lingaya's University, Faridabad

Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi

Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

FOUNDER PATRON**Late Sh. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana

Former Vice-President, Dadri Education Society, Charkhi Dadri

Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

CO-ORDINATOR**Dr. BHAVET**

Former Faculty, Shree Ram Institute of Engineering & Technology, Urjani

ADVISOR**Prof. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

EDITOR**Dr. NAWAB ALI KHAN**

Professor & Dean, Faculty of Commerce, Aligarh Muslim University, Aligarh, U.P.

CO-EDITOR**Dr. G. BRINDHA**

Professor & Head, Dr.M.G.R. Educational & Research Institute (Deemed to be University), Chennai

EDITORIAL ADVISORY BOARD**Dr. A SAJEEVAN RAO**

Professor & Director, Accurate Institute of Advanced Management, Greater Noida

Dr. CHRISTIAN EHIOBU CHE

Professor of Global Business/Management, Larry L Luing School of Business, Berkeley College, USA

Dr. JOSÉ G. VARGAS-HERNÁNDEZ

Research Professor, University Center for Economic & Managerial Sciences, University of Guadalajara, Guadalajara, Mexico

Dr. M. N. SHARMA

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

Dr. TEGUH WIDODO

Dean, Faculty of Applied Science, Telkom University, Bandung Technoplex, Jl. Telekomunikasi, Indonesia

Dr. M. S. SENAM RAJU

Professor, School of Management Studies, I.G.N.O.U., New Delhi

Dr. KAUP MOHAMED

Dean & Managing Director, London American City College/ICBEST, United Arab Emirates

Dr. D. S. CHAUBEY

Professor & Dean (Research & Studies), Uttaranchal University, Dehradun

Dr. ANIL K. SAINI

Professor, Guru Gobind Singh Indraprastha University, Delhi

Dr. ARAMIDE OLUFEMI KUNLE

Dean, Department of General Studies, The Polytechnic, Ibadan, Nigeria

Dr. SYED TABASSUM SULTANA

Principal, Matrusri Institute of Post Graduate Studies, Hyderabad

Dr. MIKE AMUHAYA IRAVO

Principal, Jomo Kenyatta University of Agriculture & Tech., Westlands Campus, Nairobi-Kenya

Dr. NEPOMUCENO TIU

Chief Librarian & Professor, Lyceum of the Philippines University, Laguna, Philippines

Dr. BOYINA RUPINI

Director, School of ITS, Indira Gandhi National Open University, New Delhi

Dr. FERIT ÖLÇER

Professor & Head of Division of Management & Organization, Department of Business Administration, Faculty of Economics & Business Administration Sciences, Mustafa Kemal University, Turkey

Dr. SANJIV MITTAL

Professor & Dean, University School of Management Studies, GGS Indraprastha University, Delhi

Dr. SHIB SHANKAR ROY

Professor, Department of Marketing, University of Rajshahi, Rajshahi, Bangladesh

Dr. SRINIVAS MADISHETTI

Professor, School of Business, Mzumbe University, Tanzania

Dr. ABHAY BANSAL

Head, Department of Information Technology, Amity School of Engg. & Tech., Amity University, Noida

Dr. KEVIN LOW LOCK TENG

Associate Professor, Deputy Dean, Universiti Tunku Abdul Rahman, Kampar, Perak, Malaysia

Dr. OKAN VELI ŞAFAKLI

Professor & Dean, European University of Lefke, Lefke, Cyprus

Dr. V. SELVAM

Associate Professor, SSL, VIT University, Vellore

Dr. BORIS MILOVIC

Associate Professor, Faculty of Sport, Union Nikola Tesla University, Belgrade, Serbia

Dr. N. SUNDARAM

Associate Professor, VIT University, Vellore

Dr. IQBAL THONSE HAWALDAR

Associate Professor, College of Business Administration, Kingdom University, Bahrain

Dr. MOHENDER KUMAR GUPTA

Associate Professor, Government College, Hodal

Dr. ALEXANDER MOSESOV

Associate Professor, Kazakh-British Technical University (KBTU), Almaty, Kazakhstan

RODRECK CHIRAU

Associate Professor, Botho University, Francistown, Botswana

Dr. PARDEEP AHLAWAT

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

Dr. DEEPANJANA VARSHNEY

Associate Professor, Department of Business Administration, King Abdulaziz University, Saudi Arabia

Dr. BIEMBA MALITI

Associate Professor, School of Business, The Copperbelt University, Main Campus, Zambia

Dr. SHIKHA GUPTA

Associate Professor, Lingaya's Lalita Devi Institute of Management & Sciences, New Delhi

Dr. KIARASH JAHANPOUR

Research Adviser, Farabi Institute of Higher Education, Mehrshahr, Karaj, Alborz Province, Iran

Dr. SAMBHAVNA

Faculty, I.I.T.M., Delhi

YU-BING WANG

Faculty, department of Marketing, Feng Chia University, Taichung, Taiwan

Dr. MELAKE TEWOLDE TECLEGHIORGIS

Faculty, College of Business & Economics, Department of Economics, Asmara, Eritrea

Dr. SHIVAKUMAR DEENE

Faculty, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

Dr. THAMPOE MANAGALESWARAN

Faculty, Vavuniya Campus, University of Jaffna, Sri Lanka

Dr. JASVEEN KAUR

Head of the Department/Chairperson, University Business School, Guru Nanak Dev University, Amritsar

SURAJ GAUDEL

BBA Program Coordinator, LA GRANDEE International College, Simalchaur - 8, Pokhara, Nepal

Dr. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

Dr. BHAVET

Former Faculty, Shree Ram Institute of Engineering & Technology, Urjani

FORMER TECHNICAL ADVISOR

AMITA

FINANCIAL ADVISORS

DICKEN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR

IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled ' _____ ' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR :

Designation/Post* :

Institution/College/University with full address & Pin Code :

Residential address with Pin Code :

Mobile Number (s) with country ISD code :

Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No) :

Landline Number (s) with country ISD code :

E-mail Address :

Alternate E-mail Address :

Nationality :

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc.** **The qualification of author is not acceptable for the purpose.**

NOTES:

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
 - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**
New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
 - c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
 - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
 - e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
 - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
 - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters, centered and fully capitalised**.
 3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
 4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
 5. **ABSTRACT:** Abstract should be in **fully Italic printing**, ranging between **150 to 300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
 6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
 7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aea-web.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
 8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
 9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
 10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
 11. **MAIN TEXT:**

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESIS (ES)****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****LIMITATIONS****SCOPE FOR FURTHER RESEARCH****REFERENCES****APPENDIX/ANNEXURE****The manuscript should preferably be in 2000 to 5000 WORDS, But the limits can vary depending on the nature of the manuscript.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self-explained, and the **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
 - Use (ed.) for one editor, and (ed.s) for multiple editors.
 - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
 - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
 - The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
 - For titles in a language other than English, provide an English translation in parenthesis.
 - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

INFLATIONARY TRENDS OF SELECTED ESSENTIAL COMMODITIES WITH SPECIAL REFERENCE TO CITY OF HYDERABAD

MOHAMED ZAHEERUDDIN
RESEARCH SCHOLAR
RAYALASEEMA UNIVERSITY
KURNOOL

Dr. MOHAMMED OSMAN AHMED
PRINCIPAL
PRESIDENCY SCHOOL OF MANAGEMENT STUDIES
HYDERABAD

ABSTRACT

Inflation has become one of the most talk able term in today's economy. In past few years a huge economic disturbances has affected the world to great extent negatively. India, being one of the developing countries in the world has suffered extensively in this downturn situation. Inflation in India has affected badly to the most categories of households, resulting the Government, policy formulators and marketers with sleepless nights. This makes an urging situation for the in-depth reasoning of causes and effects of inflation and enabling a controllable mechanism for the same. The present paper aims to study the inflation and its trends of certain selected essential commodities in India referring to city of Hyderabad in Telangana state, for the period of 2012-13 to 2016-17.

KEYWORDS

developing countries, essential commodities, inflation.

JEL CODES

B22, E3, E31.

INTRODUCTION

Inflation is the most challenging phenomenon that a country can think of, in recent days this has created many sleepless nights to the policy formulators at higher end. Inflation is a situation of continuous rise in general price level of goods and services, resulting the decrease in the purchasing power of the people, case in point, Rupees hundred can buy four kilograms of rice in current period, if the price of the rice is doubled in the next period, the same hundred rupees can buy only two kilograms.

The causes for Inflation are many viz., due to international trade and finance relations, no proper measurement technique of inflation, and climatic conditions in the country and so on. Whatever may be the reason for inflation, it affects the progress, development and economic sector of a country in general and the vulnerable group of residents in particular. Even insignificant level of inflations also negatively affects the growth levels (Cecchetti, 2000).

REVIEW OF LITERATURE

THEORIES OF INFLATION

Inflation in general is the rise in the prices of goods and services and gradual decrease in the purchase power of the consumer. The cause for the inflation may be understood through its theories propounded by different economist.

Keynes (1936) in his theory of inflation administered demand as the major source causing the price rise. According to him when the supply of the commodity is in short the demand of the product rises resulting the increase in price. On contrary in 1950's the group of economist focused on the other reason for inflation is due to the increase in the production cost. The increase in cost of production is majorly the result of increase in labor union (Slichter 1954 and Takami 2014). Demand pull inflation occurs due to the excessive demand for goods and services and cost push inflation results from the increase in the cost of production or decrease in supply of goods and services with demand remaining same.

Milton Friedman (1963) on the other hand advocated monetarism explaining money supply is the only reason for the decrease in the purchasing power and increase in the price of commodity. The Fiscal policies of a country play a major role for the regulation and control of inflation. This theory has been mostly accepted and supported by a group of economist called monetarist (Phillip C. 1987). Another reason in trends of inflation, recently found is marketer/market forces (Vatiero M. 2009), here situation of the market decides the price of the product, where a group of marketers decides the price of the commodity. The aim of marketers is their own profit motive from the high income consumers leaving ill-treated the low and middle income consumer groups. A new inflation discussion field in macroeconomics level is structural theory, which advocates that the reason for inflation is due to the changes in the economy at country or even global level (McCallum, 1987). When a country undergoes a growth stage resulting in the fast economic development will lead to increase in the cost of living inevitably resulting inflation.

MEASUREMENT OF INFLATION

Inflation in India is measured through three major indicators viz., Wholesale price index (WPI) Consumer Price Index (CPI) and GDP deflator (Patnaik.I. et.al 2011). Index measures a cluster of similar variables over distinct situations and time. WPI is the measure of inflation under which the prices are considered at wholesale and producer level. Under WPI the weekly basis, market prices are measured clustering the products in to various groups and sub groups. The initial WPI setup was established in 1942 with 23 commodities for which 1939 prices are considered as base, it can be stated that 1939 stood base year to measure the trend of inflation. After many amendments at present (mid of 2017) there are 697 commodities included in the basket of WPI and the base year considered is 2011-12. The basket items of WPI includes food products, non-food products, minerals, natural gas, fuel & power and other manufactured items.

TABLE 1: WHOLESALE PRICE INDEX SERIES FROM HISTORY TO PRESENT

WPI Year	Base Year	No. of items in Index
Jan-1942	1939	23
1952	1952-53	112
1969	1961-62	139
1977	1970-71	360
Mid 2017	2011-12	697

Source: Wholesale Price Index (Base: 2011-12 = 100), Office of the Economic Adviser, Department of Industrial Policy & Promotion Ministry of Commerce & Industry Government of India New Delhi, p-4.

The WPI is considered as a suggestive measure of inflation but still major issues such as service and non-tradable commodities ignorance, wholesale price average combined with market prices, Government prices and Minimum support prices creating chaos, are needed to be concerned (OEA 2008).

CPI on the other hand comprises with a basket of household consumed goods and also services. CPI in India is categorized in to certain categories as industrial workers, rural consumers and urban consumers (combined called as all consumers) which are compiled regularly whenever needed. These consumers are targeted group of population in certain period. CPI is considered as most crucial as of which even Government and Central Bank uses it as a tool to assess inflation and maintaining stability levels of country's economy (MOSPI 2015).

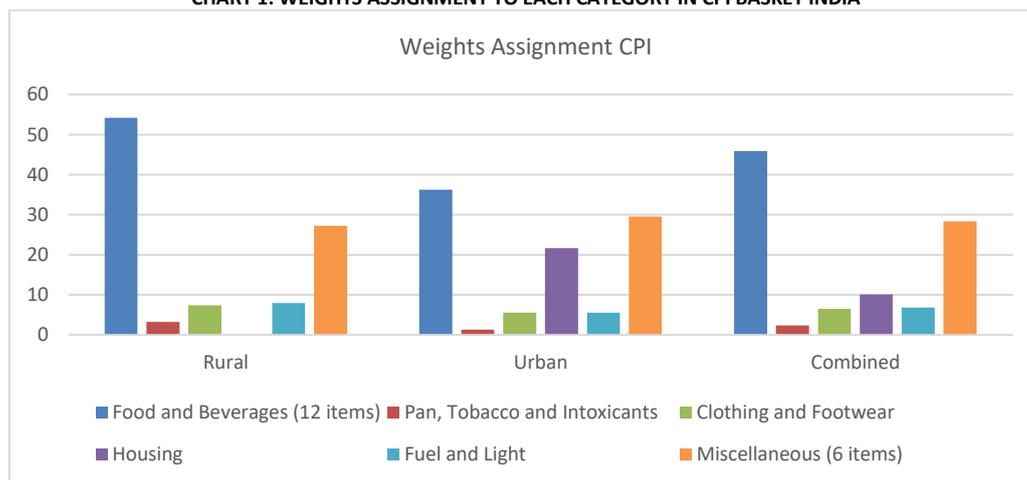
The commodities in CPI basket are grouped in to six major categories viz., food & beverages, pan tobacco & intoxicants, clothing & footwear, housing, fuel and light and miscellaneous, which are again sub grouped in to 23 sections. The weights assigned to each category of the basket can be observed in the below table.

TABLE 2: WEIGHTS ASSIGNMENT TO EACH CATEGORY IN CPI BASKET INDIA

Group/category code	Category	Rural	Urban	Combined
1	Food and Beverages (12 items)	54.18	36.29	45.86
2	Pan, Tobacco and Intoxicants	3.26	1.36	2.38
3	Clothing and Footwear	7.36	5.57	6.53
4	Housing	-	21.67	10.07
5	Fuel and Light	7.94	5.58	6.84
6	Miscellaneous (6 items)	27.26	29.53	28.32
All Groups		100	100	100

Source: Ministry of Statistics and Programme Implementation (MOSPI), 2015, central statistics office, national accounts division, prices and cost of living unit.

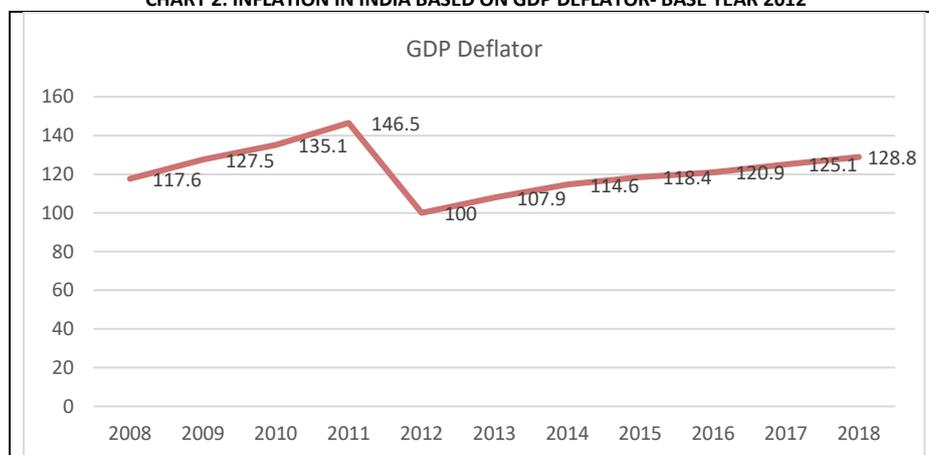
CHART 1: WEIGHTS ASSIGNMENT TO EACH CATEGORY IN CPI BASKET INDIA



The CPI basket in the above table and chart depicts, more weights are assigned to Food products in all the rural, urban and combined consumers (54.18, 36.29 and 45.86 out of 100) the second preferential weight has been assigned to miscellaneous category with 6 items which includes household goods and services, health, transport & communication, recreation & amusement, education and personal care and effects (MOSPI 2015) with a weight of 27.26, 29.53 and 28.32 out of 100. Then other ranking preference is housing, fuel and light, clothing and lastly pan, tobacco & intoxicants. It can be brought to an observation the importance of food commodities for a common man in his living.

Other than WPI and CPI is GDP deflator which indicates inflation under which a base year inflation itself is considered as base for measuring trend, in other words base year itself will be equal to 100. In GDP deflator no specific baskets of certain goods and commodities are considered rather basket will be tailor made from year to year based on people investment and consumption configurations. GDP deflator in some instances closely relates to WPI as it is implemented using WPI series at large (Nadhanel and Pattnaik 2010).

CHART 2: INFLATION IN INDIA BASED ON GDP DEFLATOR- BASE YEAR 2012



Source: Ministry of Statistics and Implementation Programme (MOSPI).
Assessed from: tradeconomics.com

IMPORTANCE OF THE STUDY

Inflation being affecting the growth, development of the country and its people's living, it is more important to control over it. The policy makers, marketers and Government are the most considerable people who has ability to regulate inflation. To cope with the inflationary situation it is important to understand its trends. The present study attempts to trace the trends of inflation over the selected years which may elevate the reasons to occur and helps to control over it in the future.

OBJECTIVES OF THE STUDY

1. To understand the inflation, its aspects and reasons for its cause.
2. To examine the trends of inflation of selected essential commodities in the study area.

SCOPE OF THE STUDY

The study aims to analyze the inflation and its trends in the specific essential commodities in the city of Hyderabad. By observing the trend, it traces out the reasons for the cause of inflation, which may be helpful for the policy formulators and marketers to take precautionary steps over to control.

RESEARCH METHODOLOGY

The study is conducted in the city of Hyderabad which is chosen purposefully, as Hyderabad is one of the popular city in India with a diverse blend of not only local people but also migrated from different states too with a total population of 39,43,323 and households of 8,37,927 (Andhra Pradesh census 2011). The trend of inflation is traced out by using trend percentile and Laspeyres index for ten selected commodities chosen randomly under the group of Food category sub grouping in to general food items, vegetables and fruits over the period of five years.

RESULT AND DISCUSSIONS

Inflation though studied and measured in any modus the major affected segment in a country is common public who buys and consumes the commodities and services. The CPI, WPI and Deflator all the inflationary measures assigns more weights to the consumer foods items, hence the present paper is conducted to study the trend of inflation in certain selected essential commodities under food and fuel category.

TABLE 3: SAMPLE COMMODITIES COLLECTED FOR ANALYSIS

GROUP NO.	GROUPS	SL.NO.	COMMODITY
I	GENERAL PROVISIONS	1	Wheat
		2	Gram Dal
		3	Sunflower Oil
		4	Rice (Gr-I)
II	VAGETABLES	5	Potatoes
		6	Tomatoes
		7	Cauliflower
III	FRUITS	8	Banana
		9	Apple
IV	FUEL	10	Petrol

Ten commodities under four distinct groups have been tested as a sample to assess the inflationary trend in Hyderabad city considering the monthly average prices collected from various sources, which includes; wheat, gram dal, sunflower oil and rice under general provisions group; potatoes, tomatoes and cauliflower under group of vegetables; banana and apple in fruit group and petrol under fuel category. The sample commodities selected, monthly retail average prices are collected, have been compiled and measured to the yearly average for the period of five years starting from 2012 to 2017. The yearly averages are then trended to study the changes in the general price levels and assess the inflation.

TABLE 4: YEARLY AVERAGE PRICES OF SELECTED COMMODITIES PER UNIT/KG IN CITY OF HYDERABAD

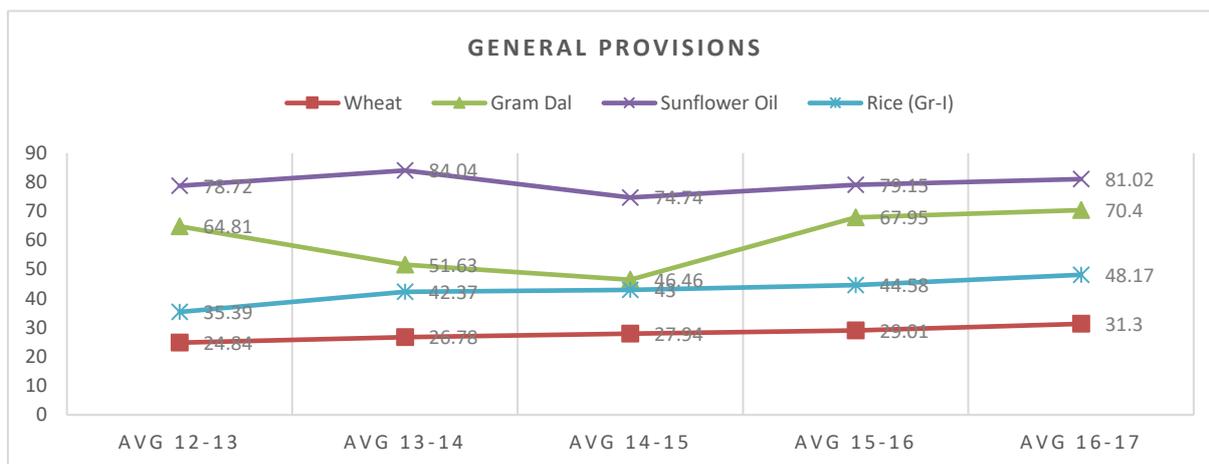
GROUP NO.	GROUP	Sl. No	COMMODITY	AVG 12-13 (Rs.)	AVG 13-14 (Rs.)	AVG 14-15 (Rs.)	AVG 15-16 (Rs.)	AVG 16-17 (Rs.)
I	General Provisions	1	Wheat	24.84	26.78	27.94	29.01	31.3
		2	Gram Dal	64.81	51.63	46.46	67.95	70.4
		3	Sunflower Oil	78.72	84.04	74.74	79.15	81.02
		4	Rice (Gr-I)	35.39	42.37	43	44.58	48.17
II	Vegetables	5	Potatoes	15.76	19.84	23.48	20.59	21.42
		6	Tomatoes	14.13	21.67	18.01	21.29	14.5
		7	Cauliflower	16.33	17.08	17.33	21	21
III	Fruits	8	Banana	34.72	36.69	39.44	38.49	24.66
		9	Apple	112.2	172.4	153.88	154.64	134.7
IV	Fuel	10	Petrol	75.64	74.81	71.72	67.82	69.94
TOTAL				472.5	547.31	516	544.52	517.11

Source: Annual publication on price statistics, Directorate of Economic and Statistics, Government of Andhra Pradesh and Telangana- Hyderabad.

Also accessed from: rythubazar information systems and National Horticulture Board.

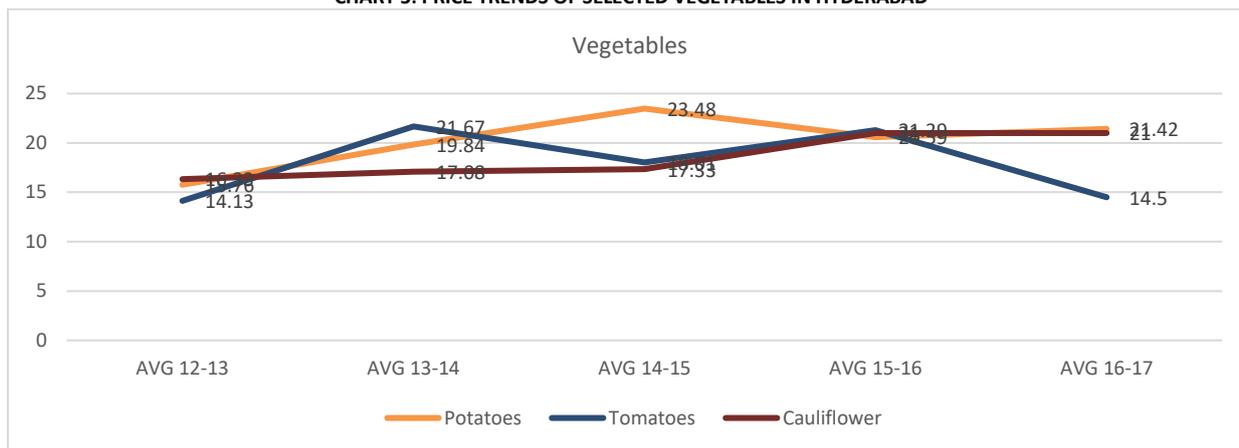
The commodities that have been selected for the analysis are mostly under the food category. The first group of general provisions includes four commodities where wheat prices shows the increasing trend over the study period from rupees 24.84 to 31.3 from year 2012-13 to year 2016-17 respectively. The Gram dal and sunflower oil shows a low price trend only during the period of 2014-15 otherwise also has an increase over the study period. The rice which is the major food component in south India has showed a continuous increase from rupees 35.39 per kilogram to rupees 48.17 from year 2012-13 to 2016-17. The commodities selected under general provisions are the most central commodities consumed daily by almost all people and the same shows a continuous increase trend may affect the major segments of population consumption patterns.

CHART 4: PRICE TRENDS OF SELECTED GENERAL PROVISION COMMODITIES IN HYDERABAD



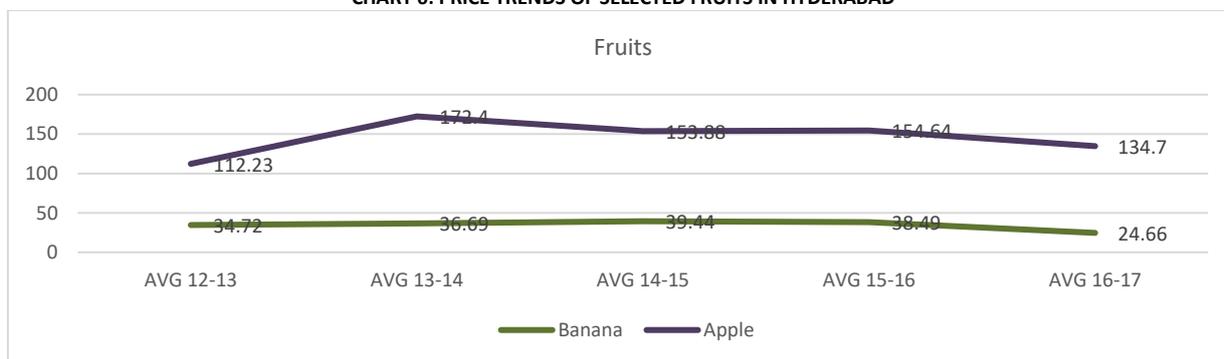
Under the group of vegetables three viz. potatoes, tomatoes and cauliflower has been studied which are assumed to be the mostly consumed vegetable in Hyderabad. Potatoes and tomatoes prices are frequently fluctuating throughout the period whereas cauliflower price tends to continuous increase from 16.33 rupees to 21.00 rupees from 2012-13 to 2016-17.

CHART 5: PRICE TRENDS OF SELECTED VEGETABLES IN HYDERABAD



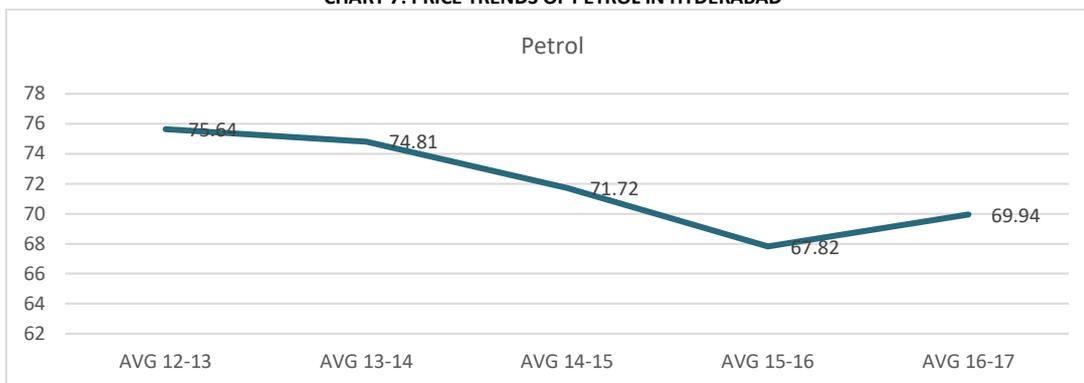
The fruits selected for the study are two only, which very commonly used in every household namely banana and apple. Banana is consumed/purchased in dozen (12 pieces) in Hyderabad, the highest price of banana is in year 2014-15 reached 39.44 rupees which can be seen that each piece cost more than three rupees approximately. Apple is the most expensive under the category of fruits which is consumed in kilograms and the analysis shows that apple even reached to 172.4 rupees in the year 2013-14 and lowest rupees 112.23 is in the year 2012-13.

CHART 6: PRICE TRENDS OF SELECTED FRUITS IN HYDERABAD



The petrol, which is under non-food essential commodity, is presumed to be the most vital part of every one's life. Petrol/diesel under fuel category is the element which has critical impact on other items too, being the mode of transport ingredient if, petrol price increases will not only have direct influence on consumer expenses but also affects the prices of other commodities transported by using fuel as medium.

CHART 7: PRICE TRENDS OF PETROL IN HYDERABAD



The study period shows the price of petrol on an average has a gradual reduce from rupees 75.64 to 69.94 in year 2012-13 to 2015-16 respectively, but again shows an increase trend in year 2016-17 and stood at rupees 69.97 per liter.

INFLATION INDEX

The trend of inflation during the study period has been carried out by using the Laspeyres index, which is the most commonly used index to arrive the GDP, WPI and CPI at country level. The following is the model used to ascertain the trend analysis:

$$Laspeyres\ Index = \frac{\sum p_1q_0}{\sum p_0q_0} \times 100$$

In which:

p_1 = current year price, p_0 = base year price, q_1 = current year quantity, q_0 = base year quantity

TABLE 5: INFLATION TRENDS SELECTED COMMODITIES IN CITY OF HYDERABAD- BASE YEAR 2012-2013

GROUP NO.	GROUP	Sl. No	COMMODITY	BASE YEAR 12-13	13-14	14-15	15-16	16-17
I	General Provisions	1	Wheat	100.00	107.8	112.4	116.7	126.0
		2	Gram Dal	100.00	79.66	71.69	104.8	108.6
		3	Sunflower Oil	100.00	106.7	94.94	100.5	102.9
		4	Rice (Gr-I)	100.00	119.7	121.5	125.9	136.1
II	Vegetable	5	Potatoes	100.00	125.8	148.9	130.6	135.9
		6	Tomatoes	100.00	153.3	127.4	150.6	102.6
		7	Cauliflower	100.00	104.5	106.1	128.6	128.6
III	Fruits	8	Banana	100.00	105.6	113.5	110.8	71.03
		9	Apple	100.00	153.6	137.1	137.7	120.0
IV	Fuel	10	Petrol	100.00	98.90	94.82	89.66	92.46
TOTAL				100.00	115.8	109.1	115.2	109.4

CHART 8: INFLATION TRENDS SELECTED COMMODITIES IN CITY OF HYDERABAD- BASE YEAR 2012-2013

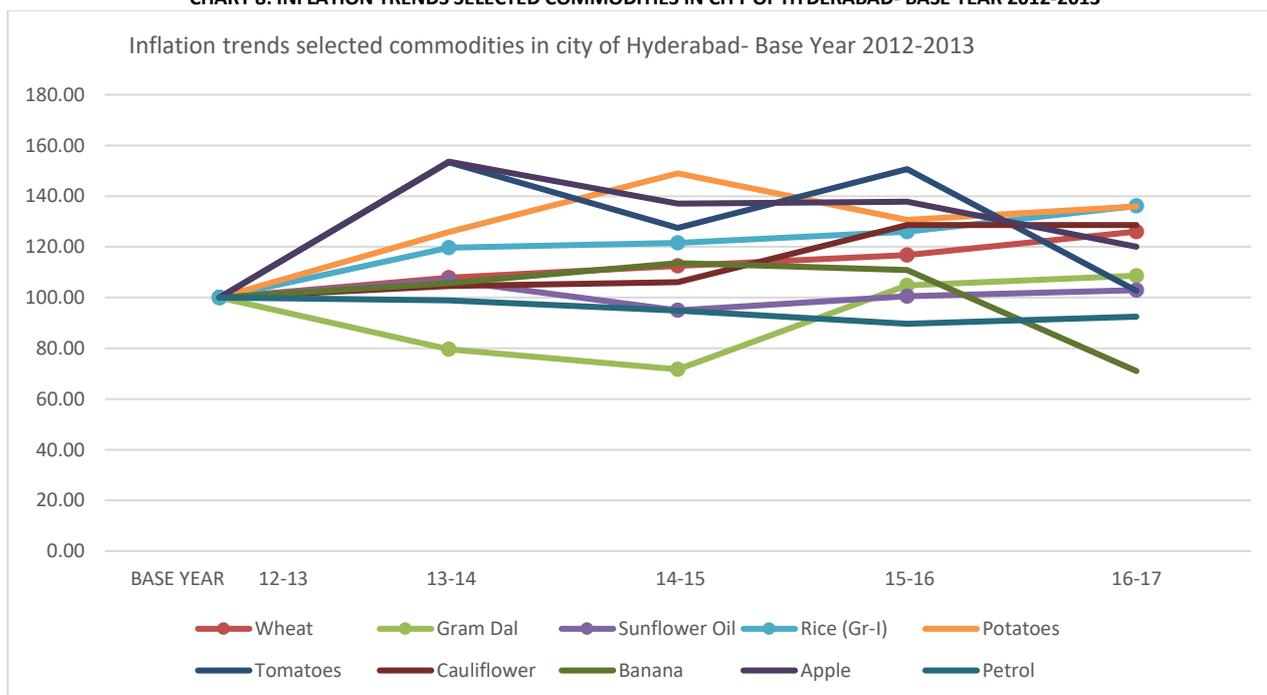
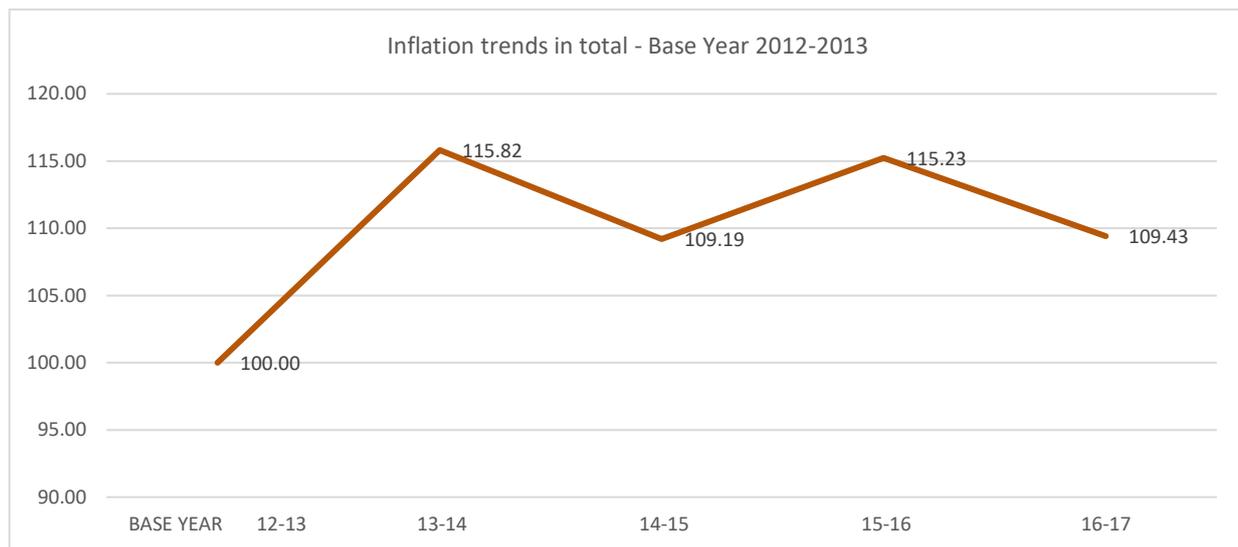


CHART 9: INFLATION TRENDS IN TOTAL - BASE YEAR 2012-2013



The inflationary trend has been studied by considering year 2012-13 as a base year, as the CPI index at present also considers 2012 as a base year (MOSPI 2015) and the prices of the sample commodities collected are also consumer retail prices which is a part of CPI basket. By observing the trend of inflation compared to 2012 almost all the commodities has an increasing trend showing the positive/plus changes, except the trend of petrol. When it comes to inflation in total of all sample commodities it may be noted that in year 2013-14 has reached the peak level of inflation during the study period with a total of 115.82 showing an increase of 15.82 compared to base year. Again the prices of commodities are stable to an extent and inflation is decreased with 6.63 points and stood at 109.19. In year 2015-16 the inflation again increased to 115.23 with an increase of 15.23 compared to base year. In year 2016-17 the inflation stood at 109.43 still with an increasing trend over base year with 9.43.

SUGGESTIONS AND CONCLUSIONS

World food prices are roughly doubled since 2006 and most spectators guess still it will be high as stated by United Nations Food and Agriculture Organization (Marktanner.M and Noiset L.P 2013). The present paper made an attempt to understand how the food prices are being high most of the time in Hyderabad, India. Among the inflation indicators CPI may be considered as the most suitable as it reflects the consumption of households in specific, the retail prices are deliberated in the index basket which are paid by the real time consumer's pocket. The analysis has been done by a sample of food category and fuel category where in the Indian CPI basket weighs 45.86% for food and 6.84% for fuel, which is equal to 52.7% more than half of the daily basic consumables of a common man. Being the most crucial basic needs of a common man still the inflation shows the increasing trend during the study period. It can be acceptable that agricultural products supply and demand depends on the uncontrollable natural climatic factors but still there is a need to craft a strategic plan by the policy formulators to regulate the prices in long run to avoid worst situations. Though the international oil prices are deflated during the period of study showing a recessive trend in international market (OPEC 2017), still the petrol prices do not show the relevant decrease in the Indian market economies this urges for the implementation of a sturdy remedy.

LIMITATIONS

The study is conducted based on the secondary published sources of data, which may be limited to unreliable factors. On the other hand, inflation is a continuous economic phenomenon, which needs an extensive study for the purpose of trend learning; the study based on five years may arrive with deviated results if conducted in the long run.

SCOPE FOR FURTHER RESEARCH

Inflation is the situation of rising prices hence most affected segment is general public/consumers, wherein the consumers lose their purchasing power. The present paper focuses on the trend analysis of the inflation but the effect of inflation on the consumers can be further studied in detail.

REFERENCES

- Cecchetti, S.G. (2000), "Making Monetary Policy: Objectives and Rules", *Oxford Review of Economic Policy*, 16(4), pp. 43-59.
- Census of India (2011), "Andhra Pradesh District Census Handbook", Hyderabad, Directorate of Census Operations, Andhra Pradesh, pp. 10.
- Ila Patnaik, Ajay Shah, Giovanni Veronese (2011), "How to measure inflation in India?", NIPFP-DEA Research Program on Capital Flows and their Consequences, National Institute of Finance and Policy, New Delhi, working paper 83, pp. 3-23.
- Marktanner.M and Noiset L.P (2013), "Food prices crisis, poverty and inequality", *Institute of Developing Economies*- 53, vol. 3, pp. 303-318.
- McCallum, B. T. (1987), "Inflation: Theory and Evidence", New York, The American National Bureau of Economic Research, Working Paper No. 2312, pp. 20-30.
- Ministry of Statistics and Programme Implementation (MOSPI), (2015), central statistics office, national accounts division, prices and cost of living unit.
- Nadhanel GV, Pattnaik S (2010), "Measurement of Inflation in India: Issues and associated challenges for the conduct of monetary policy." In "RBI Staff Papers," Reserve Bank of India.
- Office of Economic Advisor Department of Industrial Policy & Promotion (OEA-DIPP) (2008), "Technical Report of the working group, revision of Index numbers of wholesale prices in India from the base -94 to 2004-05", Technical report, office of the Economic Adviser, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, New Delhi.
- Office of Economic Advisor- Ministry of Commerce (OEA MoC) (2008), Manual on compilation of index numbers of Wholesale prices in India.
- Organization of the Petroleum Exporting Countries (OPEC) (2017), "Annual Statistical Bulletin", 52nd edition, pp. 27-97. Access: http://www.opec.org/opec_web/static_files_project/media/downloads/publications/ASB2017_13062017.pdf
- Phillip. C., (1987), "Monetarism- The New Palgrave", A Dictionary of Economics, vol. 3, pp. 195-205, 492-97.
- Slichter, S., (1954), "Do the Wage-Fixing Arrangements in the American Labor Market Have an Inflationary Bias?" *American Economic Review*, 44 (2). Pp. 324-342.
- Takami N., (2014), "Baffling Inflation: Cost-push Inflation, Theories in the Late 1950s United States", Discussion Paper Series A No. 604, Institute of Economic Research, Hitotsubashi University, Kunitachi, Tokyo, 186-8603 Japan. pp. 2.
- Vatiero. M., (2009), "An Institutionalist Explanation of Market Dominances". *World Competition. Law and Economics Review*, 32(2), pp. 221-226.

BUSINESS SUSTAINABILITY - ENVIRONMENTAL MANAGEMENT SYSTEM

NOOPUR KOTHARI
Ph. D. RESEARCH SCHOLAR
FACULTY OF COMMERCE & MANAGEMENT
BHUPAL NOBLES' UNIVERSITY
UDAIPUR

Dr. ABHAY KUMAR JAROLI
DEAN
DEPARTMENT OF ACCOUNTING & BUSINESS STATISTICS
BHUPAL NOBLES' UNIVERSITY
UDAIPUR

ABSTRACT

As EMS are based on self-regulated policies of environment improvement, because of EMS the development of sustainability may take more time to reach its goal. The main problem from applying environmental management system is to fulfil ISO 14001 requirements, for that company require huge financial background because to obtain ISO certificate the management have to upgrade their machinery to new and more eco-friendly which are more expensive. There are internal as well as external benefits for companies which are trying to get ISO certificate. While internal advantages are more for company's employees and suppliers, it is external advantages which greatly justify the reasons to seek ISO certificates and EMS.

KEYWORDS

eco-friendly, environment management system, sustainable development, stockholders.

JEL CODE

Q56

INTRODUCTION

The idea of being sustainable has helped many companies to get new opportunities to operate in today's globalize market. There are two main reasons, which put pressure or make company responsible for sustainability in business. First, is the availability of resources can effect market process, threaten the environment and even limit the day to day operation of firm. Second reason was the pressure from more environment concern stockholders and customers. Today stockholders are more concern about environment issues like water shortage, global warming and other effects of chemicals on human health. To solve these problems and meet their goals the companies are starting to use Environmental Management System (EMS).

EMS is one of most important tool today used by companies to meet the needs of organisation and to implement the environment policies both internally and externally. EMS can be defined as "a systematic method for company to carry environmental consideration in everyday business and decision making. It also forms proper structure for evaluation tracking and reviewing environment performance. EMS makes sure that management finds the major environmental risk and liability, which can greatly impact the natural environment. (Keen & Dyball, 2011)". The development of EMS mainly consists of some main components such as mission statement, setting goals and objectives of firm, setting up proper policies and responsibilities, environment related rules and legal requirements and regular review of management system.

OBJECTIVES OF THE STUDY

1. The pressures on business to become environmentally responsible, including legislation and standards.
2. The impact of the selected business upon the environment, including where and how they source materials.
3. The impact of their products or services and the processes employed; as well as the environmental practices within the workplace itself.
4. The stages of an Environmental Management Strategy (EMS) for the organisation – the 'tools', procedures and techniques they will employ;
5. The difficulties to be anticipated as well as the benefits to be derived in striving for improved environmental performance.

RESEARCH DESIGN AND METHODOLOGY

Sources of data: This article is based on secondary sources of data.

Nature of the study: This article will try to explain and analyses the EMS in companies. First, we will explain the concept of Environmental Management System and its use in companies strategic planning and daily operations. Second aspect will explain some positive point and negative about EMS into depth. Third aspect will explain the legislation and standards of EMS such as ISO 14001 and ISO 14004 along with benefits and limitations. Lastly will explain the five stages or tools of environmental management strategies and ISO 14001 i.e. Environment policies, Planning, Implementation and operation, Checking action and lastly Management review.

REVIEW OF LITERATURE

EMS is organized system or tool, which helps the company to recognize the impact of day to day operation of business on environment, along with setting proper guidelines and policies for improving environmental performance (Nawrocka & Parker, 2009). The main aspects of environment in company are consisting of those procedures, facilities and products which can have bad effect or impact on environment. EMS helps the management to identify such products and services which effect the environment and then classify such aspects into different categories according to bad impact of products in environment. EMS can be also seen as company's guide for checking where improvements and environment control are needed (Hussen, 2011).

Along with guidelines, EMS helps the company in planning the steps to be taken for reducing and preventing environment from day to day business operations. For everyday operations, EMS creates well-structured plan to ensure the agreement with environmental regulation and sustainability development (Darnall, Why Firms Mandate ISO 14001 Certification, 2006). EMS provides guidelines for improvement in health and safety of employees so that workers don't face any risk, and this also improve employee's morale by focus all direction on company's goals. EMS also improves the strategic planning of delivery system by generating proper system of improving and concern about identifying and controlling the delivery of services which can raise some environmental issues (Goldberg, 2009). The main problem in implementing the EMS approach is that environmental management system does not guarantee any major improvement in company's environment performance (Iraldo, Testa, & Frey, 2009). The implications of EMS within firm will not necessary raise the environmental standards, and EMS may only report some small compliance issues.

Welford (1993) suggest that, there is one major limitation of EMS i.e. EMS do not provide 'paradigm shift' of companies thinking related to its impact on environment in terms of sustainability and global environmental science. As EMS are based on self-regulated policies of environment improvement, because of EMS the development of sustainability may take more time to reach its goal (Welford, 1993).

THE STANDARDIZATION OF ENVIRONMENTAL MANAGEMENT SYSTEM

The standards were created because most of the companies were concerned about achieving and demonstrating the environmental performance by controlling the bad impact of operational activities on atmosphere (Fortunski, 2008). Many firms had accepted environmental 'reviews' and 'audits' to check their environmental performance. But these reviews were not sufficient, so to be effective they have to conduct proper management system and create common environment checking standards. The standards such as ISO 14001, ISO 14004 and EMAS are mainly prepared by national and international standard organisations. Most of the international standards are created by International Organisation of Standardization (ISO). It was founded in 1947 and today it have almost 250 standard bodies as regular members (Jones & Prakash, 2011). The ISO has define standard as "the documents which are prepared by consensus and approved by recognised body, that provides common and repeated use, rules, characteristics and guidelines for activities or their goals, which aimed at achievement of optimum degree of order in a given context" (International Organisation for Standardization , 2010).

ISO 14001 is mainly related to management, it is not for reviewing company's performance, profit or product standards. The main goal of ISO 14001 is to help the companies in improving their environmental performance by fulfilling the requirement of ISO 14001 (Toshi, Darnall, & Katayama, 2010). It is set of requirements for maintaining and creating an EMS. By fulfilling the ISO 14001 requirements the companies can show their effective EMS to outside world. The ISO 14001 or EMS is consist of five main steps i.e. Environment policies, planning, implementation, checking and correction and lastly management review (International Organisation for Standardization , 2010).

The ISO had also created another important standard i.e. ISO 14004. This standard is more works as guidance standard for EMS. ISO 14004 also have five-step EMS model which is very similar to ISO 14001 system, but had more additional environment related topics (Feldman, 2012). The ISO 14004 consists of more self-accessed questions and furthermore comprise of chain of practical help section which is generally based on industrial experience of environment management (Curkovic & Sroufe, 2011). This standard delivers valuable guidance for company's who wanted to create EMS which combines with ISO 14001. But ISO 14004 can't be used for certification because it is more of a guidance standard, instead of set of necessities (Feldman, 2012).

INTERNAL AND EXTERNAL BENEFITS OF EMS AND ISO STANDARDS

By creating an EMS which consist of ISO 14001 certification, companies can significantly save expenses on everyday operations and wastage of resources. The effective EMS covers all parts of organisations so it can also help in improving employee's morale and commitment, along with that its focus on contribution to 'save the earth' (Srinivas & Yashiro, 2007).

Companies can greatly cut the cost from various divisions mainly by regular management review and also ISO standards main goal is to eliminate negative impact of work on nature and combining the effectiveness and efficiency of day to day processes. To get the ISO certificate company need to ensure complete review of their regular business activities and have to understand their bad effect on environment (Heras, Landin, & Molina, Do drivers matter for the benefits of ISO 14001 ?, 2011). As company need lot of data for reviewing and interlinking the daily operation of business, which may result in development of powerful information system which is more effective and efficient.

With the increase in want of being sustainable by both local and international customers of company, ISO 14001 standard can help the firm to emphasize more on greater environment action on behalf of stockholders and other local bodies (Raines, 2002). A good EMS and ISO certification company can greatly see as role model for other companies and small business. The government can help them in lowering the taxes. The organisation which have acquire ISO certificate and have strong position in market can promote reproduction of ISO certificate from other stakeholders, mainly from private business sector where EMS have long term impact and strategically applied (Darnall, Why Firms Mandate ISO 14001 Certification, 2006).

LIMITATIONS OF ISO AND EMS

While many companies had adapted the new programmes and initiatives for environmental performance, but it is very difficult to satisfy the requirements of ISO both internally and voluntarily and also it is very difficult to commit with EMS (Ammenberg & Sundin, 2005). As most of the companies have made environment as important goal recently, they still have more higher important goals and targets like attracting new customers, job creation and education (Boiral, 2007). Some big companies are facing administrative and political problems in applying and implementing the ISO 14001 commitments and requirements. This problem occurs because ISO guideline includes centralized planning system which is not flexible as only top management can make plans (Neumayer & Perkins, 2010). The another big problem with ISO is to fulfil ISO 14001 requirements and to implement good EMS, company require huge financial commitment because to obtain ISO certificate the management have to upgrade their machinery to new and more eco-friendly which are more expensive (Bansal & Bogner, 2002). Along with that the companies have to provide more training to their employees to work on new machinery.

EMS AS TOOL FOR SUSTAINABLE DEVELOPMENT

The improvement in environment performance due to EMS had been considered as one of important tool for sustainability. Korhonen (2010) suggest that adoption of environmental management system can achieve sustainable goal in firm by being creative and positive in solving environmental problem. Baumgartner (2010) also says that EMS should consider not only environment issues but should also add social, culture and employees issues. While some researchers are against EMS as sustainable tool. As EMS is not sustainable because the main aim of EMS is to solving problem for profit of the company and is not concern with impact on sustainable policies and practices on long term global issues (Ammenberg & Sundin, 2005). The supporters of EMS also argue that goals set for sustainability in company are very hard and unachievable. EMS can work towards sustainable development, but it may not guarantee as EMS is more of defensive and voluntary nature (Keen & Dyball, 2011).

CONCLUSION

After researching on EMS and ISO standards I conclude that adoption of EMS and ISO standards in company is not hard to implement as some managers thinks. The implementation of EMS within the company will not guarantee to solve environmental issues, EMS may only reports some compliance issues. But one common factor which can help EMS to become successful is by integration of environment management policies and responsibilities with existing management system. For this purpose employees must be trained and make aware of environmental policies. EMS can be also seen as company's guide for checking where improvements and environment control are needed (Hussen, 2011). Along with guidelines EMS also help the company in planning the steps to be taken for reducing and preventing environment from day to day business operations. Whether or not environmental management system will be successful or not is mainly depend on external factors on which they don't have any control like government and customers (Arimuraa, Hibikid, & Katayamae, 2008). EMS do not provide 'paradigm shift' of companies thinking related to its impact on environment in terms of sustainability and global ecology.

REFERENCES

1. Ammenberg, J., & Sundin, E. (2005). Products in environmental management systems: drivers, barriers and experiences. *Journal of Cleaner Production*, 13(4), 405-415.
2. Arimuraa, T. H., Hibikid, A., & Katayamae, H. (2008). Is a voluntary approach an effective environmental policy instrument?: A case for environmental management systems. *Journal of Environmental Economics and Management*, 55(3), 281-295.
3. Bansal, P., & Bogner, W. (2002). Deciding on ISO 14001: Economics, Institutions, and Context. *Long Range Planning*, 35(3), 269-290.
4. Baumgartner, R. J., & Korhonen, J. (2010). Strategic thinking for sustainable development. *Journal of Sustainable Development*, 18(2), 71-75.
5. Boiral, O. (2007). Corporate Greening Through ISO 14001: A Rational Myth? *Journal of organizational science*, 18(1), 127-142.
6. Curkovic, S., & Sroufe, R. (2011). Using ISO 14004 to promote a sustainable supply chain strategy. *Business Strategy and the Environment*, 20(2), 71-84.
7. Dahlsrud, A. (2008). How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*, 15(1), 1-9.

8. Darnall, N. (2006). Why Firms Mandate ISO 14001 Certification. *Journal of Business Society*, 45(3), 354-371.
9. Darnall, N., & Jr, D. E. (2006). Predicting the cost of environmental management system adoption: the role of capabilities, resources and ownership structure. *Strategic Management Journal*, 27(4), 301-320.
10. Feldman, I. R. (2012). ISO standards, environmental management systems, and ecosystem services. *Environmental Quality Management*, 21(3), 69-79.
11. Fortunski, B. (2008). Does the environmental management standard ISO 14001 stimulate sustainable development?.. *Management of Environmental Quality: An International Journal*, 19(2), 204 - 212.
12. Goldberg, M. (2009). The origin of corporate social responsibility: global forces or national legacies ? *Socio-Economic Review*, 7(1), 605-614.
13. Heras, I., & Boiral, O. (2012). ISO 9001 and ISO 14001: Towards a Research Agenda on Management System Standards. *International Journal of Management Reviews*, 33(2), 14-31.
14. Heras, I., Landin, G. A., & Molina, J. F. (2011). Do drivers matter for the benefits of ISO 14001 ? *International Journal of Operations & Production Management*, 31(2), 192-213.
15. Hussen, A. (2011). *Principles of Environmental Economics and Sustainability* (3rd ed.). Wellington : Taylor & Francis publications.
16. International Organisation for Standardization. (2010). ISO 14004 Environment Management system- general guidelines on principles and system. *International Organisation for standardization*, 1-15.
17. Iraldo, F., Testa, F., & Frey, M. (2009). s an environmental management system able to influence environmental and competitive performance? The case of the eco-management and audit scheme (EMAS) in the European union. *Journal of Cleaner Production*, 17(16), 1444-1452.
18. Jones, M., & Prakash, A. (2011). ISO 14001 and Pollution Reduction: A Cross-Country Panel Study. *Journal of Environmental Economics and Management*, 17(13), 51-62.
19. Kao, J.-J., Pan, T.-C., & Lin, C.-M. (2009). An environmental sustainability based budget allocation system for quality management. *Jehng-Jung Kao ; Tze-Chin Pan; Chin-Min Lin*, 90(2), 699-709.
20. Keen, M., & Dyball, R. (2011). *Social Learning in Environmental Management: Towards a Sustainable Future* (5th ed., Vol. 5). Routledge.
21. Lee, K. (1998). *environmental performance evaluation (EPE): Practical tools and techniques for conducting an environmental performance evaluation*. New jersey : Prentice Hall PTR.
22. Matten, A., & Moon, J. (2012). "Implicit" and "Explicit" Environmental Management System : A Conceptual Framework for a Comparative Understanding of EMS. *Academy of Management Review*, 37(3), 18-26.
23. Nawrocka, D., & Parker, T. (2009). Finding the connection: environmental management systems and environmental performance. *Journal of Cleaner Production*, 17(6), 601-208.
24. Neumayer, E., & Perkins, R. (2010). What Explains the Uneven Take-Up of Iso 14001 at the Global Level? A Panel Data Analysis. *Environment and Planning*, 36, 823-839.
25. Raines, S. S. (2002). Implementing ISO 14001—An International Survey Assessing the Benefits of Certification. *Corporate Environmental Strategy*, 9(4), 418-426.
26. Roome, D. N. (2007). Developing environmental management strategies. *Business Strategy and the Environment*, 1(1), 11-24.
27. Srinivas, H., & Yashiro, M. (2007). *Environmental Management Systems and ISO 14001: from Companies point of View*. seoul: United Nations.
28. Srivastava, S. K. (2007). Green supply-chain management: A state-of-the-art literature review. *International Journal of Management Reviews*, 9(1), 53–80.
29. Toshi, H., Darnall, N., & Katayama, H. (2010). Is ISO 14001 a gateway to more advanced voluntary action? The case of green supply chain management. *Journal of Environmental Economics and Management*, 61(2), 170-182.
30. Wagner, M. (2007). Integration of Environmental Management with Other Managerial Functions of the Firm: Empirical Effects on Drivers of Economic Performance. *Long Range Planning*, 40(6), 611–628.
31. Wee, Y. S., & Quazi, H. A. (2005). Development and validation of critical factors of environmental management. *Industrial Management & Data Systems*, 105(1), 96 - 114.
32. Welford, R. (1993). Breaking the link between quality and environment: Auditing for sustainability and LCA. *Business Strategy and the Environment*, 4(2), 47-58.
33. Zutshi, A. (2004). Adoption and maintenance of environmental management systems: Critical success factors. *Management of Environmental Quality: An International Journal*, 15(4), 399 - 419.
34. Zutshi, A., & Soha, A. S. (2006). A framework for environmental management system adoption and maintenance: an Australian perspective. *Management of Environmental Quality: An International Journal*, 16(5), 464-475.

MEASUREMENTS OF INEQUALITY IN SOCIETY

Dr. VIJAY PRAKASH SRIVASTAVA
ASSOCIATE PROFESSOR IN COMMERCE
GOVERNMENT DEGREE COLLEGE
RAIPUR DEHRADUN

Dr. ANKITA SRIVASTAVA
ASST. PROFESSOR IN MANAGEMENT
ICFAI BUSINESS SCHOOL
ICFAI UNIVERSITY
SELAQUI DEHRADUN

ABSTRACT

The underlying idea behind the construction of indices of economic inequality is based on measuring deviations of various portions of low incomes from certain references or benchmarks, that could be point measures like population mean or median, or curves like the hypotenuse of the right triangle where every Lorenz curve falls into. In this paper, it has been argued that by appropriately choosing population-based references, called societal references, and distributions of personal positions, called gambles, which are random, meaningful and contemporary indices of economic inequality, as well as various measures of risk can be achieved. To illustrate this and to explore a risk measure that takes into account the relativity of large risks with respect to small ones has been presented.

KEYWORDS

Inequality, consumption expenditures, consumption distribution, Global income inequality.

JEL CODES

E, E01.

INTRODUCTION

In order to measure inequality, one needs to determine the meaning of the degree of being unequal. Inequality measure can be estimated for any distribution—not only for income, expenditure or other monetary variables but it can be calculated for land and other continuous variables. In the absence of systematic data on the distribution of income in India, it is the data on the distribution of consumption expenditure that one turns in order to assess trends in growth and inequality for a money-metric welfare indicator.

In the common perception, India's impressive record of per capita income growth in the last three decades or so has also been accompanied by a widening of inequality, and it appears to be reasonable to expect that a similar trend must hold true for the growth in, and distribution of, consumption expenditure. The National Sample Survey Office's data on consumption expenditure, available in its quintiles 'thick' samples over the thirty-year period from 1983 to 2009-10, display—especially in the rural areas—not much in the way of growth; and commentators such as Ahluwalia (2011) and Bhalla (2011) see little evidence of a secular rise in inequality.

A similar structure would not hold if the objective is to capture elements of growth in per capita consumption expenditure or of the evolution of mean-dependent measures of inequality. A data problem which is of salience in an assessment of the evolution of consumption expenditure inequality is the quality of the NSSO's 55th Round consumption expenditure survey.

It is pertinent to note that the Ahluwalia (2011) and Bhalla (2011) diagnosis of roughly unchanging over-time inequality is largely a function of the sort of inequality measure employed: the standard Gini coefficient is a wholly relative measure of inequality, and a more plural approach to inequality assessment is advocated, one which finds space for both absolute and intermediate measures of inequality.

Research on inequality and on the impact of changes in income distribution on economic processes and social conditions has a long history in economics and was prominent in the works of Smith, Ricardo, Mill and Marx. For certain types of problems, changes in absolute inequality may be more important than changes in relative inequality. With regard to economic stability, it has been shown that absolute inequality can affect the demand for assets and thus lead to unsustainable asset price booms, while relative inequality partly explains why poor and middle-income US households became over indebted in the run-up to the subprime crisis of 2007.

LITERATURE REVIEW

The persistence of inequalities has always drawn the attention of scholars, activists and policy makers. In the literature, the persistence of underdevelopment in large pockets has been explained by traditional theories such as the 'vicious cycle' (Nurkse, 1953), 'cumulative causation' (Myrdal, 1957) or perhaps by an 'urban bias' in the development process (Lipton, 1977). Although the traditional and modern theories do predict convergence of unequal regions and groups (Lewis, 1954, Kuznets; 1955, Sala-i-Martin-2002) and spatial diffusion of commercial success (Elizondo and Krugman, 1996), there are numerous empirical examples to the contrary. India's post-reform experience has also failed to indicate spatial convergence in any perceptible degree (Vakulabharanam, 2005; Bhattacharya and Sakthivel 2003; Kar and Sakthivel 2003; Marjit and Mitra 1996).

Lately there has emerged a substantial empirical literature about global inequality (e.g., Milano- vic, 2005; 2012, 2013; Sala-i-Martin, 2006; Piketty, 2014; van Zanden et al., 2014), but this literature has a limitation in that it is focused on the Gini and Theil Indices, which both measure relative differences between incomes (i.e. ratios of incomes to the mean). Inequality also can be measured in absolute monetary terms, and absolute and relative inequality trends can be quite different. If, for example, the income of the whole population increases by the same percentage, the Gini and Theil coefficients remain constant, even though the absolute income gap increases. The most appropriate measures to estimate the absolute degree of inequality are the Absolute Gini Index and the variance (see Chakravarty, 2001).

Various surveys show that people refer to both absolute and relative income differences when they talk about inequality (Ballano and Ruiz-Castillo, 1993; Harrison and Seidel, 1994; Amiel and Cowell, 1999), which might explain the conflicting assessments about the distributional outcomes of globalization. Depending on whether people have a "relative" or "absolute" inequality view, they claim that globalization leads to rising or declining income inequality around the globe (Ravallion, 2004; Atkinson and Brandolini, 2010).

Butler and McDonald (1987) have proposed ways to compare relative inequality between population subgroups using inter distributional Lorenz curves. In more countries, there is a strong evidence of inequality in socio-economic status (Rootman, 1988). Drez and Sen (1995) have found the disparities in economic and social development amongst the Indian states. The degree of inequality in society is linked to the stage of social evolution. Inequalities exist in all societies, but some societies are more unequal than the others.

Noorbakhsh (2002) has also analysed regional disparities amongst major states in India. Recently, Srinivasan and Mohanty (2004) have estimated level of deprivation among different caste groups based on possession of some basic social and physical amenities of life at the household level.

As a result of both higher measurement error and of the variance of the transitory component, income inequality tends to be higher than inequality in consumption expenditures in a given distribution. In addition, and perhaps of greater practical importance, the questionnaires for income and consumption are quite different, and yield different types of measurement error Deaton (1997). Although over the long-run consumption should come quite close to permanent income (except for the limited number of lineages where bequests are important), there can be considerable deviations in the short run, as households either save. There tend to be more people not saving than saving at the bottom of the distribution, and more people saving than dissuading at the top. Consumption is thus generally considered a better measure of current welfare than income. Second, income is not the same thing as consumption. Only when consumption data are unavailable in the survey, income-based indicators are reported. It is sometimes claimed that this argument carries less weight in developed countries, but for a counter argument (Slesnick (1998).

A large number of studies have been done for measurements of inequality [Atkinson (1970), Sen (1973), Butler and McDonald (1986) etc. Deutsh and Silber (1999)]. They have tried to capture the contribution to population inequality by subgroups defined by gender or other characteristics. Cornia (2004) has shown inequality in land concentration.

Srinivasan and Mohanty (2004) have estimated level of deprivation among different caste groups based on possession of some basic social and physical amenities of life at the household level. The degree of inequality in society is linked to the stage of social evolution. Noorbakhsh (2002) has analysed regional disparities amongst major states in India to find out if they are on a convergence or further divergence course. In many countries, there is a strong evidence of disparities in socio-economic status (Rootman, 1988).

STATEMENT OF PROBLEM

In a developing economy like India, there is a wide inequality in the distribution of economic variables. Therefore, there is a strong need to measure these inequalities in the terms of income, expenditure, health, standard of living, education

OBJECTIVES

The objective of this paper is to discuss the different techniques for measurement of inequality in terms of variable like, income, expenditure, health, standard of living, education etc.

ANALYSIS AND FINDINGS

MEASUREMENTS OF INEQUALITY

The measurement of inequality is related to some mathematical concepts, including dispersion, skewness and variance. There are many ways to measure inequality. Here, we have taken some standard methods.

1. Range: Range is the simplest measure of dispersion. It is calculated by difference between the maximum and minimum observations of a particular variable.

Range = Maximum value – Minimum.

The smaller value shows the lower inequality and higher value indicate the more inequality.

But range uses only two values from the overall data set. It does not take into consistent observations of other important underlying characteristics.

2. Range Ratios: The range ratio is calculated by dividing a value at one predetermined percentile by the value at a lower predetermined percentile. Any two percentiles can be used for producing range ratios. Here, we have considered ratio of 90th and 10th percentiles.

Range Ratio = Value of range ratios lies between one and infinity. The smaller value shows the lower inequality and higher value reflect the more inequality.

3. McLoon Index: The McLoon Index is good inequality measure for comparing one part of distribution to another part. It takes a larger proportion of data into account.

The McLoon Index value can be calculated by divide the sum of all the observations at or below the median value of variable. The low value of McLoon Index shows the lower inequality and higher value of this Index indicates a more equitable distribution.

4. Coefficient of Variation: The coefficient of variation is estimated by using the standard deviation (SD) and mean of the variable.

Coefficient of variation = Standard deviation of variable/Mean of variable

Main drawback of this measure is that, theoretically, it can take any value between 0 and infinity, and there is no standard that defines a reasonable value of the measure for particular phenomena.

5. Gini Coefficient: The Gini coefficient is good and acceptable measures of the degree of inequality of distribution or gives some idea whether the inequality is large or small; it derives from the Lorenz curve. Lorenz curve is a graphical presentation of the cumulative distribution function of a probability distribution. The Gini coefficient is double the area between the equality diagonal and the Lorenz curve. In the graphical presentation of Lorenz curve, a diagonal line shows perfect equality and the greater deviation of the Lorenz curve from this line, the greater inequality. Gini coefficient lies between 0 to 1, where 0 shows to perfect equality (i.e everyone has same quantity) and 1 shows to perfect inequality (i.e one person has all the quantity).

The inequalities can be measured in terms of any variable with the help of Lorenz curve and Gini-coefficient.

Gini-Coefficient (G) = $\frac{\text{Area between Lorenz curve and diagonal}}{\text{Total area under diagonal}}$

Where,

G = Gini-coefficient

n = Number of households

(yi) = Proportion of cumulated upto ith unit

(xi) = Proportion of cumulated households upto ith unit

6. Theil's T Statistic

The inequality measures discussed above are each appropriate in certain circumstances. The rationale for preferring Theil's T statistic is not that there is some inherent flaw in the other measures, but that Theil's T has a more flexible structure that often makes it more appropriate. If a researcher always had access to complete, individual level data for the population of interest, then measures like the coefficient of variation or the Gini coefficient would usually be sufficient for describing inequality. However, in practice, individual data is rarely available, and researchers are asked to make due with aggregated data. Returning to the example problem illustrates the point. What if the Universal Widget salary schedule did not reflect the exact salary for each employee but the average salary over each job category? It would be possible to compute values for the coefficient of variation or the Gini coefficient under the assumption that each employee receives exactly the average salary, but the results would only give an upper or lower bound of each inequality measure, because variance within each job category will contribute to total inequality. For most practical data, data that has some degree of aggregation or an underlying hierarchy (e.g. cities within regions within nations), Theil's T statistic is often a more appropriate and theoretically sound tool.

The following formulae give the algebra behind Theil's T statistic. While these particular equations use income as the variable of interest, Theil's T can address any number of quantifiable phenomena. When household data is available, Theil's T statistic is:

Where n is the number of individuals in the population, y_{pis} the income of the person indexed by p, and μ_{yis} the population's average income. If every individual has exactly the same income, T will be zero; this represents perfect equality and is the minimum value of Theil's T. If one individual has all of the income, T will equal $\ln n$; this represents utmost inequality and is the maximum value of Theil's T statistic.

CONCLUSION

If a researcher always had access to complete, individual level data for the population of interest, then measures like the coefficient of variation or the Gini coefficient would usually be sufficient for describing inequality. In practice, individual data is rarely available, and researchers are asked to make due with aggregated data and in this condition Thiel statistics can be used to measure the inequality. It can be used to directly compare the inequality in a classroom to the inequality in a country. Gini Coefficient is probably the most well-known and broadly used measure of inequality used in economic literature. The different inequality measures discussed above are appropriate in certain circumstances.

LIMITATIONS

The major limitation of the manuscript is its theoretical nature. Further adding the empirical work will demonstrate a better picture.

SCOPE OF FURTHER RESEARCH

The data analysis will reveal a better picture of this inequality and a comparative study between different economies can give better understanding of the concerned study.

REFERENCES

- Ahluwalia, M. S. (2011). 'Prospects and Policy Challenges in the Twelfth Plan', *Economic and Political Weekly*, XLVI (21): 88-105.
- Amiel, Y. and Cowell, F.A. (1999). *Thinking about inequality: Personal judgment and income distributions*. Cambridge: Cambridge University Press.
- Atkinson, A.B. (1997). Bringing income distribution in from the cold. *The Economic Journal*, 107(441): 297-321.
- Atkinson, A.B. and Brandolini, A. (2010). On Analyzing the World Distribution of Income. *World Bank Economic Review*, 24(1): 1-37.
- Atkinson, Anthony B., (1970), "On the Measurement of Inequality," *Journal of Economic Theory*, 2, 244-63.
- Ballano, C. and Ruiz-Castillo, J. (1993). Searching by questionnaire for the meaning of income inequality. *Revista Española de Economía*, 10(2): 233-259.
- Bhalla, S. S. (2011): 'Inclusion and Growth in India: Some Facts, some Conclusions', LSE Asia Research Centre Working Paper 39.
- Bhattacharya, B.B. and S. Sakthivel (2003) 'Regional Disparities in Growth: A Comparison of Pre and Post-Reform Period', Discussion Paper No. 73/2003, Institute of Economic Growth, Delhi.
- Butler, J.B. and J.B. McDonald, (1986) Income inequality in the U.S.: 1948-80, *Research in Labor Economics* 8, 85-140.
- Butler, R.J. and J.B. McDonald (1987) "Inter-distributional Income Inequality", *Journal of Business and Economic Statistics*, 5, 13-18.
- Chakravarty, S.R. (2001). The variance as a subgroup decomposable measure of inequality. *Social Indicators Research*, 53(1): 79-95.
- Cornia GA (2004), *Inequality, growth and Poverty in an Era of Liberalization and Globalization*. Oxford University Press, Oxford.
- Deaton, A. (1997), *The Analysis of Household Surveys: Microeconomic Analysis for Development Policy*. Baltimore: The Johns Hopkins University Press.
- Deutsch, J. and J Silber (1999), The decomposition of inequality by population subgroups and the analysis of Inter distributional inequality. In J. Silber (Ed.), *Income Inequality Measurement: From Theory to Practice*, Chapter 13, Kluwer.
- Dreze J, Sen A. *India: Economic Development and Social Opportunity*. Delhi: Oxford University Press; 1995.
- Ehrlich, I. (1973). Participation in illegitimate activities: a theoretical and empirical investigation. *Journal of Political Economy*, 81(3): 521-65.
- Fleisher, B.M. (1966). The effect of income on delinquency. *American Economic Review*, 56(1/2): 118-37.
- Froud, J., Johal, S., Haslam, C. and Williams, K. (2001). Accumulation under conditions of inequality. *Review of International Political Economy*, 8(1):66-95.
- Goda, T. and Lysandrou, P. (2014). The contribution of wealth concentration to the subprime crisis: a quantitative estimation. *Cambridge Journal of Economics*, 38(2): 301-27.
- Hagan, J., & Peterson, R.D. (1995). Criminal inequality in America: Patterns and consequences. In Hagan, J. and Peterson, R.D. (eds.): *Crime and inequality*. Stanford: Stanford University Press, pp. 14-36.
- Halter, D., Oechslin, M. and Zweimüller, J. (2014). Inequality and growth: the neglected time dimension. *Journal of Economic Growth*, 19(1): 81-104.
- Harrison, E. and Seidl, C. (1994). Perceptual inequality and preferential judgments: An empirical examination of distributional axioms. *Public Choice*, 79(1-2): 61-81.
- Hein, E. (2012). *The macroeconomics of finance-dominated capitalism and its crisis*. Cheltenham: Edward Elgar.
- Herzer, D. and Vollmer, S. (2012). Inequality and growth: evidence from panel cointegration. *Journal of Economic Inequality*, 10(4): 489-503.
- Herzer, D. and Vollmer, S. (2013). Rising top incomes do not raise the tide. *Journal of Policy Modeling*, 35(4): 504-19 ILO (2008).
- Jayaraj, D. and S. Subramanian (2012). 'On the Interpersonal Inclusiveness of India's Consumption Expenditure Growth', *Economic and Political Weekly*, XLVII(45): 56-66.
- Kar, S. and S. Sakthivel (2003), "Regional divergence in India during the era of liberalization: a sectoral decomposition", Working Paper of the Institute Of Economic Growth, 2004.
- Keister, L.A. (2014). The One Percent. *Annual Review of Sociology*, 40: 347-367.
- Krugman, P. and R. Livas Elizondo, (1996), 'Trade Policy and the third world metropolis', *Journal of Development Economics*, 49,1, pp. 137-50
- Kumhof, M., Ranciére, R. and Winant, P. (2015). Inequality, Leverage, and Crises. *American Economic Review*, 105(3):1217-1245.
- Kuznets, S. (1955), 'Economic Growth and Income Inequality', *The American Economic Review* XLV (1).
- Lewis, W.A. (1954), *Economic development with Unlimited Supplies of Labour*, Manchester School.
- Lipton, M. (1977), 'Why Poor People Stay Poor: Urban Bias in World Development', Cambridge: Harvard University Press.
- Marjit. S. and S. Mitra (1996): "Convergence in Regional Growth Rates: Indian Research. Agenda", *Economic and Political Weekly*, Vol. 31, No-33.
- Miel, Y. and Cowell, F.A. (1999). *Thinking about inequality: Personal judgment and income distributions*. Cambridge: Cambridge University Press.
- Milanovic, B. (2005). *Worlds Apart: Measuring International and Global Inequality*. Princeton: Princeton University Press.
- Milanovic, B. (2012). Global inequality recalculated and updated: the effect of new PPP estimates on global inequality and 2005 estimates. *Journal of Economic Inequality*, 10(1): 1-18.
- Milanovic, B. (2013). Global inequality recalculated and updated: the effect of new PPP estimates on global inequality and 2005 estimates. *Journal of Economic Inequality*, 10(1): 1-18.
- Noorbakhsh, F. (2002), 'Human Development and Regional Disparities in Iran: A Policy Model', *Journal of International Development*, Vol.14, 927-949.
- Nurkse, Ragnar (1953), *Problems of Capital formation in under developed countries*, Oxford.
- OECD (2011). 'Growing Income Inequality in OECD Countries: What Drives it and How Can Policy Tackle it?'. OECD Forum on tackling inequality, Paris, 2 May.
- Onaran, O. and Galanis, G. (2014). Income distribution and growth: a global model. *Environment and Planning A*, 46(10): 2489-2513.
- Ostry, J.D., Berg, A., Tsangarides, C.G. (2014). Redistribution, Inequality, and Growth. IMF Staff Discussion Note, No. SDN/14/02.
- Piketty, T. (2014). *Capital in the Twenty-First Century*. Cambridge Mass: Belknap Press of Harvard University Press.
- Planning Commission (1985). 7th Five Year Plan (Vol. I). New Delhi: Government of India.
- Planning Commission (1993). Report of the Expert Group on Estimation of Proportion and Number of Poor. New Delhi: Government of India.
- Rajan, R.G. (2010). *Fault Lines. How Hidden Fractures Still Threaten the World Economy*. Princeton: Princeton University Press.
- Ravallion, M. (2004). Competing Concepts of Inequality in the Globalization Debate. In Collins, S.M. and Graham, C. (eds.): *Brookings Trade Forum 2004. Globalization, Poverty, and Inequality*. Washington: Brookings Institution Press, pp. 1-38.
- Rootman, I.: 1988, 'Inequalities in health: Source and solutions', *Health Promotion (Health and Welfare Canada)* 26(3), pp. 2-8.
- Sala-i-Martin, "The Disturbing 'Rise' of Global Income Inequality," NBER Working Paper 8904, 2002a.

51. Sala-i-Martin, X. (2006). The world distribution of income: falling poverty and... convergence, period. *Quarterly Journal of Economics*, 71(2): 351-397.
52. Seers, D. (1972). What are we trying to measure?. *Journal of Development Studies*, 8(3): 21-36.
53. Sen, A. K. (1973). *On Economic Inequality*. Oxford: Clarendon Press.
54. Slesnick, Daniel T. (1998), 'Empirical Approaches to the Measurement of Welfare'. *Journal of Economic Literature*, 36(4): 2108-65.
55. Srinivasan K. and Mohanty S.K. (7) February 14 (2004) "Deprivation of basic Amenities by Caste and region, Empirical Study Using NFHS Data". *Economic and political Weekly*39.
56. Stiglitz, J.E. (2012). *The Price of Inequality*. London: Penguin Books
57. Stockhammer, E. (2015). Rising Inequality as a cause of the present crisis. *Cambridge Journal of Economics*, 39(3): 935-958.
58. Subramanian, S. (2014). 'Assessing Inequality in the Presence of Growth: An Expository Essay', *Review of Black Political Economy*. Published online: DOI 10.1007/s12114-014- 9189-7.
59. Subramanian, S. and D. Jayaraj (2013b), 'Growth and Inequality in the Distribution of India's Consumption Expenditure: 1983-2009-10', to appear in *Journal of Globalization and Development*
60. Vakulabharanam Vamsi (2005) "Growth and Distress in South Indian Peasant Economy During the Era of Economic Liberalisation," *The Journal of Development Studies*, Vol. 41, No. 6, August.
61. Van Treeck, T. (2014). Did inequality cause the U.S. financial crisis?. *Journal of Economic Surveys*, 28(3):421-48. van
62. *World of work report 2008: income inequalities in the age of financial globalization*. Geneva: International Labour Organization.
63. Zanden, J.L., Baten, J., Foldvari, P. and van Leeuwen, B. (2014). The Changing Shape of Global Inequality 1820-2000: Exploring a new dataset. *Review of Income and Wealth*, 60(2): 279-297.

A STUDY ON VALUATION OF REAL ESTATE PROPERTY WITHIN GUWAHATI METROPOLITAN CITY AREA**NRIPEN CH. DAS****RESEARCH SCHOLAR****DEPARTMENT OF BUSINESS ADMINISTRATION****SCHOOL OF BUSINESS SCIENCES****UNIVERSITY OF SCIENCE & TECHNOLOGY****MEGHALAYA****Dr. SANKAR THAPPA****ASSOCIATE PROFESSOR****DEPARTMENT OF BUSINESS ADMINISTRATION****SCHOOL OF BUSINESS SCIENCES****UNIVERSITY OF SCIENCE & TECHNOLOGY****MEGHALAYA****ABSTRACT**

There is a strong correlation between urbanization and economic development, where cities presently contribute approximately 60% to the GDP and which is expected to increase to 75% by 2030, also affect on the development of Real Estate market. The Guwahati city is rightly termed as the engines of economic growth and innovation. This pace and scale of urbanization is unprecedented for India. Consequently, a number of key policy and governance challenges have emerged in recent years as uncontrolled and unplanned urbanization have continued to add pressure on civic infrastructure systems, where urban India remains underserved by utilities and suffers from inadequate housing stock. A recent study by a technical group constituted by MoHUPA has revealed that with population crossing 1.20 billion in 2011, the magnitude of housing shortage stood at 18.7 million units in 2012. Therefore, creating urban housing stock as a preventive strategy to contain ever-increasing slum population has become a top priority for sustainable urban planning and development. This paper tries to examine the valuation procedure followed in the valuation of real estate. The paper also highlights the various method of valuation method in vogue in the real estate. This paper also tries to analyse the determinants influencing the valuation of property. The paper also tries to bring out the challenges faced during the valuation of real estate in the Guwahati city of Assam.

KEYWORDS

real estate, valuation, property, MoHUPA.

JEL CODE

R30

INTRODUCTION

There is a strong correlation between urbanization and economic development, where cities presently contribute approximately 60% to the GDP and which is expected to increase to 75% by 2030, also affect on the development of Real Estate market.

The Guwahati city is rightly termed as the engines of economic growth and innovation. This pace and scale of urbanization is unprecedented for India. Consequently, a number of key policy and governance challenges have emerged in recent years as uncontrolled and unplanned urbanization have continued to add pressure on civic infrastructure systems, where urban India remains underserved by utilities and suffers from inadequate housing stock. A recent study by a technical group constituted by MoHUPA has revealed that with population crossing 1.20 billion in 2011, the magnitude of housing shortage stood at 18.7 million units in 2012. Therefore, creating urban housing stock as a preventive strategy to contain ever-increasing slum population has become a top priority for sustainable urban planning and development.

One of the foremost demands of the real estate industry across the country is to facilitate fast-track and transparent system of project approval procedures. The current procedures followed by local Governments, starting from receiving the application to giving the completion certificate, are ridden with a lack of clarity or structure, complexity of design and operation, inefficiency and uncertainty and time/resource consumption. Therefore, it is important to study the procedures that are leading to inefficient outcomes and that are giving scope for either disgruntlement of the developers or corruption.

Anecdotal evidence suggests that the process of approval involving statutory authorities of Central Government, State Government and Local Municipal Corporations takes 90 to 600 days. Delays in project approvals are estimated to have a huge bearing on the project cost. The single intervention in approval process that can make a huge difference was equivocally said to be e-based single window mechanism to enable coordination among the multiple authorities dealing with various permissions/approvals.

While the whole process mapping can be time consuming and long exercise, this report is aimed at process mapping of some critical processes e.g., building permission process, which can help in identifying the reform areas. For the purpose of detailed diagnosis, mapping of the implementation process needs to be undertaken, particularly in those critical processes that play a very important role.

URBANIZATION IN INDIA

The India's urban areas make a major contribution to the country's economy and contribute to economic output, host a growing share of the population. Cities have been at the heart of India's economic success - urban India accounted for 62-63% of the country's GDP in 2009-10. According to estimates, the contribution of urban areas is expected to rise to 75% of GDP in 2030.

The Guwahati metropolitan city; it is an integral part of the process. It is a known fact that there is a strong correlation between urbanisation and economic development. The relationship between GDP growth and urbanisation exists because high population density provides scale benefits that boost productivity, which in turn enhances growth - a virtuous cycle.

With direct migration to urban areas accounting for 20-25% of the increase in urban population, India will see urbanisation spread across the nation and impact nearly all states. Census data indicates that India's urban population has grown from 286 million in 2001 to 377 million in 2011, which accounts for over 31% of the country's population. The number of urban cities and 17 towns has also increased from 5,161 in 2001 to 7,935 in 2011. Additionally, the number of 1 million plus cities has grown from 35 in 2001 to 53 in 2011.

BACKGROUND OF REAL ESTATE IN GUWAHATI

The Guwahati city and many of the Indian cities in particular are dynamic, pulsating entities that have evolved over a long period of time having attracted a fair share of the country's population for religious, educational, and economic reasons. The six cities under study here are good example Guwahati. In many respects, the evolution of these cities has depended on their geographic features, religious backgrounds, nature of economic activities, and features of the surrounding hinterland.

Rural poverty has a tendency to increase the urban immigration for employment, which, in turn, expands the relative size of urban informal sector employment. The residual absorption of labour in the low productivity informal sector reduces the consumption expenditure per capita and thus inflates the ratio of urban poverty. Since industrial employment affects the share of informal sector employment negatively and the latter responds positively to migration from the rural to urban areas, it is quite likely that among the migrant workers large majorities are engaged in the informal sector.

Urbanisation can reduce overall poverty if the rural poor are attracted to the cities and find productive employment. It offers better education facilities, as also better health facilities, more opportunities to interact, better information base, larger market, and access to public services like bus transport. However, unless conditions are not adequately conducive, urbanization may only mean shifting rural poor to urban slums with far worse living conditions than in the rural areas.

Guwahati is an ancient urban area, largest city of Assam and northeastern India. It is one of the fastest developing cities in India and is a major city in Eastern India, surrounded by the remaining Seven Sister States including Nagaland, Meghalaya, Mizoram, Arunachal Pradesh, Tripura, and Manipur, often referred as "Gateway of North Eastern Region" of the country. Dispur is the capital of Assam, which is located within the Guwahati city.

The Guwahati Municipal Corporation, the city's local government, administers an area of 216 km², while the Guwahati Metropolitan Development Authority, the planning and development administers an area of 254 km². Guwahati Metropolitan Development Authority (GMDA) is an agency responsible for planning and development of the greater Guwahati Metropolitan Area, which is revising the Guwahati Master Plan and Building Bylaws.

Guwahati is the most important trade hub in the North Eastern Region. It is a major wholesale distribution center, a marketing hub, and also a retail hub of the region. The Guwahati Tea Auction Centre is one of the largest and busiest tea trading centres in the world. As in other cities, 'mall culture' is now seen in Guwahati. Manufacturing is an important activity, although it is not comparable to those of India's rapidly growing industrial cities. The most important manufacturing industry in the city is the petroleum refinery of IOCL at Noonmati, which is known as Guwahati Refinery. The city contains the headquarters or regional offices of several manufacturing and business establishments, e.g., Numaligarh Refinery Limited (NRL). Bamunimaidam and Kalapahar are two major industrial estate of Guwahati. During the past two decades, businesses such as real estate development and finance have intensified. Retail and real estate have emerged as big players. Recent times have seen large scale retail chains such as Big Bazaar, Westside, Pantaloons, Salasar Mega Store, Hidesign, Wills Lifestyle, Blackberry, Van Heusan, Skipper, Mochi and Levi Strauss & Co. opening outlets in the city. Guwahati is home to the Guwahati Stock Exchange (GSE). The public financial institution North Eastern Development Finance Corporation Ltd (NEDFi) is also based in Guwahati. For the promotion of trade and industry of Assam there is a trade centre named Maniram Dewan Trade Centre at the Betkuchi area of the city. With growing investment, especially by the private sector, the real estate market is reaching new heights. The demand for both residential and commercial real estate property is on the rise. Many real estate developers and builders have come up, and there is a competition among the builders.

DEFINITION OF REAL ESTATE

Land plus anything permanently fixed to it, including buildings, sheds and other items attached to the structure.

The Planning Commission of India defines '*Real estate*' as land, including the air above it and the ground below it, and any buildings or structures on it. It is also referred to as *realty*.

Land together with any appurtenances attached thereto being immovable in character and enhancing utility of thereof is in common parlance considered as real estate. Being real, the property is not virtual in nature and it must be able to be seen and sensed.

TYPES OF REAL ESTATE PROPERTY

With the advent of diversified human interests vis-a-vis activities, usage and utilities of real estate have become multifarious and multidimensional resulting categorization of real estate based such usages and utilities, viz.

1. Residential property
2. Commercial property
3. Industrial property.

RESIDENTIAL PROPERTY

Properties exclusively dwelled as human shelter for private individuals in getting basic protection from nature's fury, general convenience and comfort based individual needs are classified as residential properties.

COMMERCIAL PROPERTY

Properties not being residential properties, exclusively used for activities other than industrial activities, aimed at carrying out trading, services etc. to make profit are generally classified as Commercial Property.

INDUSTRIAL PROPERTY

Properties neither being residential properties nor commercial properties, exclusively used for activities, aimed at carrying out production of good, items etc. for subsequent use in trade and commerce are generally classified as Industrial Property.

VALUATION

Valuation is the process to evaluate the value of a property as on specific date and time. The value usually sought is the property's market value.

A main consideration to determine a property's value: the present worth of future benefits arising from the ownership of real property. Unlike many consumer goods that are quickly used, the benefits of real property are generally realized over a long period of time. Therefore, an estimate of a property's value must take into consideration economic and social trends, as well as governmental controls or regulations and environmental conditions that may influence the four elements of value:

- Demand - the desire or need for ownership supported by the financial means to satisfy the desire;
- Utility - the ability to satisfy future owners' desires and needs;
- Scarcity- the finite supply of competing properties and
- Transferability - the ease with which ownership rights are transferred.

OBJECTIVES OF VALUATION

- a. For sale and purchase of the fixed assets.
- b. For property Mortgage at financial organizations.
- c. For fixation of Rent/lease rent.
- d. For Revenue/Registration fees determination.
- e. For Taxation – Income Tax, wealth tax, Gift tax etc.
- f. For compensation fixation.
- g. For insurance purpose.
- h. For auction of property.

- i. For ascertain the cost of investment.
- j. For know the present wealth value etc.

FACTORS AFFECTING IN VALUATION OF REAL ESTATE PROPERTY

Value should consider the following factors at the time of valuation of real estate property, which affect on the value for individual property.

- a. Location
- b. Amenities
- c. Infrastructure
- d. Disposable Income
- e. Commercial potentiality
- f. Availability of land
- g. Demand & Supply
- h. Affordability
- i. Structure
- j. Customization
- k. Local Govt. Policy.

METHOD OF VALUATION

There are three approaches to evaluate the Real Estate property i.e.

1. Sales Comparison Approach
2. Cost Approach
3. Income Capitalization Approach

METHOD 1 - SALES COMPARISON APPROACH

The sales comparison approach is commonly used in valuing single-family homes and land. Sometimes called the market data approach, it is an estimate of value derived by comparing a property with recently sold properties with similar characteristics. These similar properties are referred to as comparables, and in order to provide a valid comparison, each must:

- Be as similar to the subject property as possible;
- Have been sold within the last year in an open and competitive market and
- Have been sold under typical market conditions.

METHOD 2 - COST APPROACH

The cost approach can be used to estimate the value of properties that have been improved by one or more buildings. This method involves separate estimates of value for the building(s) and the land, taking into consideration depreciation.

Present market value of a property = Land Value + (Estimated cost of building and other structures standing on the plot – Depreciation of the building and other structures).

In case of some commercial / residential property situated in exotic /highly commercial demand area, the value arrived by this cost approach method does not reflect the present market value of a property as some additional factors acting on it for which the present market value of the property much more higher than the value arrived by this method.

METHOD 3 - INCOME CAPITALIZATION APPROACH

The income approach is the third method of real estate valuation, and is based on the relationship between the rate of return an investor requires and the net income that a property produces. It is used to estimate the value of income-producing properties such as apartment complexes, office buildings and shopping centers. The income capitalization approach can be fairly straightforward when the subject property can be expected to have a future income, and when its expenses are predictable and steady. Apply the capitalization rate to the property's annual net operating income to form an estimate of the property's value.

LITERATURE REVIEW

- a. **Antonina Mavrodiy (2005):** Focus on the main determinant factors of Real Estate prices. Investigation of Kiev real estate market confirms the influence of the different macro and micro factors on real estate market. In this study, the effect of changes in GDP, income level, population in interest rate is examined. The analysis inferred the direct relationship between GDP, income level, population and housing prices, while changes in interest rate negatively affect price level. Estimation result also provide the evidence of the relationship between micro factors and housing prices. Location and qualitative attributes appear to have significant effect on the real estate prices.
- b. **Manta Rinku:** Described the process of Urbanisation by which means increasing proportion of the country's population starts residing in urban areas. Urbanisation is related to the core concern of Urban Geography. It stands for the study of Urban Concentration and Urban phenomena. By Urban Concentration what is meant in the different forms of urban setting; and by urban phenomena, we mean all those processes that contribute to the development of urban centres and their resultant factors. Here he focus the pattern of Urbanization in India as well as in the state of Assam. He has also gave a clear picture of urbanization of the Guwahati city. He has described the factors of urbanization in the big and small cities in the state of Assam. According to Census, an urban area was determined based on two important criteria, namely: (i) statutory administration; (ii) certain economic and demographic indicators. The first criterion includes civic status of towns, and the second entails characteristics like population size, density of population, and percentage of the workforce in the non-agricultural sector.
- c. **Bui Thi Hien, Thao (2013):** This thesis conducted initial market research to assist the case company in assessing the potential and attractiveness of the Vietnamese commercial real estate market as a destination for retail and office property investment. As a consequence, all key subjects in this research are based on the case company's interests. The thesis is divided into two main themes: theoretical framework and empirical study. First, the theoretical framework reviewed and collected theories, which were utilized as a guideline for market analysis. The main focus was to explore the potential of the Vietnamese commercial real estate market in light of the case company's current situation. The chosen theories were PESTLE for macro environment analysis. The empirical study followed the theories in a systematic manner. The main findings revealed that the Vietnamese commercial real estate market has massive potential if the case company is prepared to take the risks. As an emerging market, Vietnam involves a number of country risks and the competition within the commercial real estate industry is intense. Therefore, it is recommended that the case company should identify its directional strategies clearly first, before deciding whether it should expand internationally or domestically because of the nature of its home market. Once the directional strategies have been identified, if the case company is still interested in Vietnam, Ho Chi Minh City is the author's recommendation for the investment destination, utilizing joint venture as the entry mode with a focus on retail and office properties.
- d. **Borthakur Manjit & Nath Bhriku Kumar (2012):** During the last 20 years, the Guwahati metropolitan area has undergone phenomenal change in urban landscape that resulted in the loss of natural land cover. As a result, the surface temperature of the city has increased and a prominent urban heat island is formed in and around the settlement areas. All these have severe environmental and health consequences. The land use regulation plan of GMDA's Mater plan can be a tool for sustainability of natural land cover. But the continuous intervention of human settlement to natural land covers in Guwahati metropolitan area has revealed the failure of land use zoning and regulatory action. The metropolitan development authorities should have strict regulation in the green belt and eco sensitive areas of the city. Social forestry in the green belt areas, light color surfaces in residential units, plantation in the roof of buildings and trees along by the roads, may be some countermeasures of the heat island effect in Guwahati.

- e. **Dr. Babawale & Dr. Omirin M.M.** (2011): This study confirmed that individual characteristics of valuers in particular, and that of the firms they work for to a lesser degree, contribute significantly to valuation inaccuracy accounting for approximately 53% of inaccuracy in real estate valuation in the study area. This is in line with Levy and Schuck (1999). In particular, the valuers' years of experience and level of exposure made the strongest contribution to valuation inaccuracy in the study area. Experience and exposure of valuers refers to the duration, scope and depth of valuers' practice, which have direct implications on skill acquisition and expertise. The average number of valuations undertaken by valuers over a given period of time also made unique significant contributions at the desired level of significance probably because this has a direct correlation with skill acquisition and expertise. In a similar study conducted in the UK by Bretten & Wyatt (2002), the respondent valuers were of the opinion that the principal cause of valuation inaccuracy is the knowledge and experience of valuers regarding the property type and more particularly the location. Going by the results, older and larger firms have not turned their long years in practice and/or their size to any advantage for improved services as inaccuracy is a phenomenon common to all firms in the study area regardless of their size and age.

NEED OF THE STUDY

The purpose of this study is to development of theoretical and practical bases of the system of real property valuation in the current conditions of market relations and improving the real property valuation by identifying the characteristics of the factors affecting in valuation of Real Estate property within the area of Guwahati Metropolitan city.

OBJECTIVES OF THE STUDY

Although practice of valuation of real estate has, over the years, evolved need for application of various factors influencing such valuation, nonetheless there is absence of absolute uniformity in their application considering diversity in social taste, regulations as well as fluctuating eco-political scene in a particular given area.

Therefore, valuation is always comparative and relative and therefore cannot be a product of captive breeding i.e. is a stereo type product. More than understanding the technicalities of the factors governing valuation of real estate, applicability of a particular factor or factors assumes more significance in a given situation and as such it poses a huge challenge to a professional valuer who is often academically equipped to understand and put into use technicalities of factors governing valuation of real estate properties than applicability of such factors in a particular situation or place which has extraordinary influencing factors like that of eco-political as well as social taste and inherent regulations in the form of legislations.

This instant doctoral research strives to embark upon a sincere endeavour to discuss in details such additional influencing factors governing real estate valuation peculiar to a particular situation to evaluate theoretical aspects for future application for more meaningful and prudent real estate valuation.

There is no similarity in characteristics of the above mentioned factors depending upon Nation, Region, City, Municipal area, outside of Municipal area etc. for which value of a particular property situated in that locality may vary from the other similar constructed property situated in other locality.

Considering the above, the main objectives of the study are as follows:

- (1). To understand the procedure followed in the valuation of Real Estate property.
- (2). To analyse the factors determining the valuation of Real Estate property.
- (3). To know the various method of real estate valuation.
- (4). To find out the method mostly used in valuation of real estate in Guwahati.
- (5). To find out are there any problems/challenges in the methods being practiced in Guwahati.

RESEARCH QUERIES

- (1). What is the procedures followed in the Valuation of Real Estate property.
- (2). What are the important factors affecting on Valuation of Real Estate property?
- (3). What are the various methods for Valuation of Real Estate property?
- (4). Which methods are mostly used for the Valuation of Real Estate property in Guwahati Metropolitan city?
- (5). What are the challenges in the Valuation of Real Estate property in Guwahati Metropolitan City?

RESEARCH METHODOLOGY

The study is exploratory and descriptive research in nature. The study is based on both primary and secondary data. The primary data were collected through structured questionnaire. Secondary data were collected through related literature available like research articles, journals, books, websites, reports of Government agency etc. Non-probabilistic sampling technique to collect the data for the study. Convenience Sampling Method had been used for designing the sample. The size of the sample is 35 developers for the present study. In some cases to have an idea of practice of methods interview was conducted among the practicing valuers, builders, consultants etc. The study area has been carried within the Guwahati Metropolitan City Area.

Statistical tools graph, weighted average mean were used for the study.

LIMITATIONS OF THE RESEARCH

Even though the study has focused on the valuation of real estate properties, but there will be some limitations in this study:

1. The study area has been carried within the Guwahati Metropolitan City Area.
2. The study has been concentrated only on the valuation of Residential real estate property.

The study of Residential Real Estate property will be included residential Apartment/Flat within the Guwahati Metropolitan City Area.

ANALYSIS AND FINDINGS

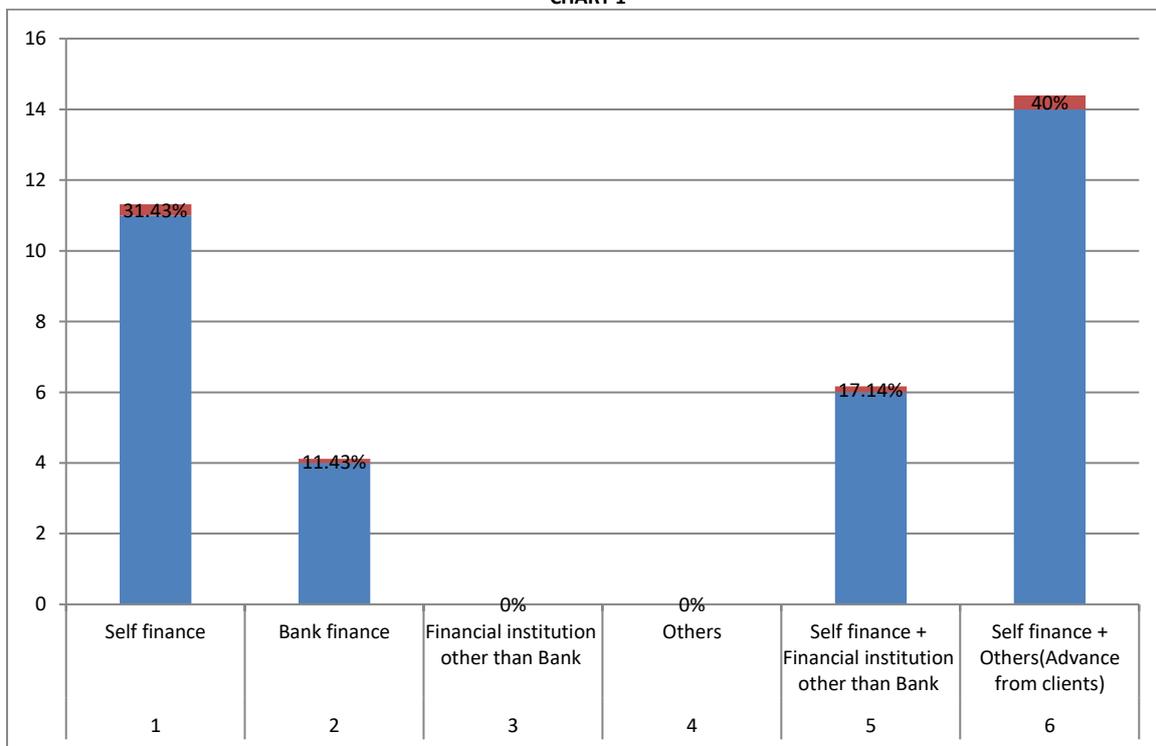
The analysis and findings are discussed below in details:

1. SOURCE OF FINANCE FOR THE PROJECT

TABLE 1

Sl. No.	Source of finance	No of respondents	% of respondents
1	Self finance	11	31.43%
2	Bank finance	4	11.43%
3	Financial institution other than Bank	0	0%
4	Others	0	0%
5	Self finance + Financial institution other than Bank	6	17.14%
6	Self finance + Others	14	40%

CHART 1



Inference

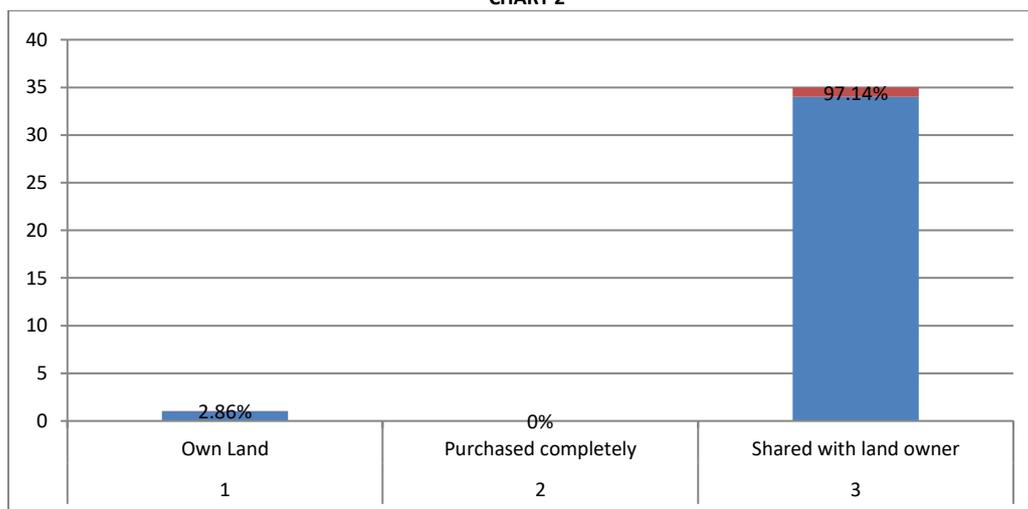
From the above analysis it has been observed that majority (i.e. 40%) of the respondents have financed their project through self finance and others. It could be concluded that main source of finance for the projects is self finance + others. This is followed by self finance, which is 36% as the second source of finance.

2. LAND DETAILS FOR THE PROJECT

TABLE 2

Sl. No.	Details	No of respondents	% of respondents
1	Own Land	1	2.86%
2	Purchased completely	0	0%
3	Shared with land owner	34	97.14%

CHART 2



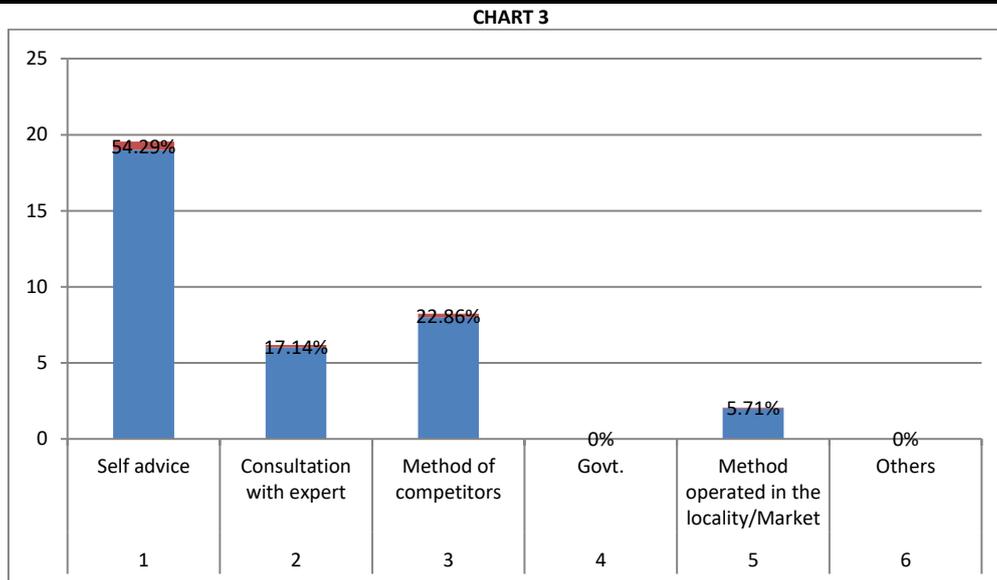
Inference

From the above analysis, it has been found that 97.14% of the respondents have taken land in shared with owner mode. Majority of the apartments have acquired the land in shared with owner mode.

3. MODE SELECTED FOR THE VALUATION METHOD

TABLE 3

Sl. No.	Mode	No of respondents	% of respondents
1	Self advice	19	54.29%
2	Consultation with expert	6	17.14%
3	Method of competitors	8	22.86%
4	Govt.	0	0%
5	Method operated in the locality/Market	2	5.71%
6	Others	0	0%



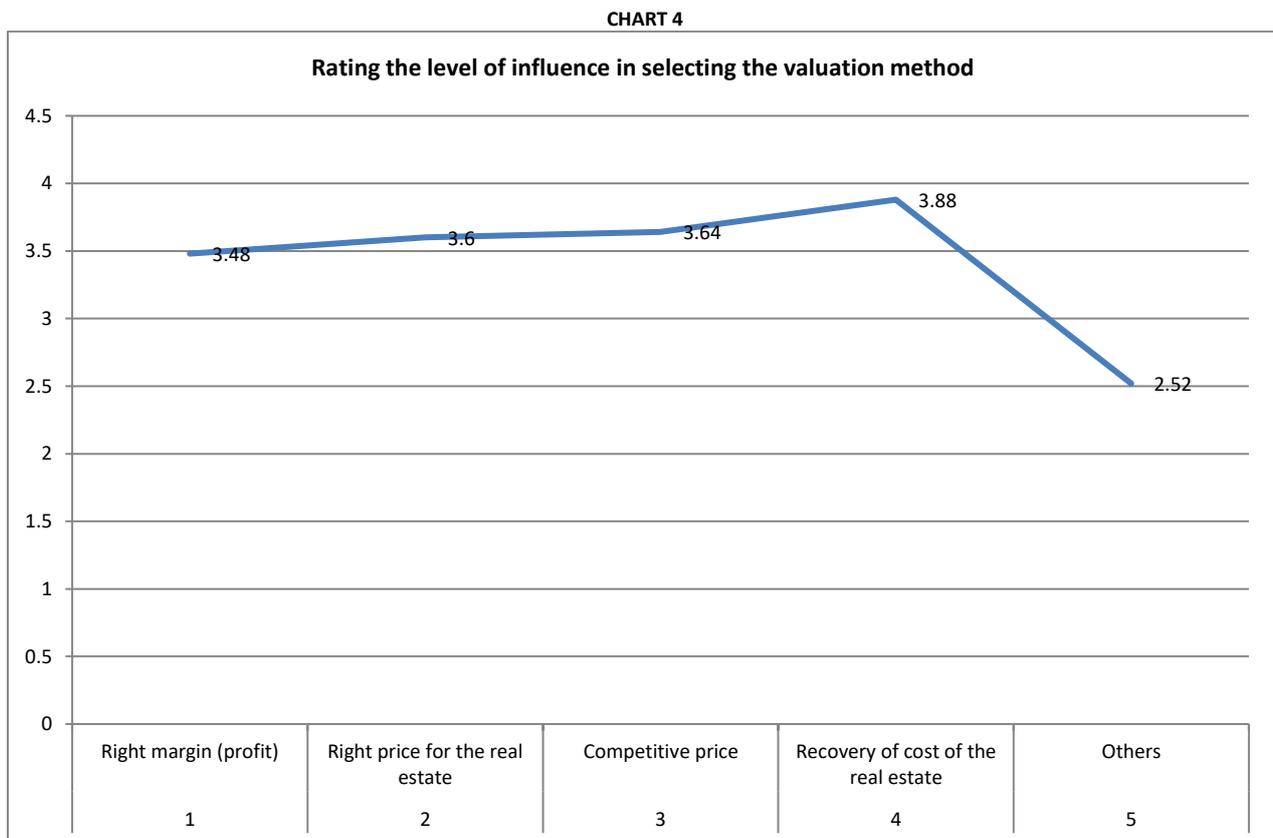
Inference

From the above analysis, it has been found the majority (54.29%) of the respondents have followed their own advice in the selection of the valuation method for their property. This is followed by Method of competitors, which is 20% have been followed in selecting the method.

4. RATING THE LEVEL OF INFLUENCE OF THE FOLLOWING FACTORS IN SELECTING THE VALUATION METHOD

TABLE 4

Sl. No.	Description	Not at all (1)	Less influencing (2)	Influencing (3)	Most influencing (4)	Total	Mean Score
1	Right margin (profit)	0	0	11	24	129	3.68
2	Right price for the real estate	0	2	13	20	123	3.51
3	Competitive price	0	0	14	21	126	3.60
4	Recovery of cost of the real estate	0	0	7	28	133	3.80
5	Others	0	25	10	0	80	2.28



Inference

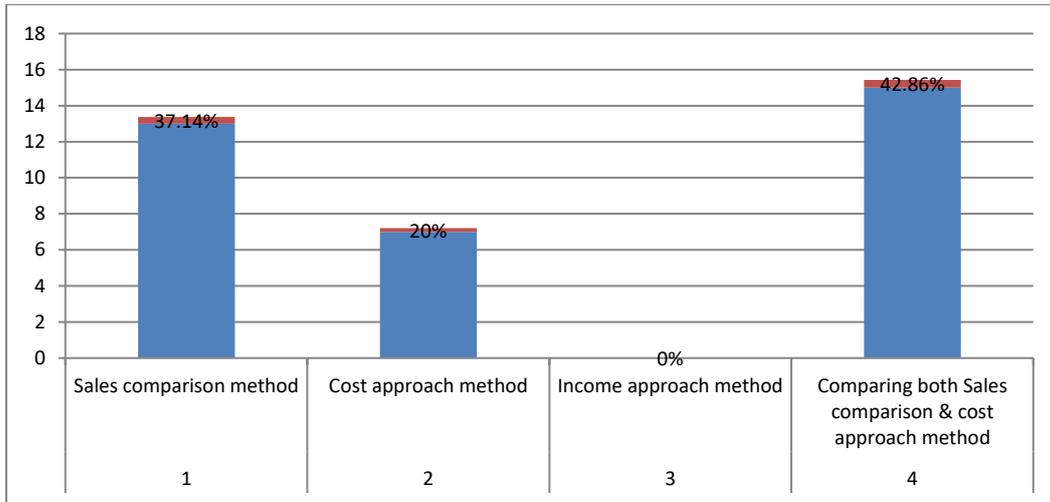
From the above analysis, it has been observed that recovery of cost of the real estate has the highest mean score i.e. 3.80, which reflects that recovery of the cost of real estate is the most influencing factor in the selection of the valuation method, by the builders. After this next, most influencing factor is competitive price, which is having the mean score of 3.68. This is followed by next influencing factor is Right price for the real estate.

5. METHOD OF VALUATION USED FOR VALUATION OF REAL ESTATE PROPERTY

TABLE 5

Sl. No.	Methods	No of respondents	% of respondents
1	Sales comparison method	13	37.14%
2	Cost approach method	7	20%
3	Income approach method	0	0%
4	Comparing both Sales comparison & cost approach method	15	42.86%

CHART 5



Inference

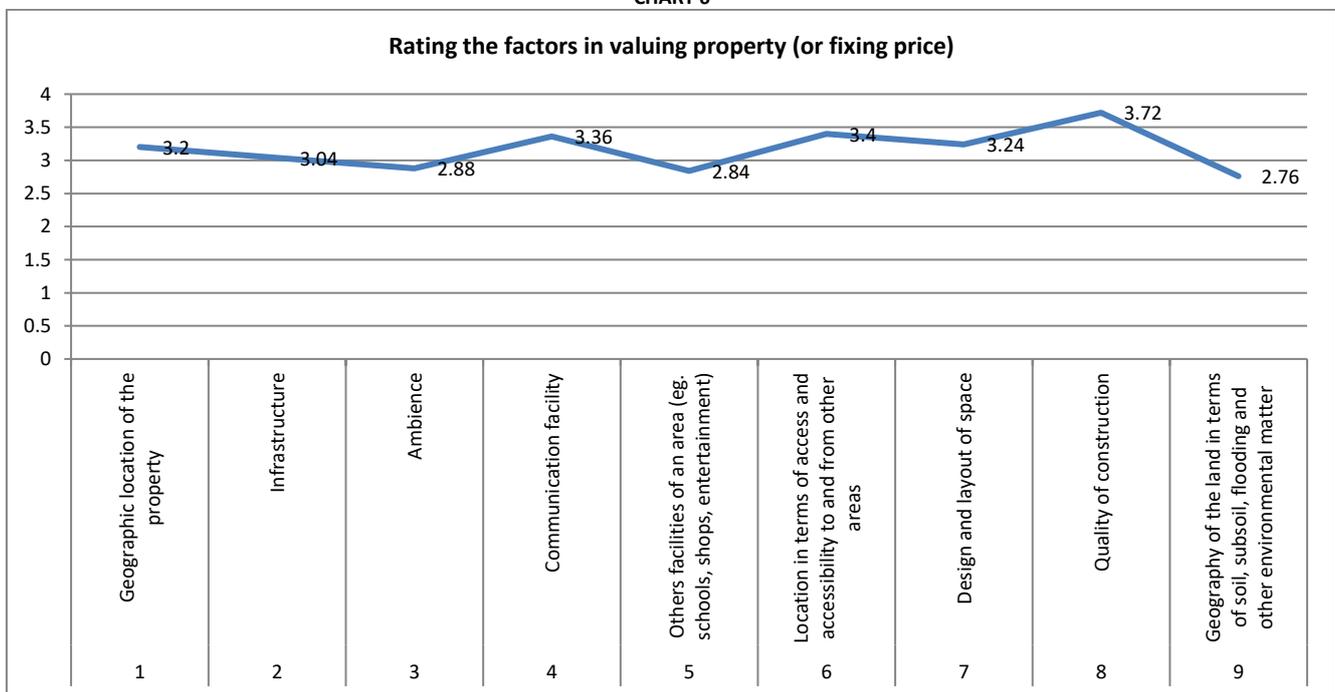
From the above analysis, it has been that Sales comparison+ cost approach method (42.86%) is mostly used by the builders. The next mostly used method is Sales comparison method (37.14%).

6. RATING THE FACTORS IN VALUING PROPERTY (OR FIXING PRICE)

TABLE 6

Sl. No.	Description	Not at all (1)	Less influencing (2)	Influencing (3)	Most influencing (4)	Total	Mean Score
1	Geographic location of the property	0	2	17	16	119	3.40
2	Infrastructure	0	0	23	12	117	3.34
3	Ambience	0	4	31	0	101	2.88
4	Communication facility	0	0	19	16	121	3.45
5	Others facilities of an area (eg. schools, shops, entertainment)	0	8	27	0	97	2.77
6	Location in terms of access and accessibility to and from other areas	0	0	24	11	116	3.31
7	Design and layout of space	0	0	28	7	112	3.20
8	Quality of construction	0	0	11	24	129	3.68
9	Geography of the land in terms of soil, subsoil, flooding and other environmental matter	0	6	26	3	90	2.57

CHART 6



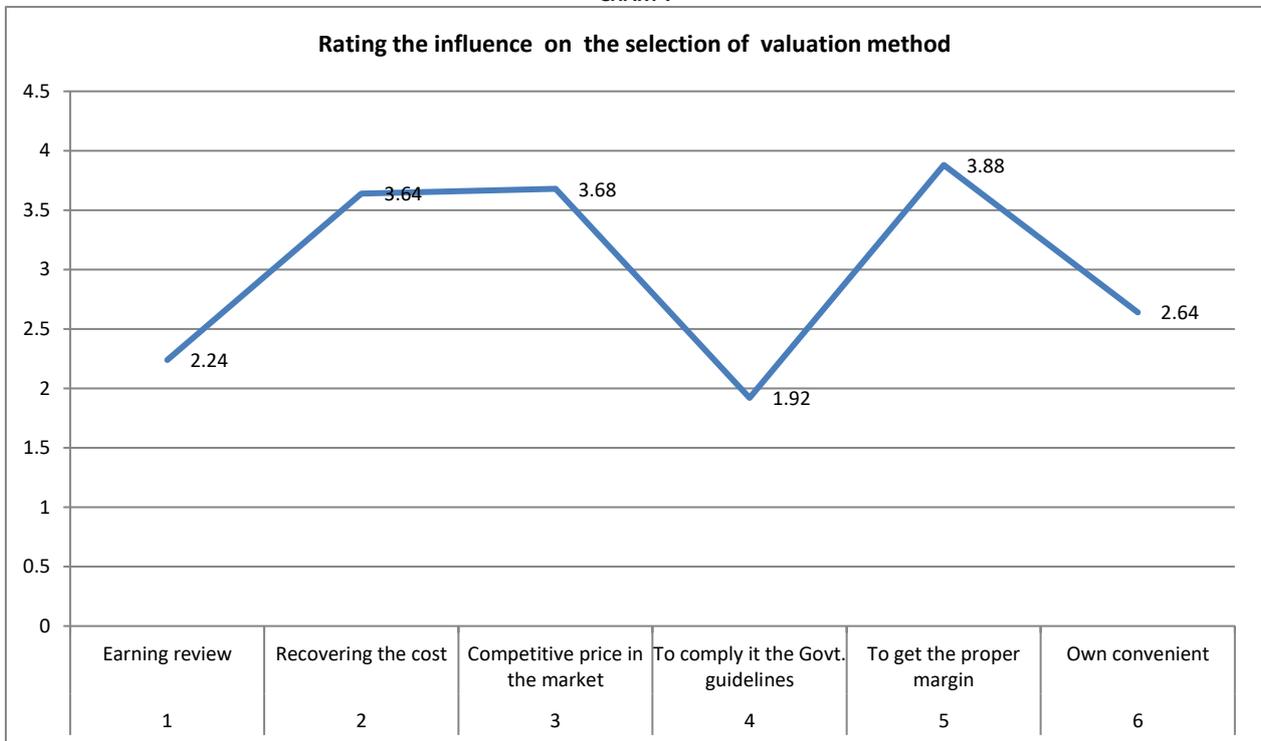
Inference: From the above analysis, it has been found that in case of fixing price of the units the most influencing factor communication facility having the mean score of 3.68. The next influencing factor communication facility having mean score of 3.45. This is followed by third influencing factor Geographic location of the property having mean score of 3.40. These factors are being followed by other factors as per the mean score.

7. RATING THE INFLUENCE OF THE FACTORS ON THE SELECTION VALUATION METHOD

TABLE 7

Sl. No.	Description	Not at all (1)	Less influencing (2)	Influencing (3)	Most influencing (4)	Total	Mean Score
1	Earning revenue	3	19	13	0	80	2.28
2	Recovering the cost	0	0	12	23	128	3.65
3	Competitive price in the market	0	4	14	17	118	3.37
4	To comply with the Govt. guidelines	4	25	6	0	72	2.05
5	To get the proper margin	0	1	3	31	135	3.85
6	Own convenience	1	13	16	5	95	2.71

CHART 7



Inference

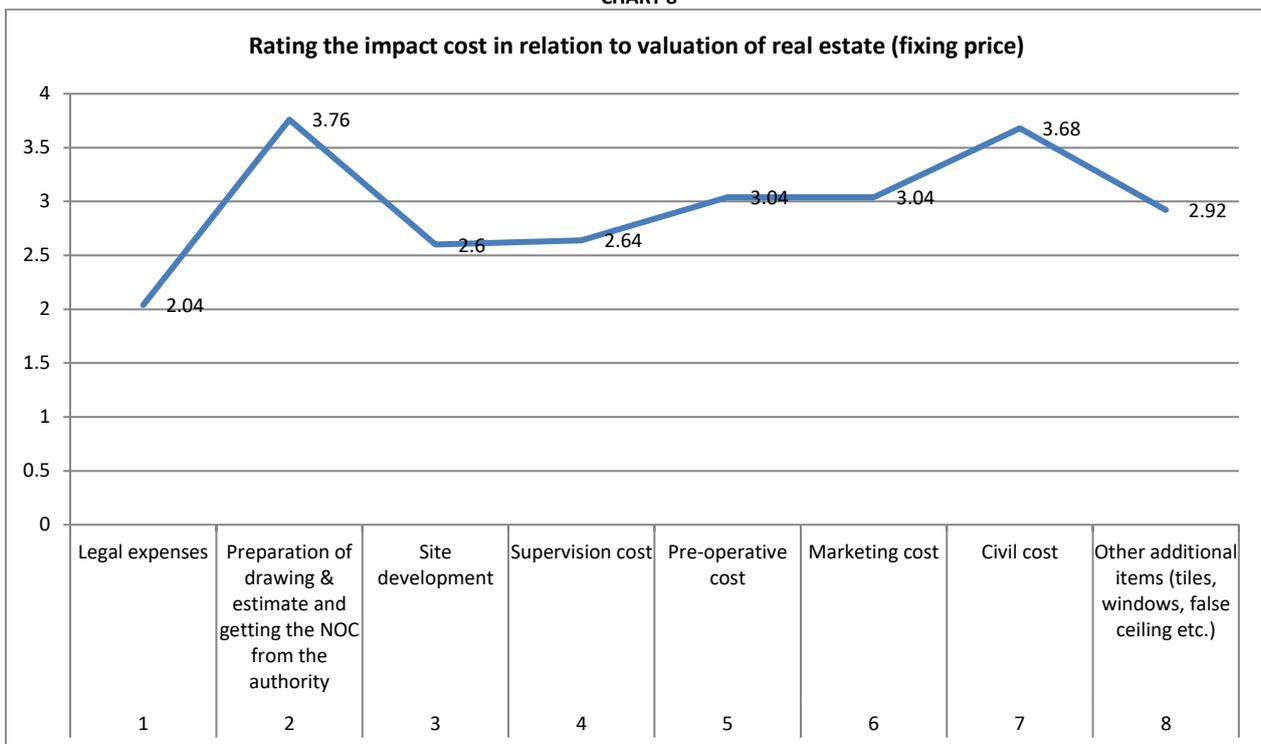
From the above analysis it has been found that the proper margin is considered to be most influencing factor in the selection of method of valuation having the highest mean score of 3.85. This is followed by next influencing factor competitive price on the selection of method having the mean score of 3.65. These are followed by other factors with their mean score.

8. RATING THE IMPACT OF THE FOLLOWING COST IN RELATION TO VALUATION OF REAL ESTATE (FIXING PRICE)

TABLE 8

Sl. No.	Description	Not at all (1)	Less influenc- ing (2)	Influencing (3)	z	Most influenc- ing (4)	To- tal	Mean Score
1	Legal expenses	6	23	6		0	51	2.04
2	Preparation of drawing & estimate and getting the NOC from the authority	0	1	10		24	94	3.76
3	Site development	1	16	16		2	65	2.6
4	Supervision cost	0	10	14		1	66	2.64
5	Pre-operative cost	0	6	27		2	76	3.04
6	Marketing cost	0	8	12		15	76	3.04
7	Cost of Construction	0	0	12		23	92	3.68
8	Other additional items (tiles, windows, false ceiling etc.)	0	6	29		0	99	2.82

CHART 8



Inference

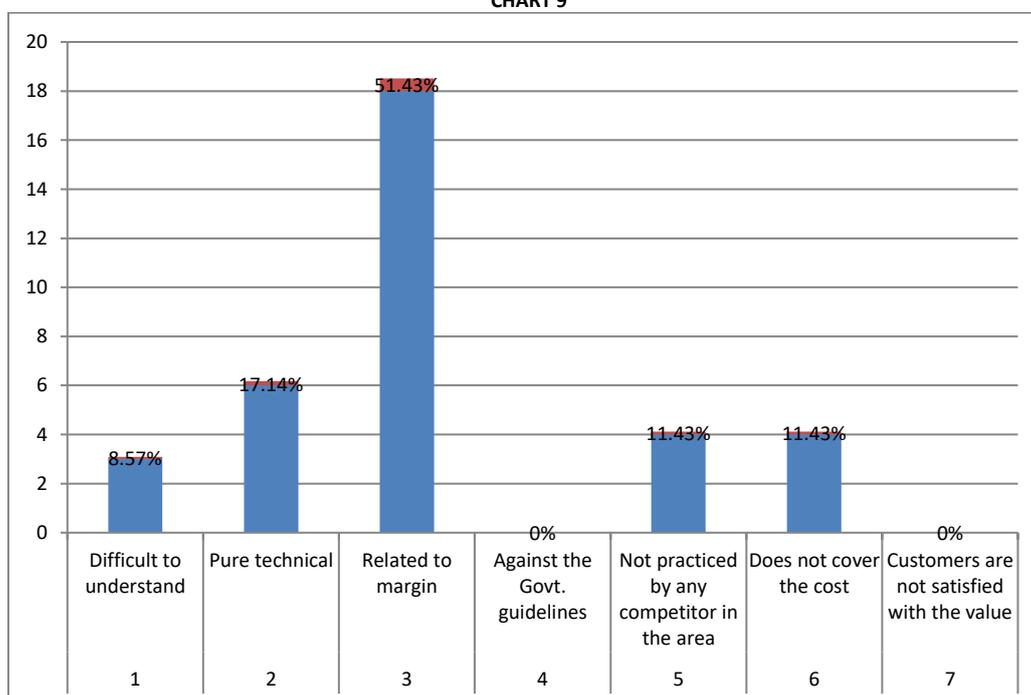
From the above analysis it has been observed that Preparation of drawing and estimate cost is the most influencing cost in fixing the price with a means score of 3.76. This is followed by Construction cost which is the next most influencing factor in fixing the price of the units with a means score of 3.68. The third factor is the pre-operative cost with a mean score of 3.04. These are followed by other factors.

9. PROBLEM FACED IN VALUATION METHOD OF THE REAL ESTATE

TABLE 9

Sl. No.	Problems	No of respondents	% of respondents
1	Difficult to understand	3	8.57%
2	Pure Technical	6	17.14%
3	Related to margin	18	51.43%
4	Against the Govt. guidelines	0	0%
5	Not practiced by any competitor in the area	4	11.43%
6	Does not cover the cost	4	11.43%
7	Customers are not satisfied with the value	0	0%

CHART 9



Inference

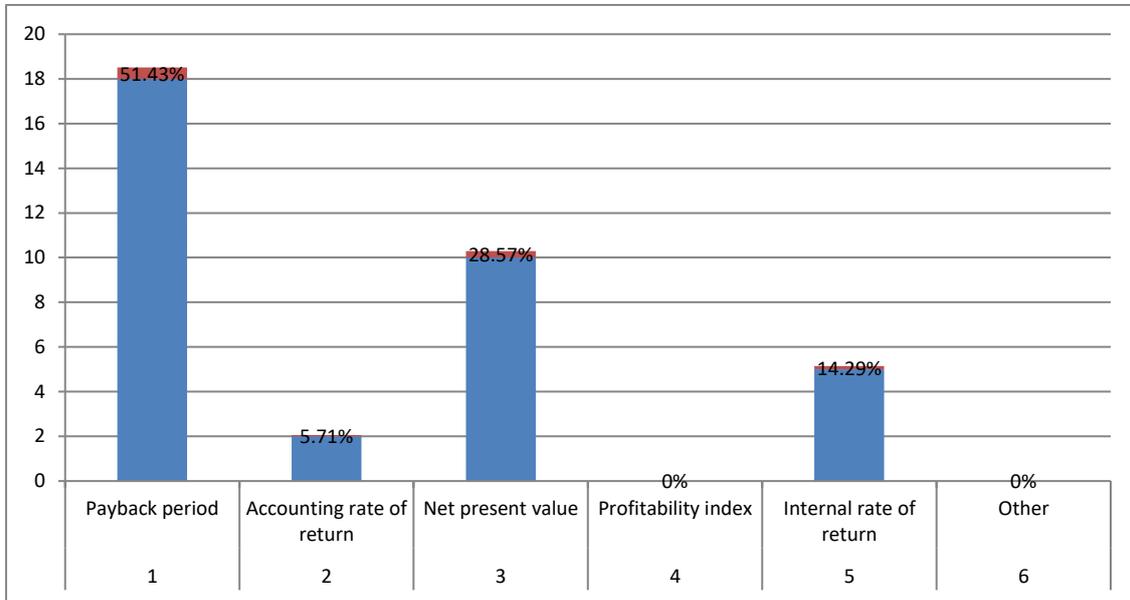
From the above analysis it has been observed that majority of the respondents have been facing problem in relation method is related to margin(51.43%). The problem is related to technical.

10. METHOD FOLLOWED FOR APPRAISAL OF THE PROJECT TO RECOVER THE COST

TABLE 10

Sl. No.	Method	No of respondents	% of respondents
1	Payback period	18	51.43%
2	Accounting rate of return	2	5.71%
3	Net present value	10	28.57%
4	Profitability index	0	0%
5	Internal rate of return	5	14.29%
6	Other	0	0%

CHART 10



Inference

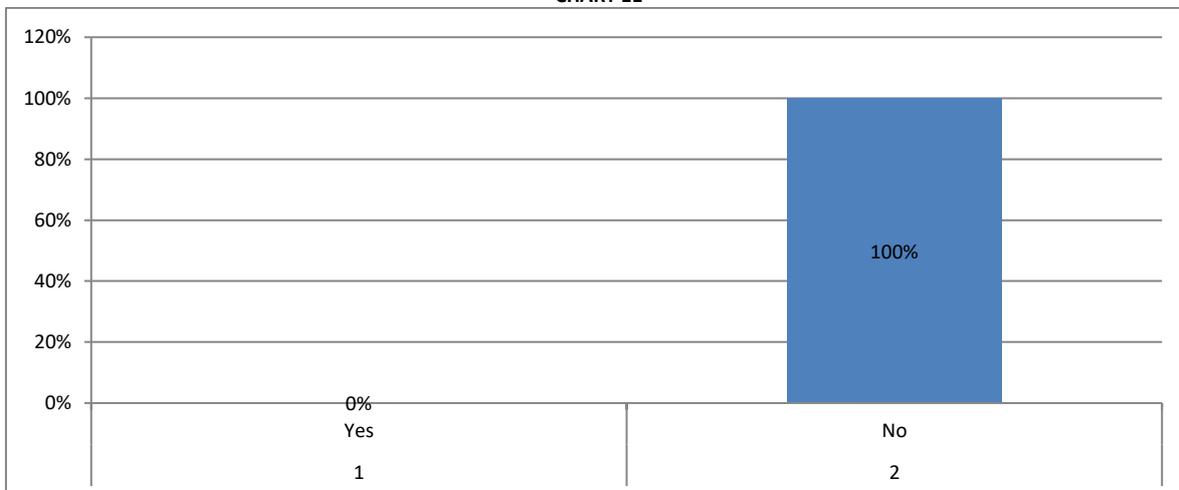
From the above analysis, it has been observed that majority of the respondents have followed mostly pay back period method to recover the cost. The next most preferred method is Net present value method. The least preferred method is Accounting rate of return method.

11. DID INDIA ACCOUNTING STANDARD FOLLOWED FOR VALUING REAL ESTATE

TABLE 11

Sl. No.	Description	No of respondents	% of respondents
1	Yes	0	0%
2	No	35	100%

CHART 11



Inference

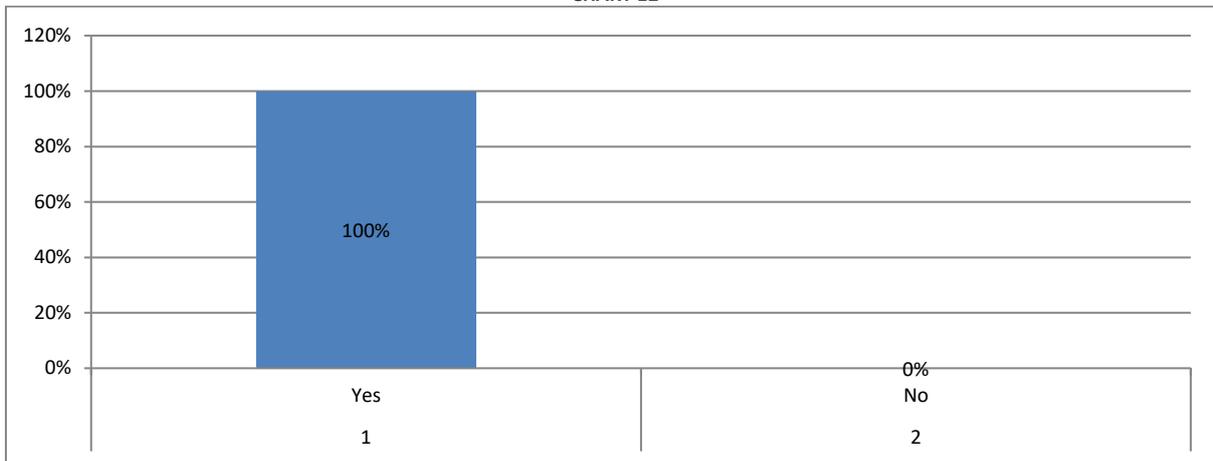
From the above analysis it has been observed that the respondents had not followed any accounting standard in relation to valuing real estate.

12. DID ANY PROBLEM FACED IN DEVELOPING THE PROJECT

TABLE 12

Sl. No.	Description	No of respondents	% of respondents
1	Yes	35	100%
2	No	0	0%

CHART 12



Inference

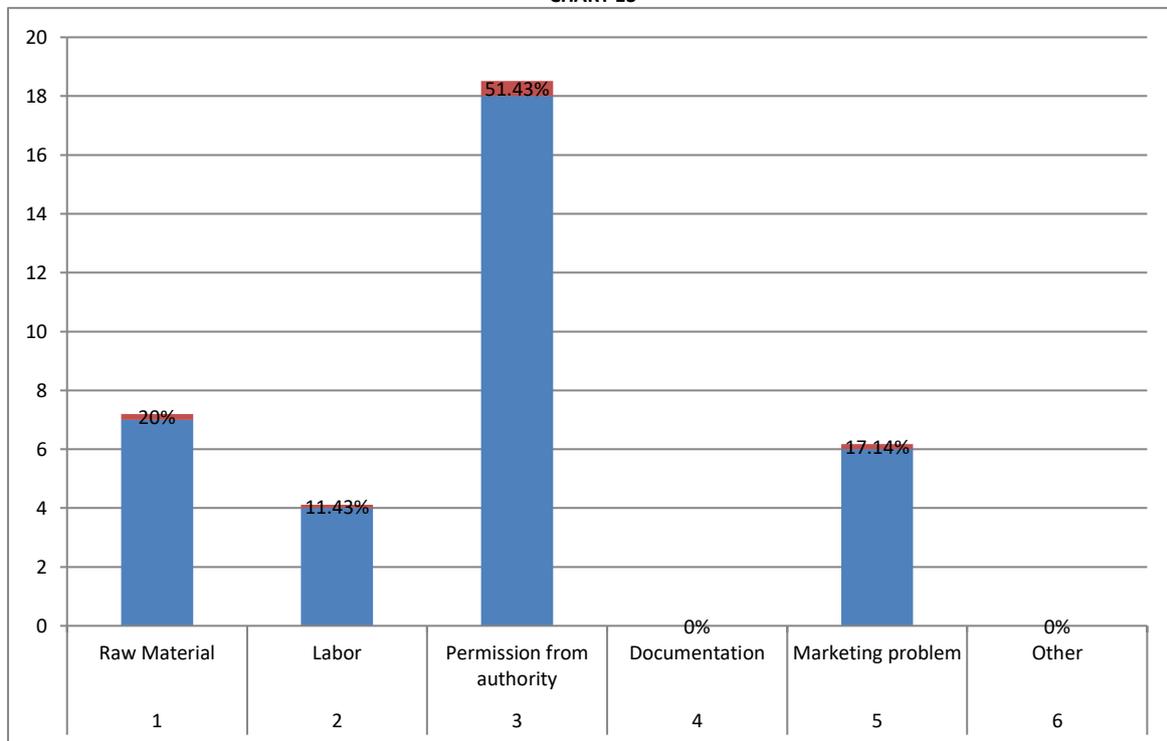
From the above analysis, it has been observed that almost all of them faced problem in developing the project.

13. PROBLEMS FACED IN DEVELOPING THE PROJECT

TABLE 13

Sl. No.	Description	No of respondents	% of respondents
1	Raw Material	7	20%
2	Labor	4	11.43%
3	Permission from authority	18	51.43%
4	Documentation	0	0%
5	Marketing problem	6	17.14%
6	Other	0	0%

CHART 13



Inference

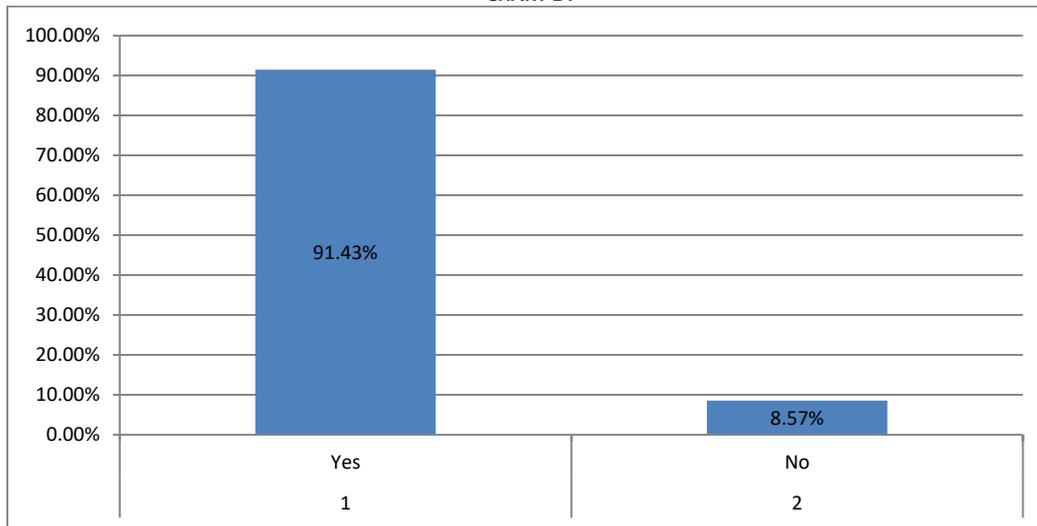
From the above analysis, it has been observed that majority of the respondents (51.43%) have faced problem with permission of authority in relation to their real estate. The next problem being faced by them is Raw material (20%).

14. DID THE SAME METHOD FOLLOWED FOR VALUING THE REAL ESTATE OVER THE PERIOD

TABLE 14

Sl. No.	Description	No of respondents	% of respondents
1	Yes	32	91.43%
2	No	3	8.57%

CHART 14

**Inference**

From the above analysis it has been observed that majority of the respondents (91.43%) have said that they have been following the same method of valuation in relation to their real estate, which reflects the consistency in using the valuation method.

HIGHLIGHT OF FINDINGS

1. It has been observed that majority (i.e. 40%) of the respondents have financed their project through self-finance and others. It could be concluded that main source of finance for the projects is self-finance + others. This is followed by self-finance, which is 36% as the second source of finance.
2. It has been found that 97.14% of the respondents have taken land in shared with owner mode. Majority of the apartments have acquired the land in shared with owner mode.
3. It has been found the majority (54.29%) of the respondents have followed their own advice in the selection of the valuation method for their property. This is followed by Method of competitors, which is 20% have been followed in selecting the method.
4. From the above analysis, it has been observed that recovery of cost of the real estate has the highest mean score i.e. 3.80, which reflects that recovery of the cost of real estate is the most influencing factor in the selection of the valuation method, by the builders. After this next, most influencing factor is competitive price, which is having the mean score of 3.68. This is followed by next influencing factor is Right price for the real estate.
5. From the above analysis, it has been that Sales comparison+ cost approach method (42.86%) is mostly used by the builders. The next mostly used method is Sales comparison method (37.14%).
6. From the above analysis, it has been found that in case of fixing price of the units the most influencing factor communication facility having the mean score of 3.68. The next influencing factor communication facility having mean score of 3.45. This is followed by third influencing factor Geographic location of the property having mean score of 3.40. These factors are being followed by other factors as per the mean score.
7. From the above analysis it has been found that the proper margin is considered to be most influencing factor in the selection of method of valuation having the highest mean score of 3.85. This is followed by next influencing factor competitive price on the selection of method having the mean score of 3.65. These are followed by other factors with their mean score.
8. It has been observed that Preparation of drawing and estimate cost is the most influencing cost in fixing the price with a means score of 3.76. This is followed by Construction cost which is the next most influencing factor in fixing the price of the units with a means score of 3.68. The third factor is the pre-operative cost with a mean score of 3.04. These are followed by other factors. It has been observed that majority of respondents are satisfied with cost approach method which is having highest mean score of 3.28. The next method with whom the respondents are satisfied with is Sales comparison method having a mean score of 3.24. These are followed by other method as well.
9. It has been observed that majority of the respondents have been facing problem in relation method is related to margin (51.43%). The problem is related to technical
10. From the above analysis, it has been observed that majority of the respondents have followed mostly payback period method to recover the cost. The next most preferred method is Net present value method. The least preferred method is Accounting rate of return method.
11. It has been observed that the respondents had not followed any accounting standard in relation to valuing real estate. It has been observed that almost all of them faced problem in developing the project.
12. From the above analysis, it has been observed that almost all of them faced problem in developing the project.
13. From the above analysis, it has been observed that majority of the respondents (51.43%) have faced problem with permission of authority in relation to their real estate. The next problem being faced by them is Raw material (20%).
14. From the above analysis it has been observed that majority of the respondents (91.43%) have said that they have been following the same method of valuation in relation to their real estate, which reflects the consistency in using the valuation method.

CONCLUSION

From the study, it has been found that majority of the developers follow the combination of cost approach method & Sale Comparison method. Other methods are not very much popular and not in vogue in the real estate market of Guwahati. The reason for selecting the combination method that by the cost approach method the builder/ developer can calculate the cost of the project as well as the unit cost of a flat and then applying the Sale comparison method can know the prevailing market rate of a flat at a particular location for which it is easy to fix the rate for marketability.

REFERENCES

1. Antonina Mavrodiy (Thesis, 2005) Factor analysis of Real Estate Prices, submitted to National University 'Kyiv-Mohyla Academy', Page no.-1,2,4.
2. Arjun P. Tolani. – Valuation of Immovable Properties, seminar paper submitted in All India National Seminar of IIV (India) held on Dec' 2005 at Udaipur.
3. Arun K. – Valuation of Flat, seminar paper submitted in All India National Seminar of IIV (India) held on Dec' 2005 at Udaipur.
4. Babawale G.K. & Dr. Omirin M.M. (Journal, 2011) ISSN 2039-2117-'Mediterranean Journal of Social Science-Vol.-2, no.-3, Sept. 2011, page-12, 31.
5. Babawale, G.K., & Koleosho H. A. (2006). Real Estate Valuation in Nigeria; Implications in a Globalizing World. Paper Presented at the International Conference on the Built Environmental Innovations, Policy and Sustainable Development. Covenant University, Ota, Nigeria.
6. Bandyopadhyay Deepak. – Real Estate Marketing and Valuer, seminar paper submitted in All India National Seminar of IIV (India) held on December 2006 at Mysore.

7. Banerjee D. N. (Book) - Principles & Practice of Valuation.-Eastern Law House, Fifth Edition, page 3, 4, 5.
8. Borthakur Manjit & Nath Bhriku Kumar (ISSN 2250-3153- International Journal of Scientific and Research Publication, Vol.-2, Issue-II, Nov' 2012.
9. Bui Thi Hiem, Thao (Thesis, 2013) 'Analysis of the Vietnamese Commercial Real Estate Market'. Page no.-5, 6, 92, 93.
10. Colborne, A. and Hall, P. (1993) The profit method of valuation, Journal of Property Valuation and Investment, 11(1), pp. 43-49.
11. Edge, A.J. (2002). The Globalization of Real Estate Valuation, Fig xxii International Conference, Washington, D.D., USA.
12. French, N. (2004) The valuation of specialised property: A review of valuation methods, Journal of Property Investment and Finance, 22(6), pp. 533-541.
13. Kar Debabrata – Valuation of mortgage of Urban real estate, seminar paper submitted in All India National Seminar of IIV (India) held on Dec' 2005 at Udaipur.
14. Manta Rinku – Research paper on 'Urbanisation and Growth of small Towns in Assam' published by Deptt. Of Geography, Guwahati University, Assam. Page- 1 to 10.
15. Maruthachalam M.V. – Valuation by Composite Rate Method, seminar paper submitted in All India National Seminar of IIV (India) held on Dec' 2006 at Mysore
16. Rao C. H. Gopinath (Book) – Valuation Practice Of Immovable Properties – Self Published.
17. Rao C.H. Gopinath – Valuation of properties located at Special Economic, seminar paper submitted in All India National Seminar of IIV (India) held on Dec' 2006 at Mysore.

A STUDY ON MARKETING STRATEGY ADOPTED BY LEADING PLAYERS OF TELECOM SECTOR IN GUJARAT STATE

BHAVANA K. PATEL
ASST. PROFESSOR
ANAND INSTITUTE OF BUSINESS STUDIES
ANAND

ABSTRACT

The Indian Telecom Sector has grown exponentially and has become the second largest network in the world, next to China. Availability of affordable smart phones and lower rates are expected to drive growth in the Indian Telecom Industry. The service provider, which provides services better in terms of quality and price, will be the one ahead of the other brands in the competitive market. If the service quality and price is good and reasonable as compared to other brands, then the brand, which is better, will be more advised by the reference group to people, which will make the brand more popular, and help in earning and retaining more customers.

KEYWORDS

marketing strategy, telecom sector.

JEL CODES

M30, M31, L96.

INTRODUCTION

AN OVERVIEW OF TELECOM SECTOR

India has the fastest growing Telecom network in the world with its high population and development potential Vodafone, Airtel, Idea, Reliance-Jio, BSNL etc. are the major operators in India. Globalization, liberalization and privatization are the three most spoken words in today's world. These initiatives paved way for all-round reforms, especially in developing economies, like India. These countries realized that development of effective and efficient means of communications and information technology is important to push them in the path of development. The growth of the telecom sector in India during post-liberalization has been phenomenal. This research aims to throw light on the various Marketing strategy adopted by leading players in the Telecom sectors.

MARKETING

Marketing is a core function within any organization as it is responsible for reflecting customer demand back into an organization and ensuring the Organization delivers its customers what they want.

MARKETING STRATEGY

Marketing Strategy encompasses selecting and analyzing of the target markets and creating and maintaining an appropriate marketing mix that satisfies the target market and the organization.

OBJECTIVES OF THE STUDY

1. To Review the marketing strategy adopted by leading players in Gujarat State.
2. To Review the changes in the subscribers base in India.
3. To review the changes in the Wireless and Wire line subscribers in Gujarat State.
4. To find out the data usage per subscriber per month due to change in the marketing strategy.
5. To derive at conclusion, findings and suggestions.

RESEARCH METHODOLOGY

RESEARCH PROBLEM

Research is a search for knowledge. It is a movement from known to unknown. Research problem of this study is "A Study on Marketing Strategy adopted by leading Players of Telecom Sector in Gujarat State"

TYPE OF DATA

There are two types of data Primary data and secondary data. This research is based on the secondary data.

SOURCE OF DATA

The data is collected from the Annual reports of Respective Telecom service providers and Performance Indicators Report of Telecom Sector from the year March 2014 to March 2017.

DATA ANALYSIS TOOL

For analyzing the data, Microsoft Excel is used. Data Collected is portrayed in tabulated form and Graphs and Charts are prepared on the basis of collected data to derive at conclusion.

LIMITATIONS OF THE STUDY

1. This study related to only one state Gujarat and not all the states of India.
2. The data collected is secondary data and secondary data has its own limitations.
3. The data collected is only of last four years.

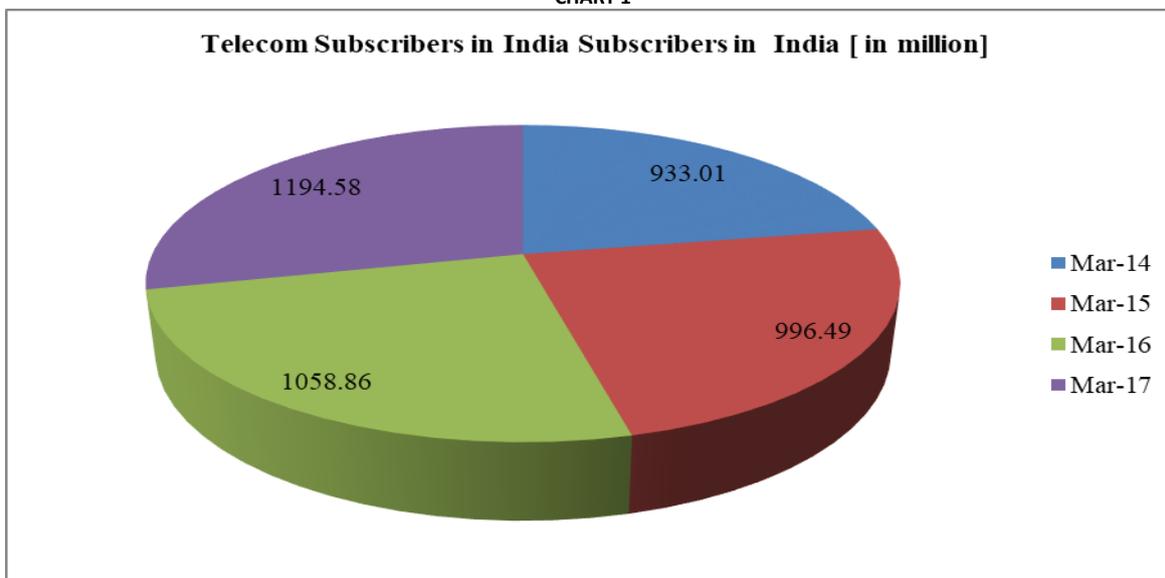
ANALYSIS

TRENDS OF TELECOM SECTOR IN INDIA

TABLE 1: TELECOM SUBSCRIBERS IN INDIA

Year	Subscribers in India [in million]	Rate of change [in %]
March 2014	933.01	3.90
March 2015	996.49	6.80
March 2016	1058.86	6.25
March 2017	1194.58	12.81

CHART 1



Indian telecom subscribers' base expanded at reaching 1194.58 million during FY March 2017. In March 2016, the growth rate of Indian Telecom subscribers is 6.25% whereas In March 2017 the growth rate in subscribers' base is 12.81%, which is higher than the past year

TABLE 2: SERVICE PROVIDER WISE SUBSCRIBERS IN INDIA [in Million]

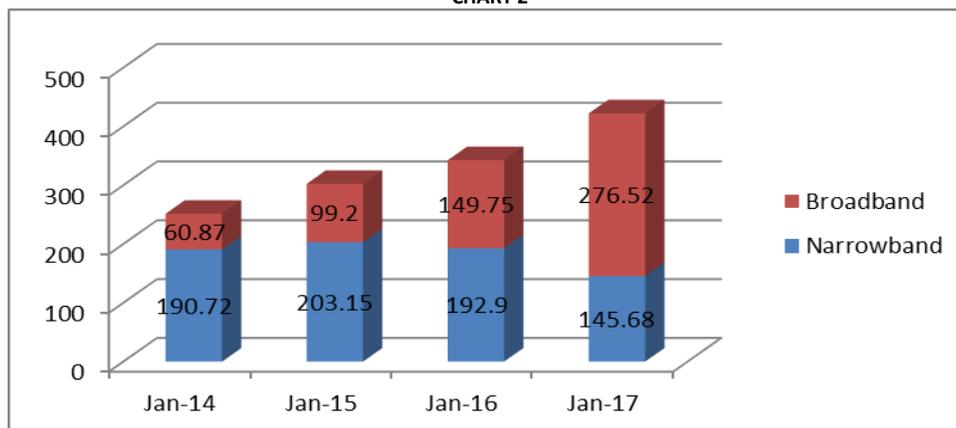
Service providers	March 2014	March 2015	March 2016	March 2017
Bharti Airtel	208.75	229.43	254.90	277.51
Vodafone	166.62	183.88	198.04	209.20
IDEA	135.79	157.81	175.07	195.37
Reliance	112.13	110.65	103.58	84.68
Reliance jio	---	---	---	84.68
Tata	64.55	67.99	61.82	50.74
Aircel	70.15	81.40	87.09	90.90
Loop Mobile	2.90	---	---	---
Quadrant	2.39	2.96	3.42	0.26
Sistema	9.09	8.92	7.75	4.97
Unitech	35.61	---	---	---
Videocon	4.99	7.13	6.56	---
BSNL	113.14	93.64	101.11	114.68
MTNL	6.91	7.06	7.06	7.09
Telewings	---	45.62	52.45	50.49
Total	933.01	996.49	1058.86	1194.58

Reliance-Jio came in to the market in September 2016 but within a short time span, it captures the market with 84.68 million subscribers at the end of March 2017.

TABLE 3: INTERNET SUBSCRIBERS IN INDIA [in million]

Year	Narrowband	Broadband	Total	Growth Rate
March 2014	190.72	60.87	251.59	52.65 %
March 2015	203.15	99.20	302.35	20.17 %
March 2016	192.90	149.75	342.65	13.32 %
March 2017	145.68	276.52	422.19	23.21%

CHART 2



Internet subscribers in India also show the remarkable growth rate since 2014. Total numbers of internet subscribers were 251.59 million at the end of Mar-14, which are doubled at the end of March 2017.

TABLE 4: TABLE SHOWING DATA USAGE PER SUBSCRIBER PER MONTH IN INDIA

Year	Data usage
March 2014	61.66 MB
March 2015	99.46 MB
March 2016	147.12 MB
March 2017	1000 MB

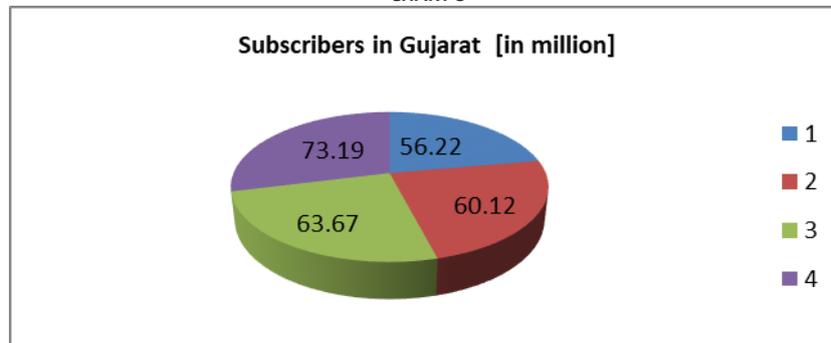
In March 2014 the data usage per subscriber per month is 61.66 MB. In March 2016 the data usage per subscriber per month were increased to 147.12 MB. In March 2017 the data usage per subscriber per month has increased to 1000 MB.

TRENDS OF TELECOM SECTOR IN GUJARAT

TABLE 5: TABLE SHOWING TELECOM SUBSCRIBERS IN GUJARAT

Year	Subscribers in Gujarat [in million]	Rate of change [in %]
March 2014	56.22	5.12%
March 2015	60.12	6.93%
March 2016	63.67	5.90%
March 2017	73.19	14.95%

CHART 3



The Telecom subscribers in Gujarat also show the remarkable growth of 73.19 million subscribers at the end of March 2017 with the growth rate of 14.95% as compared with the previous year March 2016.

TABLE 6: SERVICE PROVIDER WISE WIRELESS SUBSCRIBERS IN GUJARAT [in Million]

Service Provider	March 2015	March 2016	March 2017
Vodafone (GSM)	18.66	19.35	20.04
Bharti Airtel (GSM)	7.94	8.53	9.18
Idea (GSM)	10.98	12.08	13.16
Aircel/Dishnet (GSM)	0.01	0.01	0.01
Reliance (GSM)	3.65	4.82	5.44
Reliance (CDMA)	1.23	1.09	---
Reliance Jio	---	---	8.05
Tata (GSM)	2.63	2.57	2.25
Tata (CDMA)	0.38	0.29	0.21
BSNL (GSM)	3.05	3.55	4.81
BSNL (CDMA)	0.07	0.05	0.03
Telenor (GSM)	7.35	8.90	8.47
Total	58.56	62.26	71.83

In March 2017 majority of the Telecom Service providers in Gujarat shows increasing trend in wireless subscribers.

TABLE 7: SERVICE PROVIDER WISE WIRE LINE SUBSCRIBERS IN GUJARAT

Service Provider	March 2014	March 2015	March 2016	March 2017
Bharti Airtel	57703	61,720	72192	76409
Vodafone	1590	2,460	2910	8149
Reliance	94892	81,413	74762	72642
BSNL	1459828	1322,712	1172423	1110425
Tata	76,052	84,098	86802	88529
Total	16,90,065	15,52,403	14,09,089	13,56,154

Total Wire line subscribers in Gujarat shows declining trend in the year March 2017. In case of Bharti Airtel, Vodafone and Tata wire line subscribers shows the increasing trend.

TABLE 8: SERVICE PROVIDER WISE VILLAGE PUBLIC TELEPHONES IN GUJARAT

Service provider	March 2014	March 2015	March 2016	March 2017
BSNL	18051	18054	18056	11128
Total	18051	18054	18056	11128

In Gujarat, only BSNL is providing VPT facility. The village public telephones in Gujarat in March 2014 of BSNL are 18051 and in March 2015, there is increase in VPTs of BSNL to 18054 the same numbers of VPTs remain in March 2015 also. So there was not any increase in number of VPTs in Gujarat. In March 2016, the number of VPTs of BSNL shows the increase by 2 VPTs. But in the year March 2017, the BSNL shows the declining trend in VPTs.

MARKETING STRATEGY ADOPTED BY LEADING PLAYERS IN THE TELECOM SECTOR

A. MARKETING STRATEGY OF BSNL

BSNL is one of the leading Telecommunication companies in India. "Quality of service and Consumer Satisfaction is the motto of BSNL. BSNL serves its customers with a large number of telecom services. In Marketing Strategy of BSNL, It is providing wide range of services to satisfy the needs and requirements of Consumers as well as the Government like:

BSNL SERVICES

BSNL has also introduced various 3G services to satisfy the requirements of consumers at very lowest tariffs. BSNL is also offering the scheme like "Get back the un-utilized data" to their prepaid mobile data plan consumers in India.

VALUE ADDED SERVICES

It had launched Centralized Value Added services for its subscribers. This will control all activities like providing response to customer query, update profile of customers, trigger delivery of requested VAS etc. earlier all these activities were being done by VAS providers themselves.

M-SECURE

BSNL has also launched M-Secure scheme. This is an innovative scheme through which user can remotely manage data contained in their lost mobile handset. M-Secure is anti-theft application which helps a user to track, lock, activate alarm and erase data on their mobile handset remotely in case of loss or theft of the device.

MY-MOMENTS

Another initiative is "MY-Moments" which is for providing useful VAS to its subscribers by which Photo, video clips can be shared across wide range. This is an exciting "Click and share" app for sharing photos from mobile via SMS, Email, Whats App or on various social networking sites.

DIGITAL INDIA PROJECT

BSNL has also played a vital role by helping the Government in the project "Digital India" by establishing Robust Cloud Platform to satisfy the needs of cloud services. In Ahmadabad BSNL is providing various services on cloud platform like National Voters services portal, Electronic Challan receipt, Universal Access number under the site My Gov. in This is helpful to the Government in shaping Digital India project faster.

DIGITAL INDIA INITIATIVE

BSNL is a public sector service provider and its plans are completely synchronized with the government of India's digital India programme, which aims to transform India into digitally empowered society. BSNL always adopt new technology to offer new services to its consumers as a part of digital India Initiative some new schemes were launched like Deposit and withdrawal of cash at BSNL retail outlets, Post paid bill payment, Mobile airtime and ticket.

RATIONALIZING THE MANPOWER

BSNL is providing quality and reliable fixed telecom service to consumers in Gujarat and thereby increase customers' confidence in it. Rightsizing the manpower and providing greater customer satisfaction are also the strategies adopted to attract the mass consumers.

BSNL BUZZ

BSNL has introduced BSNL BUZZ during the year 2014-15. It is a mass communication platform for consumers that deliver services to the mobile home screen. It provides nonstop entertainment as well as public service interactive messaging services. It will deliver location based information services in 7 languages.

BSNL SPEED-PAY

BSNL has introduced SPEED-PAY in the year 2015. This service is related to payment of bills and allows the consumers to pay speedy and saves the time of consumers. This system will develop self sustainable eco-system in rural areas and get the banking services to the consumers.

MAKE IN INDIA INITIATIVE

This initiative is taken by a BSNL as a helping hand to the Government. BSNL is the first and largest service provider to provide the Broadband access in the country.

WI-FI HOT SPOTS

Wi-fi enables the user to use high speed broadband network at anytime with affordable prices. Visitors also have seamless connectivity at tourist places like Ganga ghat, Taj Mahal, Hussain Sagar Lake. At such historical places BSNL is providing free Wi-fi for 30 minutes per day per visitor.

UNLIMITED FREE NIGHT CALL SCHEME

BSNL has launched an innovative scheme of free unlimited night calling to landline consumers to any network in May 2015 from 9.00 P.M. to 07.00 A.M for all the days. This will increase the demand for BSNL landline services.

B. MARKETING STRATEGY OF AIRTEL

Bharti Airtel is set up in 1995. Airtel is the world third largest telecom operator. Airtel is the first Indian telecom company to offer 4G services on mobile phones. Airtel is having its operation in 20 countries and globally rank in top three service providers on the basis of subscribers. Its focus is to win customers for life by offering an exceptional experience. Company's vision is to enrich the lives of customers. Digital for all is the mandate of Airtel. In March 2016, Bharti Airtel was the market leader with 24.31% share in total subscription. Bharti is having 25.7% share in total broadband market in India.

PRODUCTS

Airtel launches "Airtel Zero" a win-win platform for consumers. This will give benefits to the consumers by enjoying free data access to a variety of mobile apps signed up with "Airtel Zero". This app is a compelling marketing tool for marketers.

PRICE

Airtel is using competitive pricing strategy by providing variety of products at a low cost. It uses flexible pricing mechanism depending upon the market conditions. The "Make my plan" is introduced by Airtel is a smart strategy as customers can now change their plan as they feel good.

INTEGRATED CUSTOMERS LIFE CYCLE MANAGEMENT APPROACH

In this approach, company can studied behavior of every customer and classify the services in to different segments depending upon the lifecycle of consumers. The company has recently announces the theme of "hunger to win customers life" and this has develop energy in all employees.

MARKETING MIX

Airtel is 3rd largest mobile telecommunication service provider. Airtel is providing its services in 22 telecom circles in India. Bharti Airtel Limited is India's most popular service providers. Airtel is providing variety of telecom services to its consumers like fixed wire line, Wireless, Mobile, GSM network technology in the country. Airtel is also providing 3G and 4G services in a phased manner.

MOBILE SERVICES

Airtel is offering Wireless and Fixed line technology, National and international long distance connectivity, digital TV and Internet protocol television services. Airtel is also providing portfolio services like voice, data, video, network integration, data centers, managed services, enterprise mobility.

AIRTEL MONEY

Airtel money gives the customers convenience in payments and money transfer on mobile phone over secure and stable platform.

DIGITAL TV

Airtel is also providing Digital TV on television, mobile and computer, which is helpful for customer to record their favourite TV programmes through mobile and web.

DIGITAL INDIA

Airtel has also contributed to digital India goal.

MY PLAN FOR THE ENTIRE FAMILY

Airtel was continuously increasing quality of call centers for the betterment of quality services to customers. Customers can share the benefit of this plan with five family members thus ensuring Zero wastage.

AIRTEL TALK

Airtel talk is an alternative to costly ISD calls.

VOICE FREE FOR BROADBAND CUSTOMERS

Airtel is the India's first service provider provides broadband subscribers unlimited free voice calls at low price to any number in India at both fixed line and on mobile.

SELF CARE

Self care is a handset driven self service option which provides consumers multiple channels to get service anytime, anywhere. It will allow the consumers to manage their accounts through self care channels like IVR, USSD, Airtel app and website.

ENRICHING CUSTOMER INTERACTION

Airtel is also conducting various consumer relative workshops to increase customer's experience. Company is having customer advocacy group. Airtel has introduced Mobile broadband charging to make them aware if their data consumption in real time. This is the new initiative, which is under process. Airtel aim is to touch and transform the life of millions and bring sustainable development in the society through its various solutions.

Wynk MUSIC

In 2015 Airtel has launched Wynk music it is a library that includes videos and movies. Within six-month wynk music has capture feet of five million downloads within six months making it one of the most popular destination for the country's music lovers.

PLATINUM 3G

Airtel has launched platinum 3G India's first 3G network in Mumbai and Kolkata. This service will enable customers to experience 34% faster speed than other 3G networks, 30% better indoor coverage and battery lasting for 17% longer than other networks.

4G SERVICES

In 2016 Airtel has also launched 4G services in 16 Cities of India.

EACH ONE TEACH ONE

Airtel has also organized each one teach one, one day seminar this is the first initiative taken by Airtel aimed at giving internet literacy in India and contributing to the nations digital inclusion agenda.

CUSTOMERS CARE CENTERS

Airtel is having well distributed network with a chain of distributors including businesses like chemist, grocery shops, pan shops, Bookstalls, outlets etc. Airtel is having a strategy of always first to reckon and emerging as a winner. Airtel is having wider distribution network as compared to other service providers.

MARKET SEGMENTATION

Airtel uses mix of segmentation strategies to segment its offerings like basic call, sms plans, pre- paid and post- paid plans, Value added services, Data sharing, caller tunes etc. Airtel also classify its market in different geographical area like East, West, North and south. Again, this market is segmented in to different regions on the basis of demographic variables like age, sex, income, qualification etc.

QUALITY WORKFORCE

Airtel is having B2C and B2B business verticals for increasing business efficiency and employee value. Airtel is having transformation from a technology facing organization structure to customer facing. It also providing enhancement to its employees.

C. MARKETING STRATEGY OF VODAFONE

Vodafone is a leader in telecommunication. Vodafone is also providing wide range of services like voice, messaging, data transfer, fixed network etc. to attract the customers. Vodafone has launched 4G services in February 2016 in Mumbai, Delhi, Kolkata, Kerala and Karnataka. Vodafone is also offering series of trial package to its consumers, which will be helpful in increasing the familiarity about the products among the consumers

PRODUCT

Vodafone is offering wide range of products like voice, messaging, data transfer, fixed line services etc. The important objective of company is to satisfy the requirements of customers. The company offers a wide range of tariffs targeted at different consumers segments because consumers are always looking for providing best product quality and Vodafone is always trying to provide. Vodafone's products and services are competitively priced and easily accessible to as many people as possible.

PRICE

To compete with Airtel 4G services in 2015, Vodafone has launched "Double Data" scheme for its prepaid customers where users will get double data pack at the same price.

PLACE

Vodafone is having its customer care centers at different parts of the city to provide better services to the customers. Vodafone also have the chain if retailers in different areas so that consumers need not want to go far from its destination and get easily recharge and avail the benefit of new services.

PROMOTION

Vodafone is always continued to expand and promote their services to meet the total needs of the consumers. It will allow the customer to increase its usage through modernizing the expertise. Promotional strategy of Vodafone includes sponsor of Vivo IPL 2016, which will be helpful to the company to promote its super net 4G service. Vodafone pug dog is also used as a strategy to push the product.

MOBILE SERVICES

Vodafone is providing mobile services, which include call text, access the internet, music, download videos, movies from any corner of the world. Vodafone is providing these services from 283000 base stations sites near nationwide voice coverage and data coverage.

FIXED SERVICES

Fixed services of Vodafone include voice, broadband, T.V services, cloud and Hosting services. Vodafone is providing these services through a combination of owned and leased copper cable and fiber assets. Vodafone covers 28 million homes with own infrastructure.

EMPLOYEE TRAINING

Vodafone is trying to develop the skill and talent of their employees through formal training and regular coaching from managers. Vodafone has global training academies for sales, finance, supply chain, marketing, technology etc. it allows employees to grow their careers with Vodafone, which is helpful to grow the business.

D. MARKETING STRATEGY OF IDEA CELLULAR LTD.

Idea is the third largest mobile telecommunication operator in the country with pans India operations offering voice, data and other value added services. Idea is also focusing to improve Optical Fibre Cable transmission network with the growing demands of data.

KNOWING THE CUSTOMERS REQUIREMENT

Knowing our consumers is the most important marketing strategy adopted by Idea. Idea first finds out what are the requirements of consumers and to satisfy these requirements what our competitors are doing to satisfy the consumers.

SHARING THE INFORMATION

Idea wants to share the information about their plans with the consumers. Idea is putting the information about production, sales, marketing and customer service teams on their webpage so that every consumer can share this easily only by surfing the website of the company.

HIRING THE EMPLOYEES

Idea is hiring the persons who are not actually working in the offices of the company but by remaining outside of the firm, they are representing the company in a good manner among the consumers.

TECHNOLOGICAL IMPROVEMENTS

Idea is making their advertisements on TV channels and also by distributing banners and flyers but along with this Idea for technological improvements Idea is putting their advertisements through social media and also use online marketing tools to attract young generation.

RECRUITMENT STRATEGY

Idea is altering their recruitment strategy by employing young, energetic and experienced employees. Idea is now appointing professional marketers who can understand the importance of strategic planning.

CUSTOMERS SEGMENTATION

Idea can segment its customers mainly into two groups' prepaid customers and Post-paid customers. Pre-paid customers consist of measure portion as compare to post paid customers. These customers are again divided into different types according to their uses.

POST-PAID TARIFF PLANS

Idea is providing Post-paid tariff plan so that customers are free from the hesitation of high bills. This plan is more economical with roaming options and offer more internet offerings, which always keep customers connected with network coverage. Idea is also presenting its Buffet Plan, which offers Local calls, STD calls, and Roaming or data services at a special rate.

PROMOTIONAL STRATEGY

Idea is making its advertisement by using some slogans like "An Idea can change our life", "A good Idea" "What an Idea" as their creativity. This will focus on its network coverage and promotional packages to attract the customers through slogans.

EASY SHARE PLAN

Idea has also launched Easy share scheme to share our plan benefits like data, voice and sms with friends, family and multiple devices. Under this scheme consumer can recharge easy share plan and become a donor for some benefits from his package to idea-prepaid subscriber of their circle on a single click. Maximum of Nine connections can share benefit of Easy share plan launched by Idea.

SAFE CUSTODY SCHEME

Idea is providing Safe custody scheme to its subscribers by paying nominal charges of Rs. 150 for 3 months validity facility. Generally, if the services are not used by subscribers then they are automatically disconnected

BLACK BERRY INTERNET SERVICES

Idea allows its Black berry users to access the internet without connecting to black berry Internet server. In Black berry Internet services unlimited browsing through Black berry APN is free. GPRS is also allowed at free during national roaming.

PREPAID VOUCHERS AND TALK TIME OFFERS

Idea is also providing range of Pre-paid plans to suit the customers like Extra Talk time offers, full Talk time vouchers, Top-up vouchers, Special Tariff vouchers, Combo-vouchers that always keep connected with each other. Plans are available for all types of consumers.

IDEA CONFERENCING

Idea is providing very simple, convenient and cost-effective conferencing services to its subscribers, which will allow multiple people at different locations to contact with conference call through their own offices.

FIELD FORCE AUTOMATION

This is an Ideal tool, which will help to speed up and streamline all phases of business from prospecting, sales tracking, lead management and stock services. This will be helpful in increasing the efficiency and productivity and also faster customer network also helpful for quality decision making.

WORK FORCE TRACKING

This service of Idea helps enterprises to manage their workforce for better production and performance. This is as advanced solution fitted with IDEA SIM in which services are compatible with GSM handset from GSM phones to smart phones. This is helpful for reduction in travelling expenses and faster customer response.

QUALITY LEADERS

Idea have a strength of over 250 youngsters who joined Idea 5 years ago as Group Management Trainees and Leadership Associate Programme for experienced members out of which some of them are at a key position.

SON OF SOIL PROGRAMME

Idea has launched son of Soil programme in which rural youths are recruited for day-to-day sales operations in villages this initiative is helpful in providing employment opportunity to local communities and also helps in building sustainable relationship with the rural population.

MOBILE BANKING PROGRAMME

Idea has launched Idea mobile Commerce Service Ltd. A wholly owned subsidiary of Idea a pilot project associated with Axis bank for providing basic Mobile banking services like cash deposits, money transfer over mobile phones etc.

BAHTAR ZINDAGI PROGRAM

Idea has also taken initiative by introducing Behtar Zindagi programme for rural population and its aim is to provide information on various aspects such as agriculture, crop and cultivation, weather forecast and advisory, livestock management, health, education and finance over the mobile phones.

E. MARKETING STRATEGY OF RELIANCE- JIO INFO COMM LIMITED**DIGITAL COMMUNICATION**

Jio brings the 4G communication, which is suitable to all smart phones with its Rich Communication Services like Chat File share, Unified message. It also enables jio cutting edge voice and video call service on non-VOLTE smart phones.

JIO DRIVE

Jio drive is an application that brings powerful cloud capabilities to every smart phone. Through Jio drive anyone can store and share any content between their own devices and also with their friends and relatives. Now small companies have access to cutting edge cloud storage technologies which were once affordable to big companies only which enable them to compete on a global landscape.

RELIANCE JIO PRIME

Reliance Jio Prime is an extension offer to the RJIL users. Through this offer RJIL can offer free data, free calls, free roaming facility to the jio users by registered under jio prime offer with Rs. 303 for three months.

DIGITAL CURRENCY

Jio introduce digital currency instead of paper money for more secure and convenient way to transact. Jio digital currency, Jio money and digital payment business will play a crucial role in and affordable digital payment.

DIGITAL ENTREPRENEURSHIP

Jio is building a powerful platform through which variety of products and services can be enabled like digital commerce, digital currency, digital education, digital healthcare, e-governance, smart cities etc. Reliance is committed to the principle of Net Neutrality.

DIGITAL HEALTH CARE

On Jio app expert medical advice can be available at anytime and anywhere with medical practitioners which saves life of crores of people.

QUALITY SUBSCRIBERS

Jio is offering free 4G data to the subscribers through this strategy it will occupy the primary sim slot in the 4G phones due to this customers will switch to Jio from their broadband and stick to it. Jio is also offering free calling so subscribers are attracted easily during this 3 months unlimited free services with the super fast speed and quality services and permanently remain stick with Jio.

100 MILLION MARK

It is the ambition of Mr. Mukesh Ambani to acquire 100 million subscribers in the initial period of its launch by providing them free data, free calls by doing this RJIL can strength its growth and band width. RJIL network will cover two lakh villagers and 18000 cities and towns. RJIL also provide plan of Rs. 149 so it can easily capture the subscriber base of 100 million.

OLIGOPOLISTIC MARKET

In this type of market, the participants will fight for market share and profit on the basis of prices and differentiated products. RJIL has differentiated its products by setting up large band width to handle the data along with the plans are also at a very less cost. RJIL has an IP network so all the subscribers can enjoy the calls through internet like Whatsapp calls and Skype calls.

CONCLUSION

As data networks expand and internet enabled devices become affordable more and more Indians are accessing the internet through their mobile devices. Telecom operators are working on a segmented approach to know the market potential and then to achieve their targets. Department of Telecommunication is planning to serve the nation in its diversity, modern telecommunication facilities will be facilitated to all the rural and remote corners of the country. A major development in the last year in Telecom sector is launch of Digital India initiative. It aims to prepare Knowledge Economy country by leveraging Information Technology for bringing transparency in the functioning of Government Departments. This initiative helps in penetration of digital communication services through broadband.

REFERENCES

1. Aditi Khinda, March 27, 2017, "Growth Hacking Strategy of Reliance Jio, India Digital Marketing Case Studies"
2. Nasit Alpesh A., (2011), "An empirical study on Marketing strategy of telecom sector in Gujarat", Ph. D. thesis, Saurashtra University Pg.35-70. 300 -310
3. Sriram Rajan [2015] - Analytics Business Unit, India / South Asia, Data Analytics: It's time for Indian telcos to get even smarter.

ANNUAL REPORTS

4. Airtel Annual Report 2014-15
5. BSNL Annual Report 2014-15
6. Idea Annual report 2014-15
7. Reliance -Jio Annual Report 2017
8. Vodafone Annual Report 2014-15

WEBSITES

9. www.Airtel.co.in
10. www.bsnl.co.in
11. www.Vodafone.com

DOING BUSINESS IN INDIA: ISSUES & CHALLENGES

NIKHIL GARG
ASST. PROFESSOR
ASIAN BUSINESS SCHOOL
NOIDA

ABSTRACT

For a long time, India has been criticized for non-investor friendly destination. Considering the same, Ease of Doing Business has been one of the significant initiatives run by the current Government and is critical to the success of various policy initiatives such as Start-up India, Digital India, and Make in India etc. In the current global environment, where capital is scarce and there are countries competing for attracting the same capital, it is important to make India an investor-friendly destination. The first step toward this objective is to do away with multiple procedures, rules, regulations and red tape and bring more transparency and clarity in policies. This paper looks into the key initiatives, issues and challenges that India is facing in making it a key investment destination in Asia.

KEYWORDS

ease of doing business, investment in India.

JEL CODE

G38

1. INTRODUCTION: THE EASE OF DOING BUSINESS

The Ease of Doing Business (EODB) index is a ranking system established by the World Bank Group. In the EODB index, 'higher rankings' (a lower numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights. (World Bank, 2017)

The research presents data for 189 economies and aggregates information from 10 areas of business regulation:

- Starting a Business
- Dealing with Construction Permits
- Getting Electricity
- Registering Property
- Getting Credit
- Protecting Minority Investors
- Paying Taxes
- Trading across Borders
- Enforcing Contracts
- Resolving Insolvency

Rankings and weightages on each of the above mentioned parameters are used to develop an overall EODB ranking. A high EODB ranking means the regulatory environment is more conducive for starting and operating of businesses.

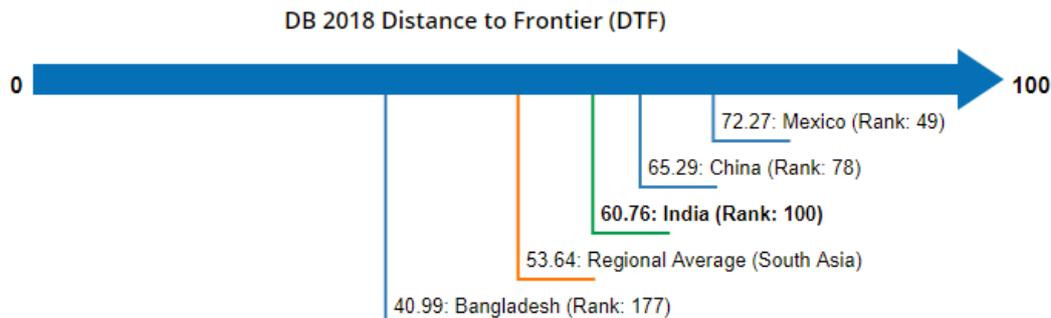
FIGURE 1: INDIA'S RANKING FROM 2014 TO 2018

YEAR	2014	2015	2016	2017	2018
INDIA'S EODB RANKING	142	134	130	131	100

Source: www.dipp.nic.in

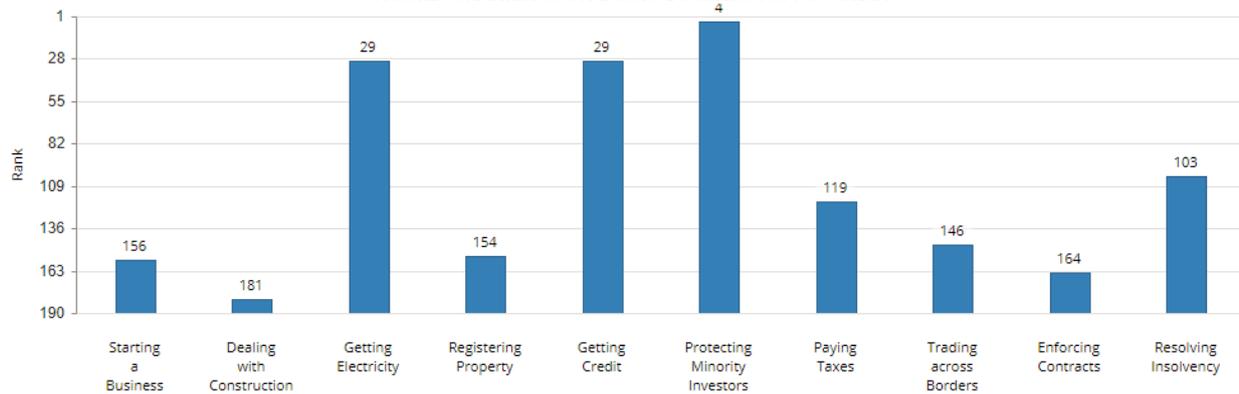
Note: The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

FIGURE 2: INDIA'S OVERALL RANKING AND DISTANCE TO FRONTIER



Source: World Bank

FIGURE 3: RANKINGS ON DOING BUSINESS TOPICS - INDIA



Source: World Bank

FIGURE 4: DISTANCE TO FRONTIER (DTF) ON DOING BUSINESS TOPICS - INDIA



Source: World Bank

2. IMPORTANCE OF STUDY

Ease of doing business plays a significant role in a country’s economic growth. It further helps in attracting foreign investors in the concerned country. Moreover, a country can better design future policies and reforms to improve the ease of doing business status.

3. OBJECTIVES

The objective of the study is to understand the issues and challenges faced by entities in doing business in India and to look into the reforms that have been made to make India a friendly destination in terms of doing business.

4. RESEARCH METHODOLOGY

TYPE OF STUDY: Secondary

The study has been made based on 8 out of the 10 indicators as prescribed by World Bank in providing ranking to 189 economies of the world. Indicators are as follows:

- Starting a Business
- Dealing with Construction Permits
- Getting Electricity
- Registering Property
- Protecting Minority Investors
- Trading across Borders
- Enforcing Contracts
- Resolving Insolvency

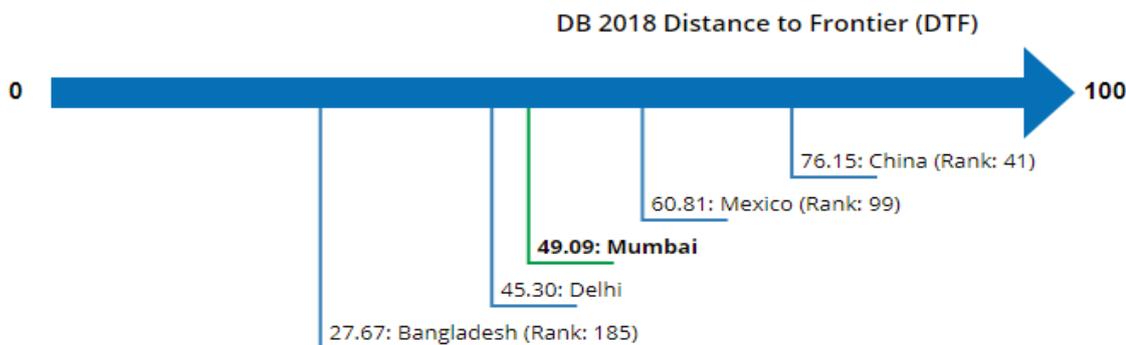
5. ANALYSIS AND FINDINGS

Analysis has been made based on 10 different indicators as prescribed by World Bank and results are as follows.

INDICATOR 1: REGISTERING A BUSINESS

The ease with which businesses can secure rights to property. Included are the number of steps, time, and cost involved in registering property.(World Bank, 2017)

FIGURE 5: REGISTERING PROPERTY IN INDIA AND COMPARATOR ECONOMIES – RANKING AND DTF



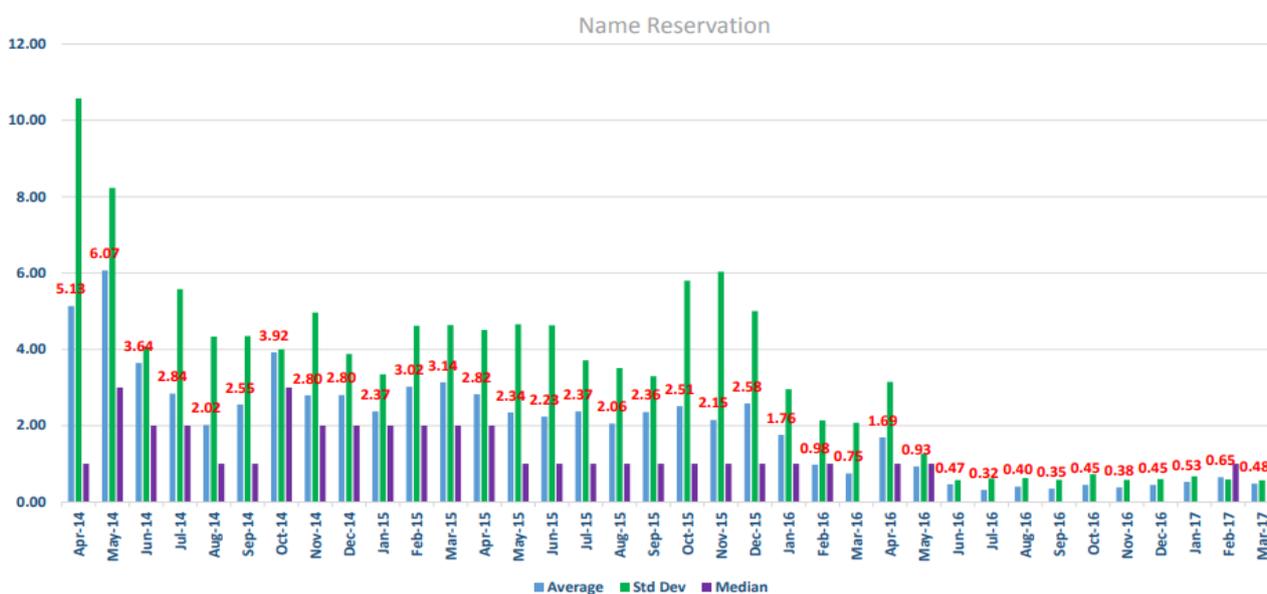
Source: World Bank

TABLE 1: REFORMS FOR REGISTERING A BUSINESS

S. No.	Reform Implemented
1	Digitized all land titles or deed records at the Sub-Registrar’s Office (SRO)
2	Online database for checking for encumbrances (liens, mortgages, restrictions and the like) introduced
3	Introduced service delivery standards to provide maps within a specific time frame though an online portal
4	Cost of title search at office of Sub-Registrar of assurance is Rs. 300. The title search can be done at the given link
5	List of documents required to complete any type of property transaction has been made publicly available at the given link.
6	Fee schedule for immovable property registration can be viewed at the given link.
7	Standard time taken for property registration is provided in the Citizen’s Charter.
8	Now file complaints for immovable property registration online or call at the given number.
9	Get official statistics on number of transaction at the immovable property registration agency at the given link

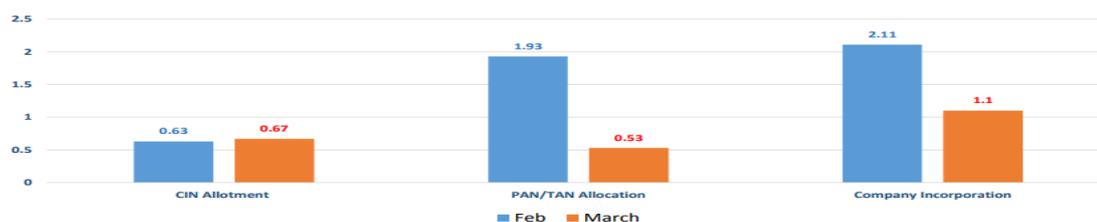
Source: www.dipp.nic.in

FIGURE 6: AVERAGE DAYS – NAME RESERVATION



Source: www.dipp.nic.in

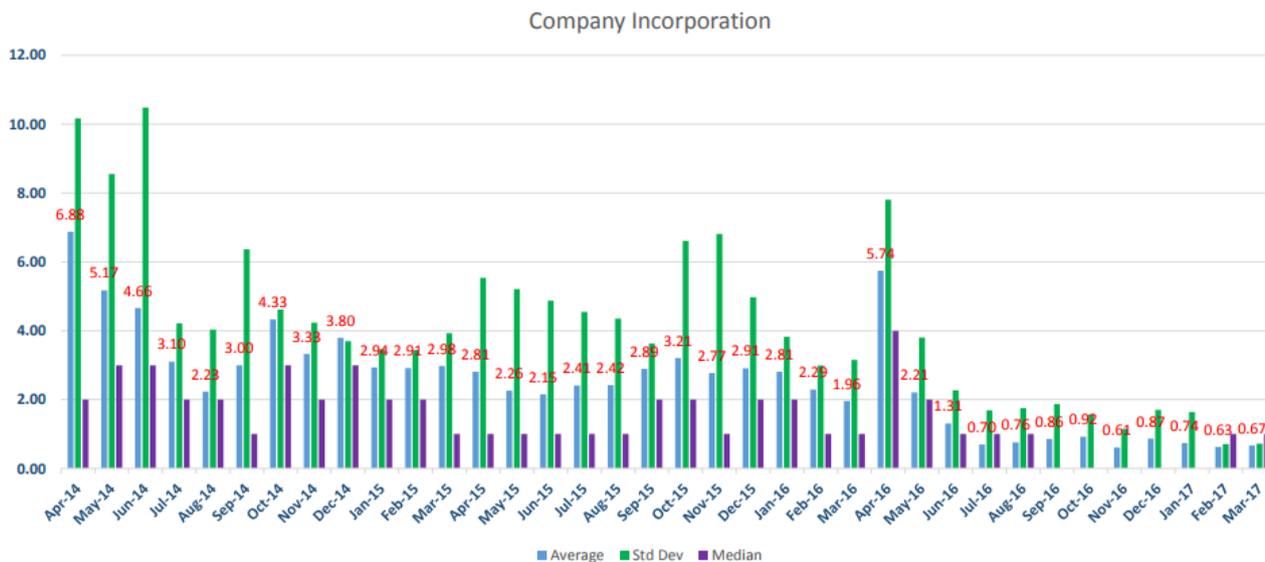
FIGURE 7: AVERAGE DAYS- COMPANY INCORPORATION (CIN & PAN/TAN)



CIN Allotment Includes both Approved & Rejected incorporation SRNs (INC-7, INC-32)
 PAN/TAN Allocation Includes only Approved SPICe SRNs for which PAN/TAN is requested
 Company Incorporation Includes all above transactions

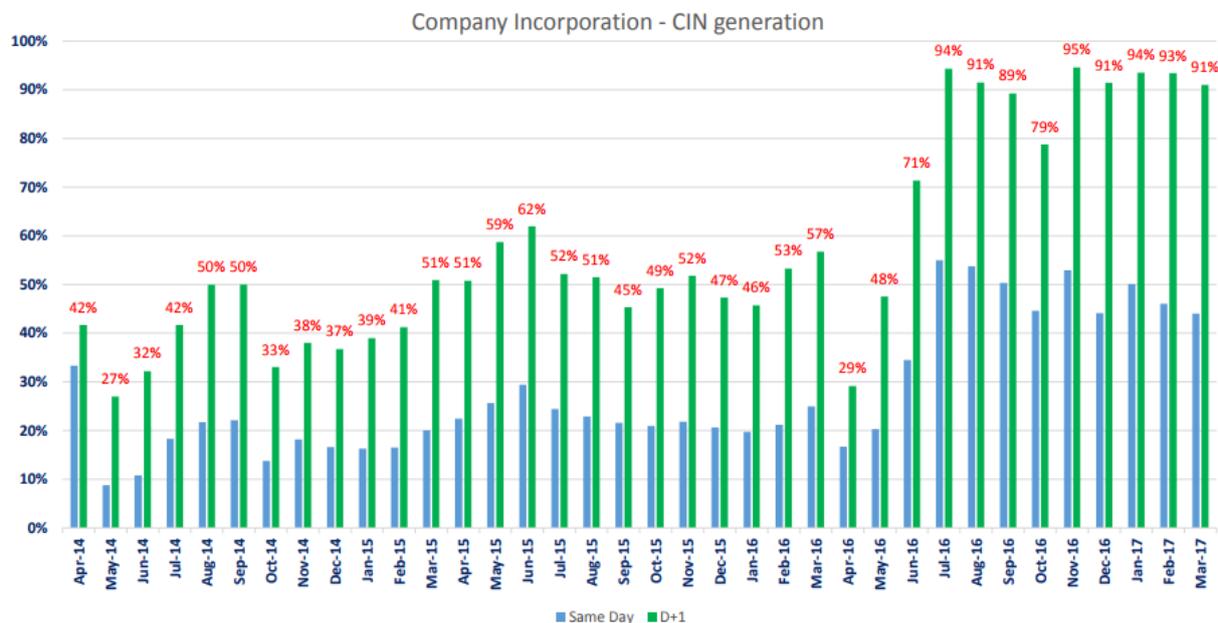
Source: www.dipp.nic.in

FIGURE 8: AVERAGE DAYS – CRC CIN GENERATION



Source: www.dipp.nic.in

FIGURE 9: CRC CIN GENERATION – DISPOSAL TRENDS



Source: www.dipp.nic.in

INDICATOR 2: STARTING A BUSINESS

The steps of launching a business are shown below. Included are: the number of procedures entrepreneurs can expect to go through to start up and formally operate an industrial or commercial business, as well as the time and cost to complete these procedures and the paid-in minimum capital requirement as a percentage of gross national income (GNI) per capita.(World Bank, 2017)

FIGURE 10: STARTING A BUSINESS IN INDIA AND COMPARATOR ECONOMIES

DB 2018 Distance to Frontier (DTF)



Source: World Bank

TABLE 2: REFORMS FOR STARTING A BUSINESS

S. No.	Reform Implemented
1	Mandated SPICe (Simplified Proforma for Incorporating a Company electronically) form for five integrated services: 1. Incorporation of all companies upto 7 promoters 2. Obtain director identification number (DIN) 3. Reserve the company name 4. Obtain a Permanent Account Number (PAN) 5. Obtain a Tax deduction and collection Account Number (TAN)
2	Reduced fee for filing incorporation of a company to INR500 from INR2,000
3	No requirement of Company/Rubber Seal for starting a business in India
4	Real-time and online ESIC registration for establishments without any requirement of inspections or physical touch points
5	Real-time and online EPFO registration for establishments without any requirement of inspections or physical touch points
6	Online and real-time registration under Delhi Shops and Establishment Act with no requirement of inspections or physical touch points
7	Online registration for Delhi VAT

Source: www.dipp.nic.in

FIGURE 11: PROCEDURES, TIME & COST - 1

S. No.	Procedure	Time (Days)		Cost (in Rs.)	
		DBR 2017	DBR 2018	DBR 2017	DBR 2018
	Obtain Digital Signature Certificate (DSC)	1-3	1-2	700 – 2500	700
1.	Incorporation online for a company (using SPICe) and following related processes:				
	1. Obtain Director Identification Number (DIN)	1		500	
	2. Reserve the company Name with RoC (online)	2-7 5	0.5	1000 6300	3330/ 4270
	3. Incorporation, including stamp duty (Delhi/Mumbai)				
	4. Obtain Permanent Account Number	7-10		107	
	5. Obtain first Tax Deduction Account Number	7		63	
	Make a company stamp	1	-	350 – 500	-

Source: www.dipp.nic.in

FIGURE 12: PROCEDURES, TIME & COST - 2

S. No.	Procedure	Time (Days)		Cost (in Rs.)	
		DBR 2017	DBR 2018	DBR 2017	DBR 2018
	Open a Bank Account	2	-	0	-
2	Register with Employees Provident Fund Organisation (online)	7	0.5	0	0
3	Register for medical insurance (ESIC) (online)	9/10	0.5	0	0
4	Register for VAT online (Delhi/Mumbai)	9/10	0.5	525	525
	Register for Professions Tax (Mumbai)	2	-	0	0
5.	Register under the Shops and Establishment Act (Delhi/Mumbai)	<1/2	0.5	0/ 4800	0/ 4800
	Receive Inspection and obtain the Shops and Establishments registration certificate (Mumbai)	2-6	-	0	-

Source: www.dipp.nic.in

FIGURE 13: DATA REPRESENTING THE NUMBER OF APPLICATIONS APPROVED IN ONE DAY

VAT Registration			
Month	Total	1 day approval	Percentage VAT applications registered in one day
Dec '16	14,198	10,991	77.4%
Jan '17	14,929	11,729	78.5%

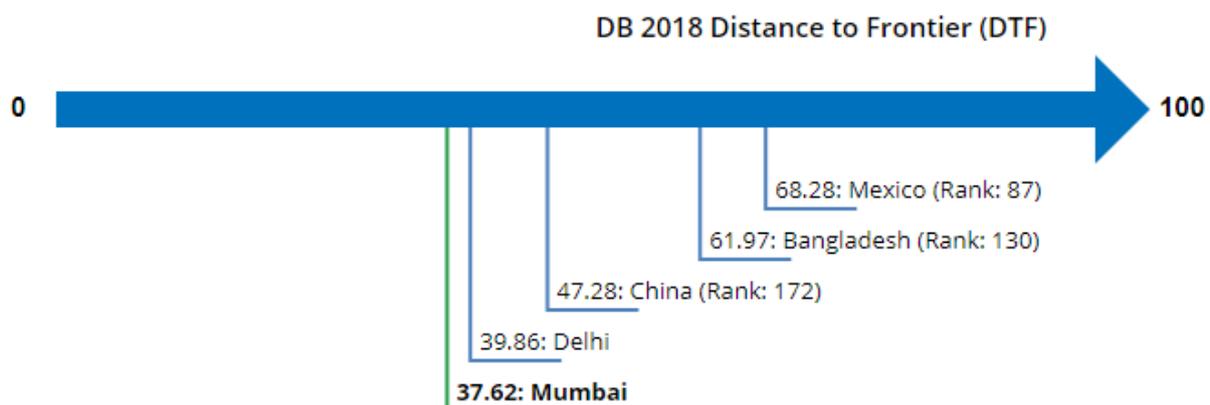
Shops & Establishment			
Month	Total	1 day approval	Percentage applications registered in one day
Dec '16	10,520	5,626	53.47%
Jan '17	1,673	1,538	91.9%

Source: www.dipp.nic.in

INDICATOR 3: CONSTRUCTION PERMITS

Shown below are the procedures, time, and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections. (World Bank, 2017)

FIGURE 14: DEALING WITH CONSTRUCTION PERMITS IN INDIA (RANKING AND DTF)



Source: World Bank

TABLE 3: REFORMS FOR CONSTRUCTION PERMITS

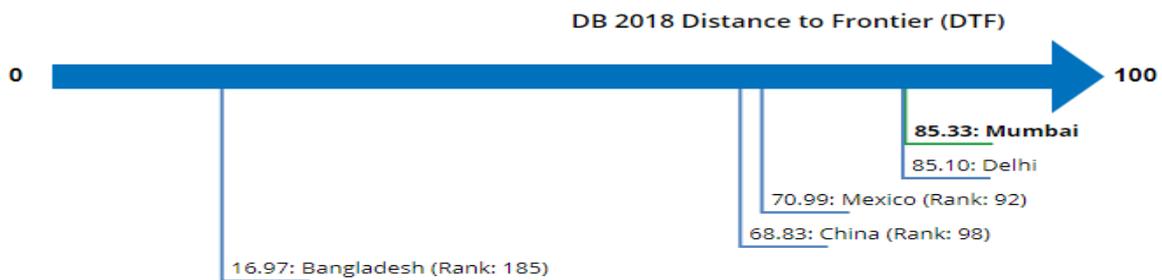
S. No.	Reform Implemented
1	Reduction in number of procedures for sanctioning building plan approval
2	Common Application Form for online approval of building plans of warehouses
3	No NOC required from external agencies outside their influence areas (i.e. color coded zones)
4	GIS system with color coded maps of external agencies implemented where architects can now know the NOCs required for building plan approval for each plot
5	Municipal Corporation of Delhi had introduced an online Single Window System for building plan approval which is integrated with all external agencies. The Applicant is now not required to apply separately for various agencies for NOCs and Inspections.
6	MCD has now defined the criteria of qualification and certification requirement of professionals(Architect, Engineer, Structural engineers) engaged in building plan approval process
7	No NOC required from Delhi Jal Board (DJB) for building plan approval and completion/Occupancy certificate
8	No need to apply separately to Delhi Pollution Control Committee (DPCC) for NOC prior to applying for building plan approval.
9	MCD has introduced Risk based inspection regime for plinth level inspections. The inspections are done based on risk profile of the building whose building plan is submitted for approval
10	Delhi Jal board has abolished Infrastructure charges for Commercial/Industrial Connections thereby reducing the cost burden on the applicant
12	Online scheme for building plan approval for institutions through Common Application Form

Source: www.dipp.nic.in

INDICATOR 4: GETTING ELECTRICITY

The challenges required for a business to obtain a permanent electricity connection for a newly constructed warehouse are shown below. Included are the number of steps, time, and cost.(World Bank, 2017)

FIGURE 15: GETTING ELECTRICITY IN INDIA AND COMPARATOR ECONOMIES – RANKING AND DTF



Source: World Bank

TABLE 4: REFORMS FOR GETTING ELECTRICITY

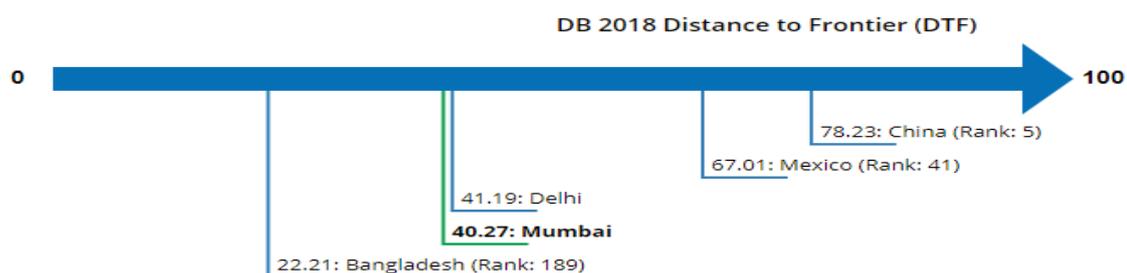
S. No.	Reform Implemented
1	Online application for connections above 100KVA has been made mandatory in Maharashtra and Delhi.
2	Delhi Electricity Regulatory Commission (DERC) has rationalized LT and HT tariff thereby allowing LT connections upto 150KVA.
3	In Delhi and Mumbai, for getting a new electricity connection the number of procedures has been reduced to 3. Further, DERC has revised the application format of Delhi Electric Supply Code and Performance Standards Regulations, 2007 for faster release of electricity connection. The distribution licensees have been directed to process applications in the revised format along with the declaration form.
4	Following are the two documents required for getting electricity connection: 1. Identity proof, 2. Proof of ownership/ occupancy of premises.
5	The Central Regulatory Authority notification has been amended to waive electrical approval for 11 KV installations by DISCOMs and allowing self-certification by DISCOMs engineers
6	MCD has now defined the criteria of qualification and certification requirement of professionals(Architect, Engineer, Structural engineers) engaged in building plan approval process
7	Supply Code Regulation and Standard of Performance (SOP) regulations have been modified by DERC and MERC to complete the process within 15 days.
8	Now industrial/ commercial connections are being granted within 15 days in Delhi and Mumbai.
9	MCD has introduced Risk based inspection regime for plinth level inspections. The inspections are done based on risk profile of the building whose building plan is submitted for approval
10	Delhi Jal board has abolished Infrastructure charges for Commercial/Industrial Connections thereby reducing the cost burden on the applicant
11	Helpdesk for Architects /Engineers/ Applicants to resolve online issues/ problems/ clarifications. Online scheme for completion certificate and Plinth Level Inspection
12	Online scheme for building plan approval for institutions through Common Application Form

Source: www.dipp.nic.in

INDICATOR 5: ENFORCING CONTRACTS

Enforcing Contracts measures the time and cost for resolving a commercial dispute through a local first-instance court and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system.(World Bank, 2017)

FIGURE 16: ENFORCING CONTRACTS IN INDIA AND COMPARATOR ECONOMIES – RANKING AND DTF



Source: World Bank

TABLE 5: REFORMS FOR ENFORCING CONTRACTS

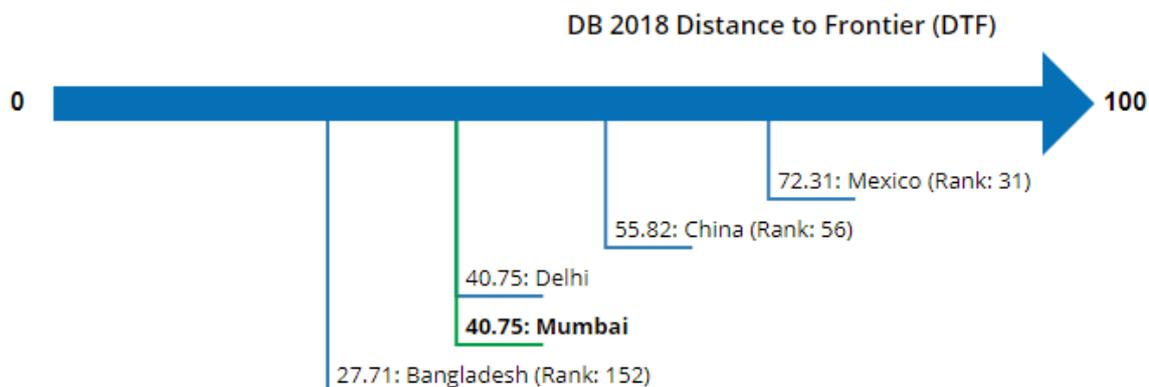
S. No.	Reform Implemented
1	Commercial benches in High Courts should be dedicated for commercial cases
2	Performance measurement reports can now be generated about the competent court to monitor the court’s performance, to monitor the progress of cases through the court and to ensure compliance with established time standards. The following reports are available (i)clearance rate report; (ii) age of pending cases report; and (iii) single case progress report
3	Initial complaint can be filed and can be served on the defendant electronically before Delhi High Court. Summons may be served either by speed post or courier service or by any other means of transmission of document (including fax or electronic mail service). High Court of Delhi has also taken an initiative of providing SMS or email alert facility for information of the members of the bar and parties.
4	Provisions for adjournments limited to unforeseen and exceptional circumstance. No adjournment shall be granted at the request of a party, except where the circumstances are beyond the control of that party. It specifically provides that in case the illness of the lawyer is the ground on which the adjournment is being sought, the court shall not grant adjournment unless it is satisfied that the party applying for the adjournment could not have engaged another lawyer in time
5	Electronic case management tools for the use by judges
6	Provision of financial incentives for parties to attempt mediation/conciliation

Source: www.dipp.nic.in

INDICATOR 6: RESOLVING INSOLVENCY

The time and cost required to resolve bankruptcies is shown below. The data identifies weaknesses in existing bankruptcy law and the main procedural and administrative bottlenecks in the bankruptcy process. The recovery rate, expressed in terms of how many cents on the dollar claimants recover from the insolvent firm, is also shown. (World Bank, 2017)

FIGURE 17: RESOLVING INSOLVENCY IN INDIA AND COMPARATOR ECONOMIES – RANKING AND DTF



Source: World Bank

TABLE 6: REFORMS FOR RESOLVING INSOLVENCY

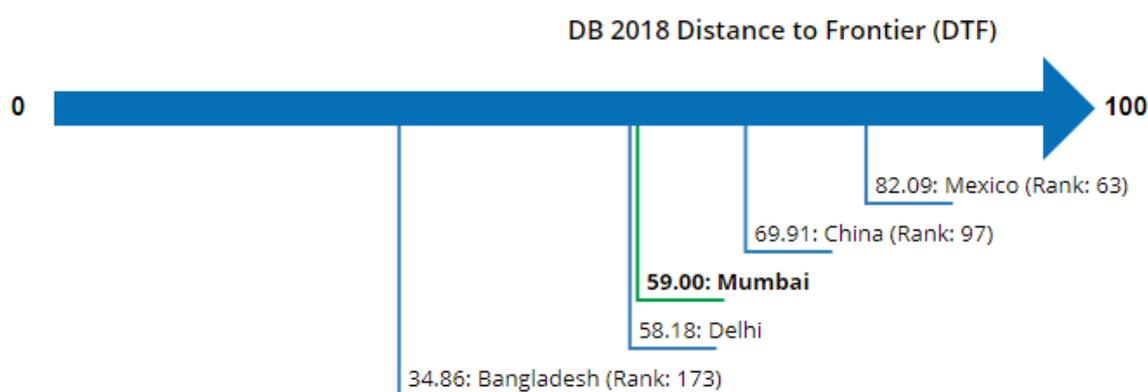
S. No.	Reform Implemented
1	Operationalization of the Insolvency and Bankruptcy Code.
2	Procedures available to a DEBTOR when commencing insolvency proceedings. Corporate debtors can commence-insolvency resolution process. Section 59 provides that a corporate debtor, who intends to liquidate itself voluntarily and has not committed any default, may initiate voluntary liquidation proceedings.
3	Provisions of insolvency framework that allow a CREDITOR to file for insolvency of the debtor.
4	Insolvency Code provides for the possibility of the debtor obtaining credit after commencement of insolvency proceedings.
5	Insolvency Code allows avoidance of undervalued transactions.
6	Insolvency code assigns priority to post commencement credit.
7	Insolvency code allows dissenting creditors in reorganization to receive at least as much as what they obtain in liquidation.
8	Insolvency code allows approval of the creditors for selection or appointment of the insolvency representative.
9	Insolvency code requires approval by the creditors for sale of substantial assets of the debtor.
10	Creditor has the right to request information from the insolvency representative in the Insolvency code.
11	Creditors has the right to object to decisions accepting or rejecting creditors' claims

Source: www.dipp.nic.in

INDICATOR 7: TRADING ACROSS BORDER

This topic measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. (World Bank, 2017)

FIGURE 18: TRADING ACROSS BORDERS IN INDIA AND COMPARATOR ECONOMIES – RANKING AND DTF



Source: World Bank

REFORMS FOR TRADING ACROSS BORDER

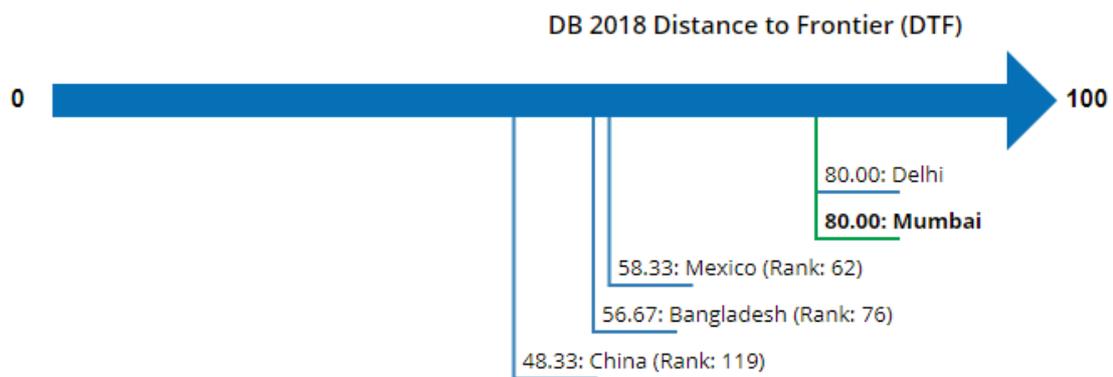
1. Import time – Border compliance
 - Improvements in Risk Management System resulting in increase in facilitation – Reduced level of examination
 - Increased volumes of Direct Port Entry – for export containers Single Window Project – SWIFT - Integrated declaration, integrated risk assessment and reduced documentation
 - Facility of deferred payment
2. Export time – Border compliance
 - Increased volumes of Direct Port Entry – for export containers
 - Amendments in warehousing provisions
 - Advance of entry inward procedure – Processing prior to berthing of the vessel

3. Import cost – Border compliance
 - Increased volumes of Direct Port Delivery – for import containers
 - Single Window interface extended to Export
4. Export cost – Border compliance
 - Reducing / eliminating printouts in Customs Clearance
 - Mandatory to file a Bill of Entry before the end of the next day
 - Interlinked Customs data with remittance data of Reserve Bank of India
5. Import/ export time – Documentary compliance
 - Email notification service to importers
 - Dedicated “DPD/RMS Facilitation Centre” has been created in JNCH
 - Payment of duty on the same day in case of self-assessed bill of entry
 - VII Simplification of Amendment Procedure – for manifests and declarations
 - Filing of documents with digital signatures
6. Import time – Border compliance
 - Exemption of Merchant Overtime Charges for CFSs attached JNPT
 - Abolition of Mate Receipt

INDICATOR 8: PROTECTING MINORITY INVESTORS

This indicator measures three dimensions of investor protection: transparency of transactions (Extent of Disclosure Index), liability for self-dealing (Extent of Director Liability Index), shareholders’ ability to sue officers and directors for misconduct (Ease of Shareholder Suits Index) and Strength of Investor Protection Index. The indexes vary between 0 and 10, with higher values indicating greater disclosure, greater liability of directors, greater powers of shareholders to challenge the transaction, and better investor protection.(World Bank, 2017)

FIGURE 19: PROTECTING MINORITY INVESTORS IN INDIA AND COMPARATOR ECONOMIES – RANKING AND DTF



Source: World Bank

REFORMS FOR PROTECTING MINORITY INTERESTS

1. The existing limit of obtaining shareholder approval if the value of property to be purchased exceeds 10% or INR 1 billion, whichever is less has been amended and now, approval of shareholder would be required if the value of property is 10% or more of the net worth of the company or INR 1 billion, whichever is less.
2. National Company law Tribunal made functional with effect from 1st June 2016. NCLT adjudicates on all corporate law matters in a time bound manner.
3. All members have the right to inspect and copy any record maintained by the company regarding the company’s activities, financial condition, and other circumstances that are relevant to their rights and duties.

9. ROAD AHEAD: ENVISIONING TOP 50 POSITION

1. Get consignments through direct port delivery
2. Use online procedures for exporting
3. Reduce frequency of power outages to one event and duration to 30 minutes in a year
4. In case of dispute, file a case electronically
5. Register property through online system using e stamps
6. Receive registration certificate online with updated records
7. All construction approvals to be given online through single window with no physical touch points.

FIG. 20

Mission Top 50		
Govt draws a targeted reforms plan to improve ease of doing business ranking		
Indicator/ (India's Rank)	Nodal Dept/ Ministry	No. of Reforms Suggested*
Starting a Business (156)	Corporate Affairs	12
Dealing with Cons. Permits (181)	Housing & Urban Affairs	22
Getting Electricity (29)	Power	7
Registering Property (154)	Land Resources	14
Getting Credit (29)	Financial Services	4
Paying Taxes (119)	Revenue	4
Protecting Minority Investors (4)	Corporate Affairs	1
Trading Across Borders (146)	Revenue	12
Enforcing Contracts (164)	Justice	8
Resolving Insolvency (103)	Corporate Affairs	6
* For the period June 2017 to May 2018		TOTAL: 90

Source: Economic Times

E GOVERNMENT

1. All information related to compliance to regulations should be made available online
2. All government services for businesses should be delivered electronically within a time frame.

INDUSTRY READY INFRASTRUCTURE

1. Streamline and improve connectivity with industrial parks
2. Focus on setting up quality infrastructure which may include an ecosystem of standards, accreditation, and certification, laboratories and inspection bodies

REENGINEERING ENTIRE VALUE CHAIN

1. Identify focus sectors based on inherent strengths and future prospects
2. Analyze and refine value chain for each focus sector and undertake efforts to boost the value chain by eliminating shortcomings
3. Encourage standardization in rules and procedures pan India at different levels of governance

10. CONCLUSION

Various measures pitched by the government in the doing business survey were not counted by the World Bank because the reforms were not utilised in practice, more time was required to gauge their impact or contrary feedback. Any reform implemented after the cut-off date of June 1, 2017, was also not counted, the most significant of these being GST, which was put in place on July 1.

About two dozen reforms for getting construction permits were not recognised by the World Bank study. On paper, we were perhaps the best, but our system still gives leverage to engineers to play around with the rules. Thus, lot of groundwork still needs to be done to take India in Top 50s.

11. LIMITATIONS

For ease of doing business report,

1. World Bank gathers data from 4 source of information namely, relevant laws and regulations, local law firms and other private sector respondents, the governments of the economies covered and the World Bank group regional staff. Other significant factors that may have an important role for an individual country's stage of development may be ignored. Thus, the report relies on very narrow information source leading to considerable difference between designed questionnaires and actual scenario.
2. Report only measures regulations applicable to certain specific categories of businesses. Indicators do not provide comprehensive picture of investment climate in India.
3. Since, World Bank report is based on 10 benchmarks, governments have focused on these rankings at the cost of other solutions like corruption, which may be more significant for improving India's business environment.
4. There may be a situation where company can make absolute progress but fail to climb in relative rankings i.e. distance to frontier because other countries have also reformed.

REFERENCES

1. DIPP. (2017). *Reforms for ease of doing business*. DELHI: DIPP. Retrieved December 29th December 2017, 2017, from eodb.dipp.gov.in/
2. World Bank, G. (2017). *Ease of doing business*. US: World Bank. Retrieved from <http://www.doingbusiness.org/data/exploreeconomies/india>

FACTORS HINDERING THE GROWTH OF INTERNATIONAL NEW VENTURES (INVs): EVIDENCES FROM SURGICAL INSTRUMENT CLUSTER

Dr. OMAR ALMOHAMAD
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
MEDITERRANEAN INTERNATIONAL UNIVERSITY
ISTANBUL, TURKEY

MUHAMMAD MOHSEN LIAQAT
Ph. D. CANDIDATE
DEPARTMENT OF BUSINESS ADMINISTRATION
OKAN UNIVERSITY
ISTANBUL, TURKEY

ABSTRACT

An in-depth study of literature concerning INVs reveals that extant literature has primarily focused on firms from high-tech industry and developed countries. The firms operating from low-tech industry and developing countries are largely ignored. INVs phenomenon from an underdeveloped cluster of a developing country faces daunting challenges that hinder their performance and growth; turns out to be an attention-grabbing area hence worth investigating. Therefore, this study explores the factors that hinder the performance of INVs firms in the surgical instrument cluster.

KEYWORDS

INVs, Surgical Instrument Cluster.

JEL CODES

G24, L24, F21, F23.

1. INTRODUCTION

The technological innovation and rapid economic development have increased the importance of small and medium-sized enterprises (SMEs) in the knowledge-based economy. The process of entrepreneurship revolves around the discovery and the development of the promising opportunities (Shane & Venkataraman, 2000). Therefore, these SMEs serve as the backbone of any economy and identified as the engines of economic growth and create thousands of jobs at the lowest capital available (Aremu & Adeyemi, 2011).

The internationalization of SMEs has been under extensive investigation in academic over the years. The early research on internationalization of SMEs was based on traditional internationalization models and defined as “the process of increasing involvement in international operations” (Luostarinen & Welch, 1988, p.84). Moreover, Johanson and Wiedersheim-Paul (1975) described the term as “either an attitude of the firm towards foreign activities or to the actual carrying out of activities abroad or to the actual carrying out of activities abroad” (p. 58).

The literature on internationalization of SMEs illustrates two different ways to pursue internationalization: one is the traditional internationalization models e.g. Uppsala model (Johanson & Vahlne, 1977, 1990) that consider internationalization is an on-going gradual process that expands over a long period of time. These traditional models suggest that companies try to expand in the home market first and then gradually explore for other countries. Whereas, the modern approach to internationalization (INVs) are special types of SMEs that opt for international activities right from their inception. INVs SMEs do not follow the traditional paths to internationalize (McDougall, Shane, & Oviatt, 1994), therefore, face competing challenges.

The concept of “INVs” (McKinsey & Co, 1993) or “High Technology Start-Ups” (Jolly, Alahuhta, & Jeannet, 1992) and “International New Ventures” (Oviatt & McDougall, 1994) are the several labels to identify these firms that “view the world as their marketplace from the outset and see the domestic market as a support for their international business” (McKinsey & Co, 1993). Later, the term has been properly defined in academics as “a small firm that from its inception derives competitive advantage from the use of resources and the sale of outputs in multiple countries” (Oviatt & McDougall, 1995). Thus, these new type of firms has challenged the traditional models of internationalization.

The drivers of this rapid internationalization in SMEs are embedded in the huge demand of their products in other countries, high-tech products, and limited demand of their products in the home market (Crick & Spence, 2005). On the other hand, it is important to understand that such a speedy internationalization pose several challenges to these firms. Particularly, INVs belonging to the low tech industry from developing economies face daunting encounters that can hinder their performance and growth.

This study explores the factors that hinder the performance of international new ventures. The study significantly contributes to both theoretically and practically. At a theoretical level, the study contributes to filling the gap of the largely ignored area by studying the INVs from a low-tech industry cluster from emerging economy. On the other hand, the managerial contributions help managers understand the factors that hinder the performance, and the solution to handle those factors.

2. PROBLEM DISCUSSION

The concept of INVs is observed and developed in the established economies but it is growing in the emerging economies as well—for instance, Malaysia (Anderson, Eriksson, & Lundmark, 2006). However, most of the existing literature comes from the developed countries and the theories of internationalization process are based on the developed economic structures. Therefore, it is worth exploring the phenomena in an emerging economy like Pakistan where exist ambiguous market structures, and economic and political instability provide a different base.

Furthermore, the phenomenon is largely studied in the high-tech industries with an innovative product in a niche market. Despite the fact that most of the research belongs to high-tech firms, however, these firms can also belong to several other industries (Rennie, 1993; Madsen & Servais, 1997). The literature on INVs lacks research in the several areas such as governance structures, growth strategies, marketing strategies, market choices, and antecedent factors for success. However, we found the antecedent factors that hinder the performance and growth of INVs firms in a low-tech cluster from an emerging economy. It is pertinent to mention here that our study has explored the INVs in a cluster of surgical instrument firms. Therefore, the main research question is *what are the factors that hinder the performance of the international new ventures in the surgical instrument cluster?*

3. SURGICAL INSTRUMENT CLUSTER

The city of Sialkot in Pakistan is concentrated with hundreds of surgical instrument manufacturers that are largely engaged in exporting (Nadvi, 1999a). The industry has a history of more than hundred years that was transformed from handmade manufacturing to a sophisticated level. It is pertinent to note that size of the industry is comprised of more than 2500 hundred firms that make more than 10,000 different types of surgical instruments and providing employment to 60,000 workers (SMEDA, 2017). Interesting, the industry export 95% of its production (200 million pieces per year) (SMEDA, 2017). Therefore, most of the companies are engaged in global operations.

4. CHALLENGES OF INVs

Prior research state several internal and external factors that hinder the performance of INVs and their internationalization process. The nature of these challenges is different from the large organizations (Rennie, 1993). The major challenge that INVs face is quite similar to the traditional small and medium organizations i.e. lack of resources, lack of access to finance, limited market information, and lack of innovation and technology (Rennie, 1993). Furthermore, these challenges are embedded in the nature of the organization that is the small and limited experience of the international market—For instance; large firms have different ways to expand their businesses that is through mergers, acquisitions, and subsidiaries (Oviatt & McDougall, 1994).

Moreover, the previous research on INVs state that these special type of firms face hindrance due to poor corporate structures, language barriers while internationalization, lack of proper information on foreign government policies and practices (Oviatt & McDougall, 1994). In the same line, the unavailability and expensive skilled workforce pose a challenge along with recruitment difficulties (Madsen & Servais, 1997). There are other insights available from France and Norway regarding the hindering factors for INVs that are production facilities, human resource management, and recruitment of employees (Moen, 2002).

On the other hand, there are several external factors that pose a difficulty for INVs. For instance, the political instability, government restrictions, language, diverse business practices, complex trade laws, and brand image (Moen, 2002). Extending the research on challenges of INVs, Luostarinen and Gabrielsson (2002) comprehensively categories these factors into four sections: managerial factors, research and development, marketing and sales, and finance. Moreover, these firms face the challenge of the difference of interest between external investors and owners of the company (Luostarinen & Gabrielsson, 2002).

5. CONCEPTUAL FRAMEWORK

Based on the comprehensive literature review, we present a conceptual framework for the factors that hinder the performance of INVs.

5.1 Family Orientation

According to (Beckhard & Dyer, 1983), only fifteen percent of the family businesses survive to the third generation and less than one third only able to reach into the second generation. The factors that hinder the survival are lack of succession planning (de Vries, 1993), competency and involvement in business (Handler, 1989; Rosenblatt, de Mik, Anderson, & Johnson, 1985). With reference to INVs, the surgical medical instrument cluster of Sialkot consists of family-owned global SMEs. Family orientation is a big challenge for the internationalization and growth of these firms. Family businesses usually have low awareness of government export assistance programs, uninterested in the international marketplace, and their internationalization happens as a result of unsolicited orders (Okoroafo, 1999). Further, Okoroafo (1999) highlighted that commitment towards internationalization decreases with post-founding generation owners.

Family involvement in family businesses can badly influence the growth patterns of these firms. According to (Harris, Martinez, & Ward, 1994), there is subjective evidence that family firms choose psychically close countries while expanding their business globally and try to locate their operations in close proximity of family members (Kahn & Henderson, 1992). This is the biggest challenge of INVs internationalization process and growth as choosing psychically close markets is a philosophy of traditional internationalization process. The argument is well supported by Zahra (2003) that family influence is negatively related to the number of countries that firm do business but positively associated with international sales volume.

Family's preferences for firm's control, family values, and family's management style (Gallo, Arino, Manes, & Cappuyns, 2002), risk-averse nature that leads to low growth (Donckels & Frohlich, 1991), low financial capital (Smyrniotis & Walker, 2003) can likely to lead a firm on traditional path of internationalization and a big challenge of INVs.

5.2 Production Facilities

Dangayach and Deshmukh (2003) stated that sophisticated markets, global competition, and customer choices have put mounting pressure on manufacturing firms. Technological advancement, short product life cycles, competition, and economic instability exerted a strong impact on every manufacturing industry. To accommodate these global challenges, companies required various competencies like cost, quality, timely delivery of orders, and customer satisfaction (Dangayach & Deshmukh, 2001). The Pakistani manufacturing INVs are relying on low and obsolete technology with marginally skilled labor. Low level of business education and lack of information on technological up-gradation coupled with limited financial resources ends in producing low-quality products.

5.3 Image of Industry and Nation

Previously, governments and industry were focused on quality, output, and costs while making an export strategy. Considering the world as a marketplace, globalization is producing a uniform unlimited number of products and services with the same design, quality, and price. The choice of product in this uniform marketplace is a big question. National branding is the only solution that can help to create a perception of quality products or service that can help products to be "stand-out" in this uniform global marketplace. This projected that image built on positive national values can help in the promotion of exports. The previously available literature state that county of origin is an important element in evaluating product quality (Han & Terpstra, 1988; Hong & Wyer, 1989; Parameswaran & Yaprak, 1987; Parameswaran & Pisharodi, 1994).

6. METHODOLOGY

In a research study, data can be collected to either test already developed theories or build a new one (Bryman & Bell, 2007). The idea to conduct this study emerged out of my observation while studying the phenomenon of INVs. The manufacturing surgical instrument cluster of Sialkot is the best example of an export-oriented industry and certainly, many firms fit on the definition of INVs. There a question arises what challenges these manufacturing INVs are facing while working from an emerging economy. This signifies that a problem was recognized that was not adequately treated by existing literature. Therefore, the purpose of this study is to explore those unique challenges faced by these manufacturing INVs. Consequently, the results of this study would formulate a theory. The inductive research basically starts with empirical data of real world like observation, concepts, and patterns, and this helps to build theories (Gummesson, 2000). Inductive approach is translated as "road of discovery" that from observation and empirical data new theories/models are developed and the conclusion is drawn on the basis of observations and experiences. That is why we are not constructing any hypothesis neither testing nor validating existing theories.

On the other hand, the deductive approach used to derive hypothesis based on some theory and testing took place finally. According to Gummesson (2000), the deductive research starts with existing models/theories or concepts, the hypotheses are formulated based on these theories, in the final stage, those hypotheses are tested. The deductive approach is not in favor of my study and rejected.

The available literature on challenges of INVs is extensive, but my gap of research shows no studies pertaining to challenges of INVs from manufacturing industry and especially in emerging economy. The results of this research will surely add to the existing literature with a model of challenges. However, even if, the results wind up the same theories; this research is inductive as it begins with an observation, not with a theory. According Marshall and Rossman (2014):

"When researchers first begin to open up any new line of inquiry there will be no useful theories available from which to deduce propositions for testing. Knowledge has to begin with collecting facts and then trying to find some order in them. This is known as induction. The deduction is the technique by which knowledge develops in more mature fields of inquiry. It involves a sort of logical leap. Going a stage further than the theory, data is then collected to test it."

6.1 Research Method

This study used qualitative research strategy as Merriam (1988) explained the researcher observes and explores the phenomenon in a natural setting. To further consolidate, the focus of the research is to find challenges of manufacturing INVs through the experiences and stories of the respondents (Merriam, 1988; Glesne, 1999). This proves that my research is not quantitative because quantitative research emphasized on gathering and analyzing numerical data that requires a

deductive approach. My research is subjective in nature as different respondents interpret the phenomenon of challenges based on their experiences and perception of reality. The study is focused on challenges of manufacturing INVs and remedies to overcome those challenges. The focus is on 'what' question to explore the challenges and remedies from the entrepreneurs perspective. According to Gummesson (2006) and Marshall and Rossman (2014), qualitative methods are most suitable in such cases. The nature of the study is subjective and brings a lot of intensive data that may not be effectively handled by using the quantitative method. The qualitative method will help to capture the experiences of entrepreneur and managers that will provide a better understanding about the challenges of manufacturing INVs. As Patton (2005) stated that qualitative method investigates issues in depth and detail and researcher play a role of the instrument.

6.2 Research Design—Case Study

The contemporary phenomenon is based on five case studies (five manufacturing INVs from medical-surgical instrument cluster of Sialkot) in the context of emerging economy with the focus of my study is to answer the humanistic question of 'what'. The phenomenon under study is best supported by case study method as Yin (2011) defined case study as "...an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". Another definition also supports the intended study as "...an empirical research that primarily uses contextually rich data from bounded real-world settings to investigate a focused phenomenon" (Barratt, Choi, & Li, 2011). Further, Yin (2011) supports the exploratory case studies are used to explore the entirely new phenomenon while the researcher does not have any framework or theory available to explain the intended phenomenon. On the other hand, my research is inductive and supported by Barratt et al., (2011) inductive case studies investigate, extend, develop and build theories.

Further, case study method provides the opportunity to analyze the individual interpretations of challenges and remedies of those challenges—the core elements of this study. Case study method is adopted because it helps to access required interpretations through interviews or conversations with the entrepreneur and managers of the selected companies.

6.3 Data Collection

The study is focused on primary data to explore the factors that hinder the performance of INVs. To collect the primary data, face to face interviews were conducted to collect empirical evidence. However, There may be six sources of data collection for case studies; for example documents, records, archival, interviews, direct observation, physical artifacts, and participant observation (Yin (2011)). But we are not taking into consideration of any other method except interviews because other methods are not feasible as far as the purpose and scope of this research are concerned. Interviews are a very effective technique to thoroughly investigate the entrepreneurs/managers experiences and interpret the social world (Mack et al., 2005). It will also help to capture the non-verbal expressions of respondents (Saunders, 2011).

-Semi-Structured Interviews: Saunders (2011) has identified three different types of interview forms that are structured interviews, semi-structured interviews, and unstructured interviews. Semi-structured interviews are mostly used in qualitative research (Dawson, 2009). I have chosen semi-structured interviews for this study; these are used to collect primary data in an informal way. A pre-established set of questions were used to collect the data but semi-structured interviews allow me to ask additional questions, which were not included in the interview guide. The specific order of the questions can vary according to the flow of the conversation and investigator can alter depending upon the situation (Saunders, 2011). On the other hand, these types of interviews are conducted in an informal setting that allows the respondent to share the facts and stories explicitly. The reason to choose semi-structured interviews is that the phenomenon under study needs to be investigated thoroughly on the basis of entrepreneur/managers experiences. It also helps to maintain a balance between extreme approaches of structured and unstructured interviews along with the opportunity to control the conversation during the interview. Saunders (2011) also indicated that this is significant for phenomenological studies that are focused on the meanings that the respondents ascribe to various phenomena.

Considering the advantages and suitability of semi-structured interviews for this study, the technique was used to conduct empirical evidence on the challenges of manufacturing INVs that our government and industry support, global image of industry and nation, entrepreneurial vision, employees' loyalty and retention, family orientation, and global product standards and production facilities.

6.4 Sample Size

A sample size for qualitative research is appropriate that adequately answer the research questions Marshall and Rossman (2014). We believe that information collected after conducting extensive nine interviews from five selected companies was enough to answer my research question. Along with the conducted interviews, data from key industry informants, and information from booklets about the firms, we believe that the saturation point of information was reached for the analysis of data. According to Saunders (2009), the saturation point is fulfilled when little or no information is coming after interviews from respondents. The time limitation influenced the sample size of the research that did not allow searching for more manufacturing INVs from Sialkot.

6.5 Performing the Interviews

Before contacting to the firms, we thoroughly read the website of Surgical Instruments Manufacturers Association of Pakistan (SIMAP) to find out the companies that fit on the criteria defined in case selection. More than ten companies were contacted through SIMAP, out of which five responded and scheduled interviews. Nine interviews were collected from these five case companies. According to the defined criteria, the interviews were conducted from CEOs and managers of the firms who have extensive experience in the process of globalization of the firm.

All interviews were collected face to face with all respondents of all firms. To ensure the preservation of data for analysis, we have written notes as well as to capture non-verbal cues and body language. All the respondents showed good interest in the topic and have answered the questions honestly.

6.6 Method of Analysis

All the captured information in interviews was written properly after each interview. It has been tried to write the whole interview using the same words to maximize the exactness of the interview (Flick, 2008). The written interviews were requested to be cross-checked by the respondents to ensure the accuracy and reliability of the data. After compiling the data, the respondents and companies are labeled with different alphabets. This coding helped me to easily quote the respondents while doing empirical data and analysis. Coding is used to segment, label, categories, and summarize each piece of data (Charmaz, 2006).

According to Gillham (2000), case studies should be analyzed according to the chronology, coherent and the theory built-up for the issue which is investigated through a case study. We have analyzed according to the conceptual framework given in the chapter of the conceptual framework. The empirical findings will be compared with the conceived challenges of manufacturing INVs shown in the conceptual framework for the analysis.

7. EMPIRICAL FINDINGS AND DISCUSSION

7.1 Drivers to Internationalize

Before going into the details of challenges, it is important to know the reasons that forced or stimulate these firms to capture the foreign market. This will help to better understand the process of internationalization and the challenges to these low technology firms, from an emerging economy.

One of the most important reasons to internationalize that is cited by all respondents is the low demand of surgical medical products in their domestic market. As stated by the interviewee R1, "...the Pakistani market for surgical goods is not big enough and provides low revenues" Similarly A1 expressed, "...The domestic market is small and there is excessive production of surgical products in Sialkot cluster." On the same lines, H1 told me, "...With the latest production technologies, it is now possible to produce large quantities of products...Pakistani market for surgical products is lowering and we need to enter into new markets."

Discussion in interview sessions also brought some other facts that triggered the firms to go abroad. A couple of interviewees says that Pakistani society is not health conscious and usually prefers to buy low-quality surgical instruments. "In Pakistan, people are having low income and inaccessibility to health services...even private clinics and hospitals do not prefer to buy good quality instruments on regular basis...on the other hand, government hospitals are not interested to buy local products, they prefer the stamped imported surgical goods" (Interviewee C1). R3 added to the point "...I lived in London for two years, people in developed nations look for good health and life expectancy"

Pakistan being a developing country has poor governance and institutional structures. There are low policy support and poor support systems. All this leads to open the doors of corruption. The fact is also indicated by D1 that "...the surgical products tender for government hospitals are full of corruption, the purchasers

do not concern with price, flexibility, and economy of the country." They are only concerned with maximum under table benefits from tenders. "Because government official in hospitals is concerned with the under table rebates from foreign sellers, they buy Pakistani surgical instruments but stamped and imported from other countries in high prices. So ultimately, we have to sell our products to those foreign markets like Germany and USA." (Interviewee H1).

During the discussion with R3, he informed that trends in the industry cluster also forced the new companies to go global. "Everybody knows that Sialkot surgical cluster manufacture and exports to other countries, every company operating in this cluster comes with the mindset of selling abroad." (Interviewee R3). "Surgical cluster has the history of over 100 years and the only survival strategy is to export." (Interviewee A1).

Summarizing the discussion above, it is found that my case firms go global because of low domestic demand, poor governmental policies for the surgical cluster, greater opportunities abroad, and culture of the industry.

7.2 Challenges and Constraints

INVs from surgical medical instruments cluster, Sialkot, we dig deep into the kinds of challenges and hindrances those small firms faced or facing while doing business globally. I have observed that one of the major challenges that were mentioned by almost all the firms was government support. Different interviewees expressed it like:

"There is no government support in any form... we suffered from poor infrastructure, shortage of power resources like electricity, gas, and water" (Interviewee R1). On the same lines, C1 further consolidated, "...no policy for INVs, we are working globally...high-interest rates, low rebates, and energy crises are threatening our survival." H1 put the focus on the macro issues, "...uneven exchange rates should be controlled by the government...we are suffering from price uncertainty...on the other hand, we don't have electricity and gas which is hindering our production." A1 highlighted, "on government support...I would say that there is a need to revise customs and trade regulations, labor laws, and tax administration...all this is in the hands of the government."

Summarizing, we can state that government support is the basis for many challenges posed to manufacturing INVs

On a general question of challenges and constraints, everybody started discussing the poor role of government in making SME policy, providing infrastructure (electricity and gas), high-interest rates, and low rebates.

7.3 Family Orientation

As these INVs are considered to be family businesses, it is assumed that family orientation has importance in development and growth of the business. On the other side, literature provides some evidence that family orientation can be a big challenge in the growth and survival of these small firms. All the case firms are family businesses and show serious concerns on it: "relying on non-family partners or managers can be costly...we cannot rely on anybody rather than family members...I hired a marketing manager a few years ago and asked him to attend an exhibition in Germany...he captured my customers and started selling products as a trader and did not come back to the company." (Interviewee R1). R2 also have the same approach, "family is family, we can trust on family members and we are family acting in the company's best interests." A1 told me, "all the family members are holding key positions in the company...there is no communication barriers and no divert interests...we are loyal to each other and will transfer the same to our coming generations...experience of non-family manager is bitter" One of my case firms is handed over to second generation and C1 speaks about family orientation as "we have shown great commitment to the family business...we bring it to a global level with family management values, common interests, and will strive for continued improvement and growth...no one other than family can work hard for the business" The interviewee D1 exemplifies, "family business processes are secreted and cannot be shared with non-family partners." Interestingly R3, "...well, we as a new generation cannot change the practices of doing business...we want to grow through hiring competent managers but it is not possible for us."

On the challenge of low commitment in post-founding generations, H1 explained: "Younger generations liked individualism...lack of trust on each other...this can be a big threat to our family business." "I am worried about next generation's intolerance for each other...who will be the next CEO of the company? Threats increases as the family grow." (Interviewee R1). C1 added, "As your business grows there is need of performance evaluation of family members...young people are not hardworking and don't to actively take part in doing business...they just want to enjoy their life."

On the influence of family orientation related to the selection of market, all the respondents have an almost same view. "Family orientation is not concerned with the selection of market; we sell where we find the opportunity." (Interviewee C1). H1 stated, "It is easy to target nearer markets or where your family members are available...but our product's market is far away and we bear the cost of traveling to attend the trade exhibitions." D1 and A1 show that close markets can help to reduce the costs. In his words, "close markets are always helpful in minimizing transport costs." According to A1, "it is easier to visit close markets...Asian markets less have the same culture."

Recruiting competitive, educated, and skilled managers can help the company to grow but family business found reluctant to it. According to R3, "being a young man and having international exposure, I think we should hire managers expert in business education...but old family rituals do not allow this." D1 expressed, "we all family members are working on key positions like production, marketing, and finance...educated external managers can bring competitiveness but the trust level is low." C1 and H1 have a similar point of view, "we are happy with low growth instead no growth by hiring external managers...I know managers can let our firm grow very fast" (Interviewee C1). On the same lines, H1 "...we don't want to hijack our business by non-family partners."

Summarizing, the empirics show that these manufacturing INVs are convergent towards the family. High trust level on family members, giving key positions to family members, no reliability on non-family partners and managers are the factors that are a major cause of the low static growth of these firms. Individualism and greater size of the family are also becoming the challenge for the growth and survival of these firms.

-Lack of Trust on Non-Family Managers

The empirical analysis shows that the foremost constraint that is faced by manufacturing INVs from Sialkot surgical cluster is lack of trust on non-family managers. Revisiting theories put forward by different scholars who agree that for a small family business; the factors of family's preferences for firm's control, family values, and family's management style (Gallo et al., 2002) are the big challenges in the growth and survival of these firms, I have recognized that my studied firms are confronted with lack of trust problem on non-family managers. My empirical evidence shows how risk-averse nature leads to the low growth of these firms (Donckels & Frohlich, 1991). On contrary, R3 is being a young man and second generation in the business shown some intent to hire competent managers for the growth of his firm.

-Low Commitment in Post-Founding Generations

Another challenge that limits the growth of small and medium manufacturing INVs is the low commitment of post-founding generations in family business.

In-depth analysis reveals that expanded family sizes and ownership issues in family businesses is a real challenge to cope with. Okoroafo (1999) highlighted that commitment towards internationalization decreases with post-founding generation owners. I have observed while conducting the interviews that my case firms are facing the challenge of low commitment towards the growth and expansion in the global market. Different stockholders from family want control of the firm and this leads to the breakup of the family business. There are no measures of the evaluation of family member's performance as managers in the firm, this phenomenon severally damages the small firm's growth.

-Reluctant to Hire Professionals

The empirics indicated that these small firms are reluctant to hire professionals. It is clear from the excerpt given below that firms face difficulty in hiring experienced professionals. It can be argued that this unwillingness not only decreases the firm's ability to compete but also increase the risk of losses.

It is clear from the excerpt that high trust level on family members, giving key positions to family members, no reliability on non-family partners and managers are the factors that are a major cause of the low static growth of these firms.

However, I do not find any pieces of evidence that family firms choose psychically close countries while expanding their business, C1 expressed his views as family orientation if not concerned with the selection of market instead they sell their products where they find

7.4 Production Facilities

On account of production facilities, small firms usually face huge challenges of low production facilities, obsolete technology, and timely delivery of orders. R2 stated, "Production is a big challenge for small firms...in the current sophisticated era of customer choice and customized product demand." D1 expressed, "Being global required global standards...meet those global production standards is a challenge for small firms...there are big global players like Germany which are well facilitated industrial clusters." A1 asserted, "Problems of low skilled labor, rising cost of raw material, and no infrastructural support from the government making

it hard for small firms to compete globally." H1, on the other hand, expressed the problem of up-gradation of production technologies, "lack of information and skill on technological up-gradation put us on back foot...the latest technology required latest skills to operate which is already short here."

On the question of utilization of production, facilities to expand sales in the world all the respondents emphasized on the infrastructure support from the government. R2 stated, "...we are unable to utilize the currently installed facility...electricity load shedding for hours destroying our business...we are forced to outsource from very small vendors." R3 said, "If we receive a big order, we outsource it." H1 expressed, "how would we product without electricity and gas? We can fulfill any big order...but only with the full supply of electricity." The information was given by all the respondents showing that they are more concerned with the infrastructural problems and confident about their production capabilities. D1 stated that "yes, technological changes and customer demands on latest product designs is a challenge that can be managed...but external factors like government support to industry is the first priority."

Summarizing, the challenge of the production facility is evident from the interview information. These manufacturing INVs have the obsolete technology, non-technical labor, and high-quality product demand from global buyers. All these factors put them on the back foot in this global market era. On the other hand, energy crises in Pakistan left nothing for these small firms.

-Global Competition

The empirics have recognized another challenge of global competition on the basis of technology in production. It suggests that when a firm has the obsolete technology, shortage of skilled labor, and global product standards etc., it becomes difficult to compete at international level and retaining good relationships with customers.

-Technology

Pakistan surgical medical INVs rely on the low and obsolete technology that poses a daunting challenge to meet the quality standards, particularly, this challenge is even worse for small firms. The up gradation of technology is both expensive and required certain expertise. This leads to unstable production targets.

-Underutilization of Production Units

Along with all other challenges, underutilization of the production units is also observed while conducting interviews.

The transcript excerpt clearly shows that INVs are suffering from a serious energy crisis. It is pertinent to mention that Pakistan is facing energy crises for more than a decade. Therefore, small and medium INVs from the surgical cluster are capable to meet the production targets but external factor such as energy shortage limit their capacity to grow.

7.5 Image of Industry and Nation

We have the example of Sialkot sporting goods cluster and child labor issues that gives the bad image of industry and nation to the world. These issues damage the cluster with declining sales as buyers consider alternative sourcing location like Thailand and China. On the question asked from the respondents of case firms, do you think the global image of industry and nation influence the sales of your products globally? All of the respondents strongly enforced the good image as a necessity for the survival and growth at an international platform. The interviewee C1 reflected this by saying that "...Pakistan is facing huge challenges of the bad image in every sector." A1 emphasized that "image is brand, and we as a nation have a bad brand name all over the world." D1 stated that "Problem in one cluster or industry leads to bad national image...we have seen the example of a sporting cluster of Sialkot...what happened with them...such bad national image is harmful to every business from home country." Continuing with the comments, R3 again mentioned his experience of an international tour in these words "When I was in Turkey in a trade exhibition...buyers from the world have a very bad perception about Pakistani products...even they comment bad on face...it has become difficult to expand or get new customers because of this bad national image. We have the same number of customers for last many years." R1 shared his thoughts as a key industry informant, "People now don't want Pakistani products...but when Germany import from us and brand those with Made in German, nobody has any issue...the recent British documentary on child labor and poor industry environment conditions put us on the back foot." Country of origin matters a lot, all the respondents agree on this point.

All the respondents were worried about the perception of the bad industry and national image, A1 stated, "Bad image of Pakistan at international level is a huge challenge for small firms like us." This is further consolidating by D1 "There are a lot of trading constraints when buyers know that we are from Pakistan." C1 shows serious concern "...we small firms cannot control the national image...it is in the hands of government...we are labeled as poor product makers due to Pakistan."

Summarizing, the challenge of industry and the national image is huge. The bad image of Pakistan due to factors like political instability, terrorism, and poor law and order situation hurt badly such small manufacturing units. The sophisticated foreign buyers do not trust on Pakistan products due to the bad national image.

-Bad National Image

By analyzing the empirical results, it can be stated that national image strongly damages the survival and growth of these small manufacturing INVs firms. Particularly if the firm is a small manufacturing INVs SME, for which there is a shortage of resources in the form of technology, finance, and workforce. These small firms are not like big companies with strong brand names, their survival and growth depends on the image of nation and industry.

-Abandonment of Global Buyers

The empirics show that bad global image of nation and industry is leaving behind these small firms. Personal experiences of respondents are clearly presenting the challenge of losing customers, difficulties in getting new customers, and threats of closing business. Insch and McBride (2004) stated that consumers' associate manufacturing country, country of design, and assembling country is associated with product brand.

-Poor Product Quality Perceptions

An in-depth analysis of empirical findings also reveals that nation and industry image strongly influence product quality perceptions of the buyers. Chao (1998) identified that country of assembly influence product quality perceptions. So bad image of a nation is one of the challenges that confined the foreign business and hence, survival and growth of these small manufacturing INVs. Papadopoulos and Heslop (2003) further consolidated that country of origin of the product is a global level variable that addresses national symbols.

8. CONCLUSION

The aim is to answer the research question by analyzing the empirical findings that were presented in the last chapter (empirical findings and discussion). The research question is: *what are the factors that hinder the performance of the international new ventures in the surgical instrument cluster?* Since the challenges of manufacturing INVs are being investigated under the context of surgical medical instrument manufacturing cluster Sialkot, therefore it starts the analytical discussion of how this phenomenon is observed by the case firms and what kind of challenges they are faced or facing.

Factors that motivated INVs from surgical medical instrument cluster Sialkot to go global are low domestic demand, low affordability level in the home market, unique products, and corruption in government institutes. Manufacturing INVs are facing many challenges for the survival and growth in a global marketplace like family orientation, employees' loyalty and retention, production facilities, global product standards, government and industry support, and global image of industry and nation. Manufacturing INVs are usually the family-owned firms and run the companies on the basis of family management styles, family values, and preference for family members to control the operations leads to challenges of lack of trust on non-family managers, low commitment for the family business in post-founding generations, and reluctance in hiring professionals.

Being in the global marketplace, manufacturing INVs are facing a huge trial of global product standards. They have to deal with quality conscious foreign buyers, the competition of quality products from other nations, and lack of quality assurance technology. Last but not the least, the challenge of bad national image and industry is a reality as empirics proved the bad national image damage the survival and growth of these firms. It also abandons the global buyers and built poor product quality perceptions.

REFERENCES

1. Andersson, S., Eriksson, M., & Lundmark, L. (2006). Internationalisation in Malaysian furniture firms: gradual or rapid internationalisation? *International Journal of Globalisation and Small Business*, 1(3), 220-243.

2. Aremu, M. A., & Adeyemi, S. L. (2011). Small and medium scale enterprises as a survival strategy for employment generation in Nigeria. *Journal of sustainable development*, 4(1), 200.
3. Barratt, M., Choi, T. Y., & Li, M. (2011). Qualitative case studies in operations management: Trends, research outcomes, and future research implications. *Journal of Operations Management*, 29(4), 329-342.
4. Beckhard, R., & Dyer Jr, W. G. (1983). Managing continuity in the family-owned business. *Organizational Dynamics*, 12(1), 5-12.
5. Bryman, A., Bell, E., Mills, A. J., & Yue, A. (2007). Business research strategies. *Business research methods*.
6. Chao, P. (1998). Impact of country-of-origin dimensions on product quality and design quality perceptions. *Journal of Business Research*, 42(1), 1-6.
7. Charmaz, K. (2006). Constructing grounded theory: A practical guide through qualitative research. *Sage Publications Ltd, London*.
8. Council, A. M. (1993). Emerging exporters: Australia's high value-added manufacturing exporters. *Melbourne: Australian Manufacturing Council*.
9. Crick, D., & Spence, M. (2005). The internationalisation of 'high performing' UK high-tech SMEs: a study of planned and unplanned strategies. *International business review*, 14(2), 167-185.
10. Dangayach, G., & Deshmukh, S. (2001). Manufacturing strategy: literature review and some issues. *International Journal of Operations & Production Management*, 21(7), 884-932.
11. Dangayach, G., & Deshmukh, S. (2003). Evidence of manufacturing strategies in Indian industry: a survey. *International Journal of Production Economics*, 83(3), 279-298.
12. Dawson, C. (2009). *Introduction to research methods: A practical guide for anyone undertaking a research project*: Hachette UK.
13. De Rosenblatt, P., Mik, L., Anderson, R., & Johnson, P. (1985). The family in business: Understanding and dealing with the challenges entrepreneurial families face: Jossey-Bass.
14. de Vries, M. F. K. (1993). The dynamics of family controlled firms: The good and the bad news. *Organizational Dynamics*, 21(3), 59-71.
15. Donckels, R., & Fröhlich, E. (1991). Are family businesses really different? European experiences from STRATOS. *Family business review*, 4(2), 149-160.
16. Flick, U. (2011). *Triangulation Empirische Forschung und Soziale Arbeit* (pp. 323-328): Springer.
17. Gallo, M., Arino, A. M., Manez, I., & Cappuyns, K. (2002). Internationalization via strategic alliances in family businesses.
18. Gillham, B. (2000). *Case study research methods*: Bloomsbury Publishing.
19. Glesne, C., & Peshkin, A. (1999). Meeting qualitative inquiry. *Becoming Qualitative Researchers: An Introduction, 2nd edn* (New York: Longman).
20. Gummesson, E. (2000). *Qualitative methods in management research*: Sage.
21. Gummesson, E. (2006). Qualitative research in management: addressing complexity, context and persona. *Management Decision*, 44(2), 167-179.
22. Han, C. M., & Terpstra, V. (1988). Country-of-origin effects for uni-national and bi-national products. *Journal of international business studies*, 19(2), 235-255.
23. Handler, W. C. (1989). Methodological issues and considerations in studying family businesses. *Family business review*, 2(3), 257-276.
24. Harris, D., Martinez, J. I., & Ward, J. L. (1994). Is strategy different for the family-owned business? *Family business review*, 7(2), 159-174.
25. Hong, S.-T., & Wyer Jr, R. S. (1989). Effects of country-of-origin and product-attribute information on product evaluation: An information processing perspective. *Journal of Consumer Research*, 16(2), 175-187.
26. Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of international business studies*, 8(1), 23-32.
27. Johanson, J., & Wiedersheim-Paul, F. (1975). The internationalization of the firm—four Swedish cases. *Journal of management studies*, 12(3), 305-323.
28. Jolly, V. K., Alahuhta, M., & Jeannot, J. P. (1992). Challenging the incumbents: How high technology start-ups compete globally. *Strategic Change*, 1(2), 71-82.
29. Kahn, J. A., & Henderson, D. A. (1992). Location preferences of family firms: Strategic decision making or "home sweet home"? *Family business review*, 5(3), 271-282.
30. Luostarinen, R., & Gabrielsson, M. (2002). *Globalization and global marketing strategies of born globals in SMOPECS*. Paper presented at the Annual Conference of the European International Business Academy.
31. Mack, N., Woodson, C., MacQueen, K. M., Guest, G., & Namey, E. (2005). Qualitative research methods: a data collectors field guide.
32. Madsen, T. K., & Servais, P. (1997). The internationalization of born globals: an evolutionary process? *International business review*, 6(6), 561-583.
33. Marshall, C., & Rossman, G. B. (2014). *Designing qualitative research*: Sage publications.
34. McDougall, P. P., Shane, S., & Oviatt, B. M. (1994). Explaining the formation of international new ventures: The limits of theories from international business research. *Journal of business venturing*, 9(6), 469-487.
35. Merriam, S. B. (1988). *Case study research in education: A qualitative approach*: Jossey-Bass.
36. Moen, Ø. (2002). The born globals: a new generation of small European exporters. *International marketing review*, 19(2), 156-175.
37. Nadvi, K. (1999). Collective efficiency and collective failure: the response of the Sialkot surgical instrument cluster to global quality pressures. *World development*, 27(9), 1605-1626.
38. Okoroafo, S. C. (1999). Internationalization of family businesses: Evidence from Northwest Ohio, USA. *Family business review*, 12(2), 147-158.
39. Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of international business studies*, 25(1), 45-64.
40. Oviatt, B. M., McDougall, P. P., & Loper, M. (1995). Global start-ups: entrepreneurs on a worldwide stage [and executive commentary]. *The Academy of Management Executive (1993-2005)*, 30-44.
41. Papadopoulos, N., Heslop, L., & Bergeron, J. (2003). Effects of subcultural differences on country and product evaluations. *Journal of Consumer Behaviour*, 2(3), 232-247.
42. Parameswaran, R., & Pisharodi, R. M. (1994). Facets of country of origin image: An empirical assessment. *Journal of advertising*, 23(1), 43-56.
43. Parameswaran, R., & Yaprak, A. (1987). A cross-national comparison of consumer research measures. *Journal of international business studies*, 18(1), 35-49.
44. Patton, M. Q. (2005). *Qualitative research*: Wiley Online Library.
45. Rennie, M. W. (1993). Born global. *The McKinsey Quarterly* (4), 45-53.
46. Saunders, M. N. (2011). *Research methods for business students, 5/e*: Pearson Education India.
47. Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of management review*, 25(1), 217-226.
48. Smyrniotis, K. X., & Walker, R. H. (2003). The family and private business survey 2003: Melbourne: RMIT University for Boyd Partners Ltd. Google Scholar.
49. Welch, L. S., & Luostarinen, R. (1988). Internationalization: Evolution of a concept. *Journal of general management*, 14(2), 34-55.
50. Yin, R. K. (2011). *Applications of case study research*: Sage.
51. Zahra, S. A. (2003). International expansion of US manufacturing family businesses: The effect of ownership and involvement. *Journal of business venturing*, 18(4), 495-512.

FINANCIAL AND NON FINANCIAL TURNOVER FACTORS INFLUENCING IT COMPANIES IN INDIA

SUNANTHA KUMAR
RESEARCH SCHOLAR
D B JAIN COLLEGE
THORAPAKKAM

ABSTRACT

The study finds out that the Employee turnover is one of the hectic issue in most of the organization. Employee's turnover and retention on the causes of high employee turnover, which affect the most, and the companies can decrease employee's turnover in order to cut the hidden cost. The Indian IT companies are vying for inorganic growth, with a quest for newer geographical areas, service offerings, domain expertise, customers and markets. Thus, the organizations different levels of management follow different strategies to retain the level of employees to increase the productivity of the organization. The overall organization climate is contributing towards the defeat the turnover in the organization to face the future challenges and competitions.

KEYWORDS

IT sector companies, financial turnover, non-financial turnover.

JEL CODE

M15

INTRODUCTION

Employees are the biggest asset for the organization. Employee turnover (also known as Attrition or natural wastage or Job Hopping) is defined as the rate of change in the average working force of an organization during a specified period of time. It also means the rate at which the employer gains and losses its employees. Employee Turnover is the voluntary and involuntary which is the permanent withdrawal of employee from the organization. IT industry has one of the lowest Employee tenure due to several factors such as demographics, socio-economic trends or industry trends

REVIEW OF LITERATURE

Jai Yashwant Advani, Sarang C Jagdale, Ajay Kumar garg and Rohtas Kumar (2005) –has made observations from the different software professional working for Indian Software Firms. The paper supported on the factors influencing performance of the Individuals in the Industry. The perception of higher level of organizational policies was identified was the major reason for turnover and the coordination among the employees has reduced the burnout.

Ohashi Isao (2005) in his study, analyzed the effects of pension benefits, family conditions and the personal characteristics of older individuals on job satisfaction and reported that number of hours worked, working condition, work environment and the type of job rather than wages which has major determinant role towards the turnover intention through job satisfaction

The Attrition Study (2008) paper revealed about the employee psychology towards staying in one organization for a longer period on fulfillment on his requirement that may range from job satisfaction, open environment and healthy competition, recognition for good work, having comfort level with peer group, healthy employer – employee relationship. The simple employee need like remuneration, medical benefits makes the employee satisfied. The monetary benefits are more important for some people even more important are opportunities to build a carrier. It supported that the majority of employees look for career growth as they feel stagnated whereas only 10% of them leave for a better salary.

Kamalabhan, Sree Rekha (2012) has carried out a study on the antecedents of employee turnover in ITES sector with an intention to examine the influence of intervening variables such as alternative job availability and organizational commitment on turnover intention. The findings suggest that organizations need to focus on how to foster organizational commitment in order to enhance job satisfaction, reduce job stress and provide support that will facilitate employee retention.

In the opinion of the **Brijesh Kishore Goswani an Sushmitajha (2012)** the issues governing employee turnover and the challenges involved in retention of employees are major concern for the IT industry. The compelling fact that in context of knowledge driven economy is the people who emerge as key competitive differentiators and retaining the talent is a matter of grave concern and assumes greater significance too. Their insights into various issues regarding the employees have been provided. Acquiring skilled workforce is not just enough in today's changing economy. Instead, a lot needs to be done to retain them. It also finds that losing knowledgeable and trained employees can cause serious damage to a company's progress and its performance in the market. It also finds that the employee dreams, hopes, ambitions, creativity and innovations are the greatest assets of the organization. If the assets are not recognized the organization cannot touch the domestic and global markets.

According to Pankaj Nema and Sourabh Nougriaya (2015) employee retention is not influenced by a single factor, but there are many factors which are responsible for retaining employees in an organization. Management need to pay attention to factors such as compensation & rewards, job security, training & developments, supervisor support culture, work environment and organization justice. The mental dimension of retention consist of work characteristics, employees always prefer flexible work tasks where they can use their knowledge and see the results of their efforts which, in turn, helps in retaining the valuable resources. The social dimension consists of the contacts that the employees have with other people, both internal and external.

STATEMENT OF PROBLEM

Job-hopping is becoming common with the rapid pace of modern life. Being a social phenomenon resulting from a variety of reasons, it does bring about a number of side-effects, such as high mobilization and instability. Not only are fresher's changing jobs frequently, but senior professionals are also increasingly falling in the trap of job hopping. Senior professionals with excellent credentials are willingly changing jobs more frequently than ever before. A well trained and knowledgeable employee leaves; the organization loses key skills, knowledge and business relationships. Moreover, there are serious costs involved in replacing that employee. The word loyalty has become old fashioned and is no more considered a success mantra. Loyalty, which once has been considered a fundamental value in an Indian organization seems to be losing its relevance. People, especially younger generation, are highly careered centric. They do not mind changing jobs too often if it helps them earn more and grow faster. They are ready to shift their loyalties for extra money, an additional perk or any other monetary benefits.

OBJECTIVES OF THE STUDY

The following objectives are framed.

1. To analyze the impact of demographic factors on employee turnover intention.
2. To identify the financial and non-financial factors influencing voluntary turnover of employees in IT industry.

HYPOTHESIS OF THE STUDY

H₀1: There is no significant difference between age and employee turnover intention factors in IT industry.

H₀2: There is no significant difference between gender and employee turnover intention factors in IT industry.

H₀3: There is no significant difference between marital status and employee turnover intention factors in IT industry.

H₀4: There is no significant difference between employee position in the organisation and employee turnover intention factors in IT industry.

RESEARCH METHODOLOGY

The study is exploratory in nature. The primary data is collected from the employees, HR managers, Senior leaders in the IT companies in Chennai with the help of a structured Questionnaire. Simple Random sampling technique is used for collecting the primary data. The data is collected from September 2014 to May 2017. The sample size is 457.

TOOLS USED

1. Percentage Analysis for determining the classification of demographic Profile.
2. Mean Score Ranking Analysis is performed to find out the important factors influencing Employee turnover in IT companies.
3. One way ANOVA is used to ascertain the impact of demographic factors on Turnover intention factors in IT industry.

ANALYSIS AND DISCUSSIONS

TABLE 1: DEMOGRAPHIC PROFILE OF IT EMPLOYEES

Particulars	Number of Respondent	Percentage
Age		
20 years to 35 years	406	88.8
36 Years to 50 Years	49	10.7
51 Years to 60 Years	2	0.4
Total	457	100.0
Gender		
Male	276	60.4
Female	181	39.6
Total	457	100.0
Marital Status		
Single	276	60.4
Married	181	39.6
Total	457	100.0
Position		
Top level	20	4.4
Middle level	150	32.8
Lower level	287	62.8
Total	457	100.0

Out of 457 respondents, 88.8% of the employees are in the age group below 35 years. 66.4% of the respondents are male and remaining 39.60 % of respondent are female. 66.4% of the respondents are unmarried and remaining 39.60 % of respondents are married. 4.4% of the respondents are top level employees, 32.80 % of respondent are middle level employees and 62.80% respondents are belong to lower level employees.

TURNOVER INTENTION FACTORS

A. Financial Factors influencing Voluntary Turnover of Employees

In 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity.

Bratton and Gold [2003] explained the rewards that an employee receives payments in relation to contribution in organization that may be cash, noncash and psychological are called rewards.

Akintoye (2000) emphasize that money remains the most important motivational strategy.

Griffeth et al. (2000) noted pay and pay-related variables have a great effect on employee turnover. Management must compensate employees adequately by paying employees based on their performance and in addition, they should give employees incentives like individual bonus, lump sum bonus, sharing of profits and other benefits. Hence, if these are put in place they would minimize employee turnover.

Table No – 2 enlist all the 8 variables that were translated into items in the questionnaire and were used for factor analysis. The mean scores of the variables and standard deviation are depicted below.

TABLE 2: FINANCIAL FACTORS

Financial Factors	Mean	Standard Deviation	Ranking Based on Mean Scores
Compensation	3.02	0.91	1
Bonus	2.89	0.71	2
Mediclaime	2.88	0.92	3
LTA and vacation pays	2.87	0.91	4
Perks	2.78	0.82	5
Shift allowance	2.76	0.92	6
Interest free loan	2.68	0.94	7
Reimbursement	2.67	0.81	8

Compensation: Compensation is the core component of the production-reward exchange process and the employment relationship. Once the employees perceive that their employers cannot offer their expected level of compensation, they may leave the organization (Mondy, 2010).

Bonus: Blakemore et al. (1987) observe lower turnover among those paid a two-part compensation scheme composed of fixed pay plus flexible bonuses. Additionally, Guthrie (2000), drawing on organizational economics literature, shows that firms using skill-based pay systems such as bonuses improve employee retention.

Mediclaime: Organizations also look after the health conditions of their employees. The employees are provided with medi-claims for them and their family members. These medi-claims include health-insurances and treatment bills reimbursements. (Manisha Gupta, 2016)

Leave travel allowances and Vacation Pays: These allowances are provided to retain the best talent in the organization. The employees are given allowances to visit any place they wish with their families. The allowances are scaled as per the position of employee in the organization (Manisha Gupta, 2016).

Perks: It was studied that the concept of additional income tax on fringe benefits. He described fringe benefits as consideration for employment provided by way of: a) any privilege, service, benefit, facility or amenity, directly or indirectly, provided by an employer, whether by way of reimbursement or otherwise to his employees including former employee or employees. Special allowance such as overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc. are provided to employees to provide them social security and motivate them, which improve the organizational productivity. Wipro provides benefits like Paid holidays, maternity benefits, and counselling sessions. TCS provides benefits like recreational room, band performance, engagement with NGO, Dance club, indoor outdoor games, 2 years education leave, paid adoption leaves, location movement, zumba classes, fitness programmes and many more.

Shift allowance: A shift allowance is an amount a company pays above its basic wage to employees who work during certain shifts in order to motivate people who work in less desirable shifts, such as an evening or overnight shift. It is also used to compensate employees who have worked overtime. The Head HR should take the responsibility of framing the *Night Shift Policy* or *Shift Allowance Policy* to ensure that employees are compensated for the hardship due to working in odd hours in shifts as a part of their assignment. Most of the companies pay only for the night shift. The above amount is indicative. It varies from company to company.

Interest free loan: Some companies provide interest free loans for various needs. IT service companies Cognizant and TCS, which have as many as 60,000 employees each in Chennai, said they will be extending interest-free loans worth Rs.1 lakh to all employees.

Reimbursement of the expenses: This category includes expenses that are related to an employee either in the form of a business benefit (eg. business phone) or entertainment expenses that may occur in a business setting (eg. Professional dinners with clients and colleagues or fuel expenses and travel expenses (include any kind of transportation and accommodation expenses that employees going on business trip).

B. Non Financial Factors influencing voluntary Turnover

Apart from financial factors there are non-financial factors which affect the turnover of the employees. It is been identified that there are various factors such as organizational commitment, job stress, job characteristics, promotion opportunities, pay level and rewards, quality of work-life and job satisfaction. that affect the turnover intentions of employees. Employee turnover or turnover intention are also associated with numerous other factors, such as job satisfaction, self efficacy, self-esteem, stress, gender, personal traits, corporate policies and unemployment in the market. Attributes including autonomy, task significance, and good pay have a positive impact on job satisfaction and thus employee retention, whereas exhaustion and work overload have a negative impact on satisfaction, thus increases turnover intentions Recognition, promotions, financial allowances, leaves, allowances for medical treatment and participation in decision making are the ways of upgrading the employee retention of a managerial employee.

TABLE 3: NON FINANCIAL FACTORS

Non Financial Factors	Mean	Standard Deviation	Ranking Based on Mean Scores
Attraction towards higher position	3.4004	1.17514	1
Invited by peer group	3.3720	1.05002	2
Job satisfaction	3.0591	.95445	3
Organisation culture	3.0197	.88954	4
Shift timings	2.9694	.91715	5
Bored of routine work	2.9606	.75116	6
Absenteeism	2.8271	.96125	7
Health issues and stress	2.7418	.77166	8
Welfare facilities	2.7330	.84996	9
Rowing nature of employee	2.6740	.80897	10
promotion	2.632	.8484	11
Sufficient training	2.6149	1.01331	12

Attracted towards higher position is the *first* and foremost non-financial factor with the mean score of 3.40 leading to employee turnover. **Prince (2005)** identified promotion and opportunities for growth as a significant reason for which employees decide to leave or stay in an organization and went further by identifying influential factors pertaining to career growth opportunities, are advancement plans, internal promotion and accurate career previews.

The *second* important cause for turnover in Software industry with the mean score of 3.37 is **Invitation by peer group to join the different organisation**. **Kirschenbaum and Weisberg (2002)** found out that co-workers' intentions have a major significant impact on all destination options - the more positive the perception of their co-workers desire to leave, the more employees themselves wanted to leave. The researchers suggest that a feeling about co-workers' intentions to change jobs or workplace acts as a form of social pressure or justification on the employee to make a move

The *third* important cause of employee turnover intention is **Jobs Satisfaction** with the mean score of 3.06. Job satisfaction plays an important role in determining turnover of employees (**Mudor & Tooksoon, 2011**). High job satisfaction leads to low turnover. In general, dissatisfied workers are more likely to quit than those who are satisfied. **Delfgaauw (2007)** suggested that self-reported level of job satisfaction is a good predictor for job mobility and employee attrition. Thus, frequent satisfaction surveys act as smoke detectors and help in uncovering potential turnover intentions.

The *fourth* cause for employee turnover is **organisation culture**. **Kym and Park (1992)** proposed that turnover can be explained as a misfit between the corporate culture and that of IT department. Positive perceptions of organizational culture correlate to longer length of employment, (**Madaus et al., 2008**). Organizational culture was found to have an affect on organizational behavior and may be proposed as a potential moderator of voluntary turnover. Working environment is also studied and reported as an important factor in retention of employees (**Sohail et. al., 2013**).

Shift timings is the *fifth* important cause for employee turnover intention. In **Wallace's (2003)** work about managing shift work, he indicated that long working hours, unpredictable shifts, limited breaks, and heavy mental, emotional and physical demands are the concerns that lead to occupational stress Working conditions include the organisation of the work such as working hours, work schedules, work shifts, overtime, daily and weekly rest periods, emergency work, weekend work and holidays. It is been identified some important retention strategies include rewards and recognition, training and development opportunities, mentoring and coaching sessions, career planning, flexi work timing, annual performance appraisal, on site and day care facilities.

Bored of routine work is the *sixth* important cause of employee turnover. It is important for the person's abilities, personalities and skills to match the job requirements. If there is no match, the employees become bored by the job that provides no challenges or one that provides unrealistic challenges. These realities are the ones that make people leave the organization. Reported boredom is sometimes related to absenteeism.

Absenteeism is the *seventh* important cause of employee turnover. New employees have expectations but when these expectations are not met, they may start withdrawing from work using sick leave, family responsibility leave and all kinds of excuses.

Health issues and stress is the *eighth* important cause of employee turnover. **Adaji (1997)** identified lack of relaxation overwork, egomania tendency, sitting position, lack of exercise, pressure, personal behaviour such as smoking and alcohol consumption and the role of conflicts as the major sources of stress. Exhaustion and work overload have a negative impact on satisfaction, thus increases turnover intentions.

Welfare facilities are the *ninth* important cause of labour turnover. **Krueger and Rouse (1998)** and **Yamamoto (2011)** found that incentive programs, welfare facilities, praise, recognition, and ongoing opportunities for development improve employee retention.

Rowing nature of employee is considered as a *tenth* reason for employee turnover in the organisation. It is found that Generation Y young people expected a quick linear promotion by changing jobs on a regular basis reported that availability of alternative job opportunities had significant positive impact on turnover intentions.

Lack of Promotion opportunities is considered to be the *eleventh* important non-financial factor, if the employee is lead to turnover intention. Research studies found that there is a negative relationship between perceived promotional opportunities and turnover intention. While identifying the causes that why employees stay in the organization, extrinsic reward (including promotion) was found as one of the most mentioned reasons of staying in the organization.

Sufficient training is the *twelfth* important cause of employee turnover. It is been concluded that both on-the-job and off-the-job training have a significant effect on job mobility. There is a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere.

AGE ON TURNOVER INTENTION FACTORS IN IT INDUSTRY

H₀1: There is no significant difference between age and employee turnover intention factors in IT industry

TABLE 4: THE AGE AND EMPLOYEE TURNOVER INTENTION FACTORS IN IT INDUSTRY

Turnover Intention Factors	Age group	Mean value	f- value	P- value	Level of significance
Financial Factors	20 – 35	55.6552	.799	.755	Not Significant
	36-50	55.3061			
	50-60	70.0000			
Non Financial Factors	20 – 35	53.7139	1.322	.075	Not significant
	36-50	51.2511			
	50-60	69.1304			

Source: Primary data

The above table reveals that there is no significant difference between age and Financial (F=0.799) and non-Financial (1.322) employee turnover intention factors in IT industry.

GENDER AND EMPLOYEE TURNOVER INTENTION FACTORS IT INDUSTRY

H₀2: There is no significant difference between gender and employee turnover intention factors in IT industry.

TABLE 5: THE GENDER AND TURNOVER INTENTION FACTORS

Turnover Intention Factors	Gender	Mean value	f- value	P- value	Level of significance
Financial Factors	Male	54.1667	.079	.779	Not significant
	Female	57.9890			
Non Financial Factors	Male	52.1487	1.407	.236	Not significant
	Female	55.6041			

Source: Primary data

There is no significant difference between gender and financial factor (F=0.079) and non financial factors (F= 1.407) employee turnover intention factors in IT industry.

MARITAL STATUS AND EMPLOYEE TURNOVER INTENTION FACTORS IN IT INDUSTRY

H₀3: There is no significant difference between marital status and employee turnover intention factors in IT industry.

TABLE 6: MARITAL STATUS AND EMPLOYEE TURNOVER INTENTION IN IT INDUSTRY

Turnover Intention Factors	Marital status	Mean value	f- value	P- value	Level of significance
Financial Factors	Unmarried	55.0217	.210	.647	Not significant
	Married	56.6851			
Non Financial Factors	Unmarried	53.0750	3.575	.049*	significant
	Married	54.1917			

Source: Primary data

** Highly Significant at 1% Level. * Significant at 5% Level.

There is no significant difference between marital status and financial factors (F=0.210) employee turnover factors in IT industry. But, there is a significant difference between marital status and non financial factors (F= 3.575) influencing employee turnover factors in IT industry.

EMPLOYEE POSITION AND EMPLOYEE TURNOVER INTENTION FACTORS IN IT INDUSTRY

TABLE 7: EMPLOYEE POSITION AND EMPLOYEE TURNOVER INTENTION FACTORS IN IT INDUSTRY

Turnover Intention Factors	Employee Position	Mean value	f- value	P- value	Level of significance
Financial Factors	Top level	51.60	.79	.97	Not significant
	Middle level	53.58			
	Lower level	57.98			
Non Financial Factors	Top level	57.1304	1.741	.002**	significant
	Middle level	56.0638			
	Lower level	51.9346			

Source: Primary data

** Highly Significant at 1% Level. * Significant at 5% Level.

There is no significant difference between employee position and financial employee turnover factors (F=0.79) in IT industry. But, there is a significant difference between employee position and non financial factors employee turnover factors (F= 1.741) in IT industry.

H₀3: There is no significant difference between marital status and employee turnover intention factors in IT industry.

FINDINGS OF THE STUDY

- The demographic profile of the employees reveal that 88.8% of the employees are in the age group below 35 years, 66.4% of the respondents are male, 66.4% of the respondents are unmarried and 62.80% respondents are belong to lower level employees.
- Compensation is the first, Bonus is the second, Mediclaim is the third, Leave Travel Allowance and Vacation pays are the fourth, Perks is the fifth, shift allowance is the sixth, Interest free loan is the seventh and Reimbursement is the eighth important financial factors influencing employee turnover in IT industry.
- Attraction towards higher position is the first, Invited by peer group is the second, Job satisfaction is the third, Organisation culture is the fourth, Shift timings is the fifth, Bored of routine work is the sixth, Absenteeism is the sixth, Health issues and stress is the seventh Welfare facilities is the eighth, Rowing nature of employees is ninth, Lack of promotion facilities is the eleventh and Sufficient training is the twelfth important non- financial factors influencing employee turnover in IT industry.
- There is no significant difference between age and Financial and non-Financial employee influencing turnover intention factors in IT industry.
- There is no significant difference between gender and financial factor and non financial factors influencing employee turnover intention factors in IT industry.
- There is no significant difference between marital status and financial factors employee turnover factors in IT industry. But, there is a significant difference between marital status and non financial factors influencing employee turnover factors in IT industry.
- There is no significant difference between employee position and financial employee turnover factors in IT industry. But, there is a significant difference between employee position and non financial factors employee turnover factors in IT industry.

CONCLUSION

Employee turnover is one of the hectic issue in most of the organization. Employees turnover and retention on the causes of high employee turnover which affect the most, and the companies can decrease employees turnover in order to cut the hidden cost. The Indian IT companies are vying for inorganic growth, with a quest for newer geographical areas, service offerings, domain expertise, customers and markets. Thus the organizations different levels of management follow

different strategies to retain the level of employees to increase the productivity of the organization. The overall organization climate is contributing towards the defeat the turnover in the organization to face the future challenges and competitions.

REFERENCES

1. Alan Krueger (akrueger@princeton.edu) and Cecilia Rouse(1998) The Effect of Workplace Education on Earnings, Turnover, and Job Performance Journal of Labor Economics, 1998, vol. 16, issue 1, 61-94
2. Blakemore, Diane. (1987). Semantic Constraints on Relevance. Oxford: Blackwell.
3. Brijesh Kishore Goswami, Suhmita Jha (2012), "Attrition issues and Retention Challenges of Employees", International Journal of Scientifics and Engineering Research, April – 2012, Volume 3, Issue 4, pp: 1-6.
4. Griffeth, R.W., & Hom, P.W. (2001). Retaining valued employees. Thousand Oaks, Journal of Organizational Behaviour.
5. Hassan, W., Razi, A., Qamar, R., Jaffir, R., & Sohail, S. (2013). The Effect of Training on Employee Retention. Global journal of management and business research administration and management, 13(6), 16-20.
6. Human resources management, Edition 11 – Personnel Management – Mondy R Wayne, 2010.
7. J. Delfgaauw, R. Dur, 2008 Incentives and workers' motivation in the public sector Econ. J., 118 (525) (2008), pp. 171-191
8. Jai Yashwant Advani, Sarang C Jagdale, Ajay Kumar garg and Rohat Kumar(2005) Antecedent and Consequences of " Burnout" in service personnel A Case of Indian Software Professionals, South Asian Journal of Management, Vol.12 Iss no.3, July – Sept 2005, pp 31-31.
9. Kamalabhan, Sree Rekha(2012), "Study on the antecedents employee turnover intention in ITES/ BPO sector" International Journal of Learning and change, 2012, vol 4(2), pp: 164-180.
10. Kim, Y. H. and Park, H. S. (1992). 'Stressful life events and somatic symptom of urban women', Journal of Korean Academy of Nursing, Vol. 22, No. 4, pp. 569-588
11. Kirschenbaum, & J. Weisberg, "Employee's Turnover Intentions and Job Destination Choices", Journal of Organizational Behaviour, Vol. 23, No. 1, pp. 109-125, 2002.
12. Madaus, J., Zhao, J. and Ruban, L. (2008). 'Employment satisfaction of university graduates with learning disabilities', Remedial and Special Education, Vol. 29, No. 6, pp. 323-332.
13. Manisha Purohit (2016) A Study on - Employee Turnover in IT Sector with Special Emphasis on Wipro and Infosys, Journal of Business and Management Volume 18, Issue 4.Ver. I PP 47-51
14. Manisha Purohit (2016) A Study on - Employee Turnover in IT Sector with Special Emphasis on Wipro and Infosys, Journal of Business and Management Volume 18, Issue 4.Ver. I PP 47.
15. Mudor & Tooksoon, 2011. Conceptual Framework on the relationship between Humna Resources Management practices, Job satisfaction and turnover J. Econ. Behav. Stud, 2 :41-49
16. Ohashi, Isao(2005)., Wages, Hours of work and Job Satisfaction of Retirement – Age of Worker, Japanese Economic Review, Vol – 54, No.2 pp 189-209, june 2005, <http://ssrn.com/abstract=722256>.
17. Pankaj Nema and sourabh Nougriaya - International Journal of Engineering Technology and Management Research Vol.3, Issue 1, Issn 2320-5288.
18. Prince, B.J. (2005) Career-Focused Employee Transfer Processes. Career Development International, 10, 293-309. <http://dx.doi.org/10.1108/13620430510609136> [Citation Time(s):1]
19. Singer, G. (1985) "New Approaches to Social Factors in Shiftwork", in M. Wallace (ed.)... I. (2003) "The Relationship of Work Stressors, Coping and Social Support to Psychological Symptoms among Female Secretarial Employees", Workand Stress, 17:241–63.
20. The Indian Attrition study 2008.
21. The principles of scientific management – frederick winslow taylor, 1911.
22. Tziner, A. and Meir, E. (2002), "Work adjustment: Essence and outcomes", in Tziner, A. (Ed.), Human resource management and organization behavior: Selected perspectives, Aldershot, Hampshire: Ashgate, pp. 47-82.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail infoijrcm@gmail.com for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

DISCLAIMER

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

