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FINANCIAL LITERACY AND RETIREMENT PLANNING OF INDONESIAN MIGRANT WORKERS IN HONG KONG

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ABSTRACT

This study aims to investigate the levels of financial literacy and retirement planning among Indonesian Migrant Workers (IMWs) in Hong Kong. The sample of this study is IMWs whose study in Indonesian Open University during his limited contract. Tobit model was used for this study. We find the level of financial literacy of Indonesian Migrant Workers under limited contract they tend to save and able to stick plan for retirement. However, they level financial literacy considered to inflation and stock risk are lower.

KEYWORDS

financial literacy, retirement planning, limited contract.

INTRODUCTION

The main reason why Indonesians workers decided to work abroad is caused by unavailability of jobs in Indonesia. Either, the high salaries offered to make them interested in working, despite having to leave the family to be Indonesian Migrant Workers (IMWs). The presence of IMWs reached USD 10.4 billion in 2014. However, mostly Indonesian Migrant Works is less educated, 70.27 % under the senior high school and most of the female (BNP2TKI), in which, low levels of education lead to financial problems.

Many of IMWs did remittance to their family in home country (Dustmann and Mestres, 2010), and (Yang D, 2011). However, there is no guarantee the flow of money for saving and consumption from the host country to home country lead to better life in future. Whereas, the changed of lifestyle during becomes IMWs if not controlled can make their lives worse of lead to poverty. Yang D (2011) found many of migrant workers have not a good financial planning. The lack of financial planning may make a problem. IMWs and government should look for a solution to dismiss the problem.

Prior financial literacy studies suggest the well enough knowledge of financial literacy would bring to a better financial decision in the future. Otherwise, the low level of financial literacy caused a financial problem. Boisclair et al. (2014) argue financial literacy related to financial planning. Further, Agnew, Bateman, & Thorp, 2013 found less educated would face risk in the future.

Meanwhile, generally migrant workers doing the job under limited contract such as two or three years each contract and able to renew until 4 times contracts. Whereas, the contract will renew depend on the situation of the employer. In this view, Indonesian Migrant Workers placing as the weaker party (Dustmann and Kirchkamp, (2002). Accordingly, to reduce the risk in the future, especially financial risk, the government and the IMWs should motivate to reach financial literacy. The study is a focus to investigate the levels of financial literacy and financial planning of Indonesian Migrant Workers in Hong Kong. We expected our study may contribute to enhance the hope of migrant workers for better life and help Indonesian government to map a good solution or regulation among Indonesian Migrant Workers over the world.

LITERATURE REVIEW

The National Financial Educator Council (NFEC) defines financial Literacy as "possessing the skill and knowledge on financial matters to confidently take effective action that best fulfills an individual's personal, family and global community goals". A short definition of financial literacy is the ability to understand basic principles of business and finance. Many countries put more attention the level of financial literacy as stated by (Atkinson, A., & Messy, F.A., (2011) the potential magnitude of the consequences of a lack of financial literacy has been further demonstrated by the financial crisis.

An extent studies suggest that financial literacy is related to the individual demographics and the level of knowledge correlated to their financial behavior. (Hilgert, Hogarth, Vitt, and Anderson, 2002) explores the connection between knowledge and behavior, they found positive and significant results. Further, Mitchell et al (2011) examine financial literacy in the United States using the new National Financial Capability Study they demonstrate that financial literacy is particularly low among the young, women, and the less-educated. (Almenberg, 2011) examines the relationship between financial literacy and retirement planning in a representative sample of Swedish adults. They find significant differences in financial literacy between planners and non-planners. Financial literacy levels are also lower among older people, women and those with low education or earnings. Further, (Agnew et al., 2013) examines the relationship between financial literacy and retirement planning using a measure that includes questions requiring numeracy. They find aggregate levels of financial literacy similar to comparable countries with the young, least educated, those not employed, and those not in the labor force most at risk.

Some extent studies examine the relationship between financial literacy and retirement planning, the results of this studies show positive and significant. (Lusardi and Mitchell, 2008) address reverse causality and find strong evidence that literacy causes planning, not the reverse. (Koenen and Lusardi, 2011) examine financial literacy in Germany using data from the SAVE survey. They find that knowledge of basic financial concepts is lacking among women, the less educated, and those living in East Germany. Also, they investigate the nexus of causality between financial literacy and retirement planning using an IV strategy by making use of regional variation in the financial knowledge of peers. They find a positive impact of financial knowledge on retirement planning. (Sekita, 2011) analyze the determinants of financial literacy and link financial literacy to retirement planning. Overall, the level of financial literacy is low in Japan also found that financial literacy increases the probability of having a savings plan for retirement. (Andrade, Bazelais, and Das, 2010) examine the relationship between financial literacy and effective retirement planning using the National Financial Capability Study. They show the difference between females and males as well as Caucasians, African-Americans, and Hispanics. Their results show that there are differences amongst genders and races.

RESEARCH METHODOLOGY

We use the basic financial literacy questionnaire from (Lusardi and Mitchell, 2011) and the questionnaire from Health and Retirement Study (HSR) for retirement planning. The basic question of financial literacy had been examined in Germany, Netherlands, Sweden, Japan, Italy, the United States, Russia, New Zealand and

Australia. The basic questions of financial literacy developed by (Lusardi and Mitchell, 2011) are a compound of interest, inflation, and stock risk. The compound of interest is related to saving for retirement, the concept of inflation related to purchasing power and stock risk is related to investment.

The study was based on paper based survey given to 400 respondents in Hong Kong. The populations of this study are the Indonesian Migrant Worker in Hong Kong. The paper base study covered in a two-month time frame: July and Augustus 2016. Finally, we got only 123 of completed questionnaire as our sample. The Respondent of this study is women, because in Hong Kong only women allowed to work as a migrant worker, otherwise not allowed.

Our study aimed to investigate the level of financial literacy and retirement planning of Indonesian Migrant Workers in Hong Kong. We analyzed education level, status, tenure, abroad experience. To analyze the level of financial literacy among Indonesian Migrant Workers we following the model from (Lusardi and Mitchell, 2011) we use Tobit Analysis for investigating of Simple, Serious and Successful Planners.

RESULTS & DISCUSSION

FINANCIAL LITERACY

Table 1 Panel A reports the distribution of responses to financial literacy questions for our sample of 123 Indonesian Migrant Workers. The table shows that 78.86 % of women correctly answered the interest rate question. In contrast, the table shows the correct answer for inflation and stock risk is low, it results is 34.15 % and 19.15 % respectively. It means the percentage of low results indicated women are less knowledge about inflation and stock considered to inflation and investment than a compound of interest. Whereas, the high level of the correct answer in compound interest it caused they more knowledgeable considered to saving and exchange rates.

TABLE 1: FINANCIAL LITERACY PATTERN

PANEL A: DISTRIBUTION OF RESPONSES TO FINANCIAL LITERACY QUESTIONS

Questions	Responses			
	Correct	Incorrect	DK	Refuse
Compound Interest	78.86%	8.95%	2.44%	9.76%
Inflation	34.15%	38.22%	13.01%	14.63%
Stock Risk	19.51%	43.90%	26.02%	10.57%

Note: DK= Respondent indicated don't know.

Further, the differentiate responses on incorrect answer DK and refuse to answer indicate the low level of women on financial literacy. The proportions of incorrect answer DK and refuse to answer differently each other. Firstly, for a compound of interest, only 8.95 % responses incorrect, 2.44% responses don't know and 9.76 % refuse to answer. Secondly, for inflation, 38.2 % responses incorrect, 13.01% don't know responses and 14, 63% refuse to answer. Thirdly, for stock risk, 43.90% responses incorrect, 26.02 don't responses and 10.57 % refuse to answer. (Lusardi & Mitchell, 2008) suggest DK responses are highly correlated within individual respondents: that is, women are consistently financially illiterate or literate.

However, Panel B shows the low results for being correct to financial literacy question. The table Shows only 5.69 % of Indonesian Migrant workers could answer the basic questionnaire, 33.33 % of them only 2 responses correct, and 44.72 % of them only 1 response correct. This result, show the low level of Indonesian Migrant Worker on financial literacy.

PANEL B: JOINT PROBABILITIES OF BEING CORRECT TO FINANCIAL LITERACY QUESTIONS

Questions	Responses			
	All 3 Responses Correct	2 Responses Correct	1 Responses Correct	No Responses Correct
Proportions	5.69%	33.33%	44.72%	13.82%

RETIREMENT PLANNING

Table 2 shows the result of the proportion of types of the planner on retirement. The table shows 67.48 % respondent responses they had attention to save for their retirement. Following another researcher, we call this group of respondent as Simple Planner. By contract, this results different with (Lusardi & Mitchell, 2008), and Alan L. Gustman and Thomas L. Steinmeier (2004) which found a small number of the planner results. The reason for a high number of the planner on Indonesian Migrant Workers may they work under limited contract in Hong Kong, one's contract at least 2 year period and the maximum they allowed to work as Migrant workers until four contracts. Thus, a migrant worker should make more attention for saving during the contract.

Further, we investigate the respondent responses on HRS module. Firstly, 67.48% of respondent responses ever tried to figure out how much to save for retirement and only 32.52 % responses are never tried to figure out. Secondly, respondent responses if they did to develop a plan for retirement saving. 73.98 % of respondent did it, 14.63 % did it more or less, and 11.38 % never did it. As a prior researcher, we call whose did as Serious Planner. Thirdly, we investigate how often were the respondent response able to stick to the plan. 71.54% respondent responses are mostly, 23.57% of them responses rarely and 4.88 % respondent responses are never able. We call who mostly able as Success Planner.

TABLE 2: PREVALENCE OF RETIREMENT CALCULATIONS

PANEL A: PROPORTION OF PLANNER IN RESPECTIVE SUB-GROUPS

Questions	Answers		
Have you ever tried to figure out how much to save for retirement?	Yes 67.48%	No 32.52%	
Did You develop a plan for retirement saving?	Yes 73.98%	More or Less 14.63%	No 11.38%
How often were you able to stick to the plan?	Mostly 71.54%	Rarely 23.58%	Never 4.88%

Table 2 Panel B Shows the Proportion of Planner in. Considered to our retirement baseline results, we got only 67.48 % as Simple Planner, 64.23 % as Serious Planner and 64.23% as Success Planner. It means planning for retirement is not difficult for Indonesian Migrant worker in Hong Kong.

PANEL B: PROPORTION OF PLANNERS IN FULL SAMPLE

Questions	Proportion of sample
Simple Planners Yes to "tried to figure out how much to save for retirement"	67.48%
Serious Planners Replied Yes/more or less to "developed a plan"	64.23%
Successful Planner Replied Mostly to "able to stick to the plan"	64.23%

DOES FINANCIAL LITERACY AFFECT RETIREMENT PLANNING UNDER LIMITED CONTRACT?

Table 3 reports the results of Tobit analysis on the link between financial literacy and retirement planning. Following (Lusardi & Mitchell, 2008) we use three dependent variables for Tobit Analysis are Simple Planner, Serious planner, and Successful Planner. The dependent variable in Column (1) is dummy variable equal to 1 if the respondent was correct on financial literacy question, 0 otherwise. Column (2) adds an indicator equal to 1 if respondent if the respondent indicated she did not know the answer to the question 1, 0 otherwise. Column (3) has the same as dependent variable but we add a set of demographics controls such as age, education, tenure, has experience abroad.

Table 3 shows the financial literacy is positively associated with planning after controlling demographic variables. It means, if the respondent gives the correct answer to financial literacy she will be a planner (column 1). DK in column (2) is referred to respondent which less likely to plan for retirement. The result on this column negatively and significantly for the stock risk, it may relate to their knowledge considered to the concept and practice. Column (3) indicated that financial literacy is related to demographics of the respondent. The results in column (3) also provide positive results for a compound of interest and inflation. It may rise from the education, tenure, and experience abroad.

TABLE 3: TOBIT ANALYSIS OF SIMPLE, SERIOUS AND SUCCESSFUL PLANNERS: MARGINAL EFFECT REPORTED

	Simple Planner n=123			Serious Planner n=123			Successful Planner n=123		
	I	**II**	**III**	**I**	**II**	**III**	**I**	**II**	**III**
Correct on Compound Interest	-0.0460 (-0.45)	0.00147 (0.01)	0.000964 (0.01)	-0.00107 (-0.01)	0.0107 (0.10)	0.0154 (0.14)	-0.00107 (-0.01)	0.0107 (0.10)	0.0154 (0.14)
Correct on Inflation	0.0729 (0.82)	0.0770 (0.82)	0.0766 (0.81)	0.118 (1.32)	0.135 (1.41)	0.138 (1.45)	0.118 (1.32)	0.135 (1.41)	0.138 (1.45)
Correct on Stock Risk	-0.222* (-2.13)	-0.240* (-2.20)	-0.241* (-2.18)	-0.285** (-2.70)	-0.286* (-2.58)	-0.279* (-2.48)	-0.285** (-2.70)	-0.286* (-2.58)	-0.279* (-2.48)
DK Compound interest		0.382 (1.33)	0.380 (1.32)		0.0632 (0.22)	0.0768 (0.26)		0.0632 (0.22)	0.0768 (0.26)
DK Inflation		0.0200 (0.15)	0.0197 (0.15)		0.0838 (0.62)	0.0866 (0.64)		0.0838 (0.62)	0.0866 (0.64)
DK Stock Risk		-0.0402 (-0.38)	-0.0403 (-0.38)		-0.0129 (-0.12)	-0.0119 (-0.11)		-0.0129 (-0.12)	-0.0119 (-0.11)
Demographics	No	No	Yes	No	No	Yes	No	No	Yes
Pesuodo R2	0.0308	0.0419	0.0420	0.0509	0.0536	0.0546	0.0509	0.0536	0.0546

t statistics in parentheses * p<0.05, ** p<0.01, *** p<0.001

THE LINKS BETWEEN PLANNING TOOLS, PLANNING SUCCESS AND FINANCIAL LITERACY

We also track the link between planning tools using for set up the retirement planning. Table 4 Panel A presents a tool planner report using. We divide this part into two columns as simple planner and successful planner. Most of respondent using calculator or worksheet as the first tools is count to 47.54% for simple planner and 45.08% for successful planner. The low level is attends to retirement seminar both results only 14.75 % for simple planner and 13.11% for successful planner.

TABLE 4: LINKS BETWEEN PLANNING TOOLS, PLANNING SUCCESS AND FINANCIAL LITERACY

PANEL A: TOOLS PLANNER REPORT USING

Tools	Simple Planner n=83	Successful Planner n=79
Talk to family/friends	44.26%	42.62%
Talk to coworkers/friend	28.69%	28.69%
Attend retirement seminar	14.75%	13.11%
Use calculator/worksheet	47.54%	45.08%
Consult financial planner/accountant	15.57%	14.75%

Panel B present the correlation between planning tool, tool used and financial literacy. We use a simple planner as baseline result. For compound interest correct answer the high results is use calculator or worksheet count to 63.93% and the lower results is attend retirement seminar only 13.11%. For inflation correct answer the high results is use calculator or worksheet count to 25.41% and the lower results is consults financial planner count to 6.54%. For stock risk concept the high results use calculator or worksheet count to 13.11% and the lower results is consult financial planner count to 1.64%.

PANEL B: CORRELATION BETWEEN PLANNING, TOOLS USED, AND FINANCIAL LITERACY

	Simple Planner n=83	Talk to family/friends n=88	Talk to coworkers/friend n=62	Attend retirement seminar n=20	Use calculator/worksheet n=87	Consult financial planner/accountant n=24
Compound Interest	52.46%	58.2%	42.62%	13.11%	63.93%	15.57%
Inflation	24.59%	23.77%	17.21%	7.38%	25.41%	6.56%
Stock Risk	9.84%	12.3%	6.56%	3.28%	13.11%	1.64%

Panel C present the result of respondent track and set their spending budget. The table shows the respondent answer 70.73% always and mostly track their own spending. Interestingly 86.89% of respondent always and mostly set their spending budget.

PANEL C: BUDGETING QUESTIONS ALL RESPONDENT

	Always	Mostly	Rarely	Never
Track Spending	39.84%	30.89%	26.83%	2.44%
Set Spending Budget	50.82%	36.07%	10.66%	2.64%

CONCLUSION

Our findings raise concern about the level of financial literacy of Indonesian Migrant Worker in Hong Kong. Under the limited contract, they tend to save and able to stick plan for retirement. However, they level financial literacy considered to inflation and stock risk are lower. It means on the short term year they still control their economics, however, after several years or after they have not worked as a Migrant worker, they have a financial problem.

Therefore, Government and related organization should make more attention to encourage financial literacy among Indonesian migrant workers over the world to the high level at three basics of a question. The policy makers may able to motivate migrant works to take a workshop in financial literacy before they joints the job or during the contract.

LIMITATION

This research has some a limitation such as: the sample of the study only focus in Hong Kong with a few respondents. Many people from Indonesian country work in developed and developing country such as Taiwan, Korea, Japan and Malaysia. Further, regarding the sample we have not many time and cost to collect more sample.

FURTHER RESEARCH

Research in this field is very important for people and government to fix the solution as early warning of financial problem. Further to find more finding the next research should use more sample and different country. Because, as long as my knowledge, research on financial literacy and retirement planning among Indonesian migrant workers in abroad it is the first research in this field. Thus, to reach more finding is very open in this field.

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A CASE STUDY ON OPINION TOWARDS LOW COST PRODUCTS AND IMPACT ON THEIR BEHAVIOUR

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ABSTRACT

This case study essentially deals with the impact of low cost products in the organization profitability and customer endurance towards this strategy. Apart from this the consumer perception and their inherent nature of behavior are also analyzed and suitable results were found in the case study. This case study also provides the idea to the companies which plans to introduce the low cost products in the India

KEYWORDS

low cost products, impact of low cost products.

I. NATURE AND CHARACTERISTICS OF LOW COST PRODUCT

The phenomena of low cost products percolated into the consumer mind in a rapid way as most of the consumer seems to prefer these kind of products. The low cost products when they got introduced it usually creates euphoria among the customer groups. The customers who always wants value proposition in the products which they buy turned the retention towards low cost products but after sometime perhaps poor performance of the product or societal pressure on mental sigma related to low cost products forced the customer to rethink about purchase of low cost goods in future. This is evidence from the various real time business scenarios (ie) the kingfisher and nano miserably got failed in a long term period after considerably generating the interest among the customers. The main aim of the case study is why the customers prefers the low cost products and later on why the same customers hate the products

II. IMPLEMENTATION OF THE CASE STUDY

The students of the department of management studies, DR NGPIT have taken for the discussion all them are specialized in marketing. The students were assembled in a group and asked to discuss the following questions

1. What promoted the companies to introduce the low cost product in India?
2. What are the consumer perceptions about low cost product?
3. How the low cost product initially creates interest among the customers?
4. SWOT analysis of low cost product

III. DISCUSSIONS

WHAT PROMOTED THE COMPANIES TO INTRODUCE THE LOW COST PRODUCT IN INDIA?

India is a heterogeneous market which comprises of customers who are having different kind of culture and traditions. The buying pattern is different across the country. The marketers understood this concept in a very clear way, thus forced them to introduce different pricing system.

The marketers always think that the slogan low cost creates much needed sales and as it is the reason for introducing low cost product. The marketers have the strong mindset that the middle class city based people and the people living in rural area prefer the low cost product. The marketers have thinking that they need not maintain the appropriate quality in the low cost products as the customers adjust with the products with minor deficiencies

WHAT ARE THE CONSUMER PERCEPTIONS ABOUT LOW COST PRODUCT?

(a) Low cost product always suffers from positioning as customers correlate the word low cost into low quality one
(b) The word low cost creates the impression among the consumers that the companies may have used inferior raw material in their product
(c) The word low cost creates the impression that the product will not be last for longer
(d) The societal pressure of buying low cost product always creates inferiority complex among the customers
(e) Because of the low cost product the companies also struggle on to maintain profitability thus it reduces their services level.

HOW THE LOW COST PRODUCT INITIALLY CREATES INTEREST AMONG THE CUSTOMERS?

- The companies spend huge amount of money on advertising the low cost products which promptly creates certain interest in the consumers mind
- Due to the advertisement the consumer creates strong impression about the product and quality which enhance their expectations
- Once introduced the products should satisfy these expectation in a way that should be beneficial to both the companies and the consumers.
- Because of the cost restriction on usage of raw materials, the companies always have dark spots in the product quality which appeared after sometime in the real time usage.
- The frequent failure and service of low cost products prompt the customer to avoid it in a long term manner.
- The customer also spread negative views about the product through verbal product that damage the product and brand in a very significant way.

IV. SWOT ANALYSIS

1. STRENGTH

- Easy promotion
- Easy penetration into the consumer mind
- Suitable for all segments of customers
- Enhance the usage of product by the customers
- Enhanced sales of the product

2. WEAKNESS

- Deficiencies in quality
- Possibility of brand dilution
- Missing of reliability

- Frequent complaints
- Enhancement of service cost

3. OPPORTUNITIES

- Have great market in low income group and rural area
- If the quality is not diluted the product may create unpredictable sales for the company
- Huge market for these kind of products

4. THREATS

- Copycat products may easily be introduced by the competitors
- Competitors may dilute the brand and product by giving negative marketing
- The cheap products from countries like china creates serious trouble for these kind of products

V. CONCLUSION

By analyzing the case study, it is found that the term low cost is not creating good feeling in the consumer's mind. As they always link the low cost with low quality. The brand may get diluted if the introduced product not performed well in the market. There is a possibility of cannibalism of this impact which may affect the other products.

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STOCK VERIFICATION & AUDIT PROCESS OF WHOLESALE & RETAIL BUSINESS ENTERPRISES OF UDAIPUR DISTRICT

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ABSTRACT

The present study aims to study the stock verification & audit process adopted by the wholesalers & retailers of Udaipur District. To serve the objective descriptive research design is used and primary data is collected from 300 respondents with the help of questionnaire. Data is analyzed with the help of frequency distribution & chi square test and it has been concluded that there is a significant difference in the stock verification & audit process adopted by the wholesalers & retailers of Udaipur district.

KEYWORDS

accounting practices, wholesalers, retailers.

INTRODUCTION

Inventory control protects a company from fluctuations in demand of its products. It enables a company to provide better services to its customers. It keeps a smooth flow of raw-materials and aids in continuing production operations. It checks and maintains the right stock and reduces the risk of loss. Managing inventory in a cost-efficient way helps optimize profits of the organization. This begins with negotiating the lowest costs with the suppliers. Buying in volume or committing to suppliers in long-term relationships can help with this. Managing inventory is vital as well. If firm order too much inventory, it have to pay more money for employees to organize it and manage it. In addition to this, it will have more expenses for storage areas to hold it. Having too little inventory can lead to stock-outs, which is bad for customer service.

Likewise audit process helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. An effective audit helps organizations achieve goals and objectives by measuring overall performance and productivity, as detected in transactions and business records. Further, an audit protects an organization from financial misstatements, presenting a reliable health picture of the organization to the markets. Fraud protection is a benefit of audits achieved through internal controls that prevent and detect accounting irregularities. Strengthening the financial integrity of an organization through an audit reduces risk and the cost of capital. An audit provides investors and shareholders confidence by providing trusted information concerning financial statements and how well the organization is run. An audit inspects internal control systems, ensuring they are sufficiently strong and working properly. In addition, an audit benefits accountants and tax collectors by addressing accounting problems and offering up-to-date information on techniques, rules, and regulations.

LITERATURE REVIEW

Vishnu & Mahadeo (2015) in their paper studied the Inventory Management Performance of Small Scale Industry. They found that industry should use ABC analysis in there day to day working and furthermore should try to enhance the operating efficiency.

Ntim et al (2014) in their paper stated that stock forms an integral part of control systems in most organizations. Depending on the quantities, specific types and nature of stock items, they can easily be stolen, burnt, become obsolete, evaporated, result in stock-out and over-stocked. This calls for a comprehensive control of stock in SMEs.

Hasan (2013) in his paper stated that Material Management played an important role in any manufacturing system. Computations to find out the quantity of raw materials to be ordered and the period in which to be ordered require processing of huge amount of data from various manufacturing functions.

Monisola (2013) examined inventory management problem and their impact on the performance of small and medium scale manufacturing organizations. Researcher analyzed the efficiency and profitability of various manufacturing organizations and use of EOQ model. He found that the non – use of perpetual inventory method, lack of structured inventory process valuation and processing in arriving at sound decisions in SMEs is generally very low. He suggested that the need for a computerized system in order to facilitate the perpetual inventory approach.

Soni (2012) focused on inventory management of engineering goods industry in Punjab. She analyzed turnover ratios, working capital management and inventory control. She suggested that to solve the problem of shortage of inventory as taking loan from institution, retained earnings, placing order in time, planed recorder level and maintained safety stock.

A study conducted by **Maseko & Manyani (2011)** confirmed that SMEs do keep subsidiary books of accounts, especially to capture on operating expenses as evidenced by a few number of SMEs keeping books to record expenses. The study revealed that SMEs in the retail shops business are keeping sales day books for controlling inventory and those in the manufacturing sector keep records for non-current assets as owners try to safeguard their assets. Record keeping in SMEs is therefore not being done for the purpose of capturing accounting information for performance measurement but for security and control.

Sathyamoorthi (2001) observed that it is important to have a system of control over all business activities, as a well-designed and properly implemented control system can ensure: protection of resources against waste and fraud; accuracy and reliability in accounting data; and success in the evaluation of the performance of the business.

OBJECTIVE

The purpose of this research paper is to study the stock verification & audit process used by the wholesalers & retailers of Udaipur district.

RESEARCH METHODOLOGY

(a) Research Design: - To have a better understanding about the issue descriptive research design was used. To get the primary data close ended questionnaire was administrated.

(b) Sample Design: - 50 wholesalers & 250 retailers were selected through stratified purposive sampling.

(c) Analysis: - The data collected was analyzed with the help of frequency distribution & chi square test.

FINDINGS OF THE RESEARCH

- The sample of the study consists of 300 business organizations out of which 16.67% were wholesalers (N=50) and rest 83.33% business owners (N=250) were retailers

A. Stock Verification Process of Wholesalers & Retailers

- According to 61% respondents (N=183) they verify their stock monthly followed by quarterly (N=46, Percentage=15.33) & fortnightly (N=38, Percentage=12.67). There were 6% respondents (N=18) who conduct stock verification half yearly and 5% respondents. Majority of wholesalers (N=30, Percentage=60) and retailers (N=153, Percentage=61.20) verify their stock on monthly basis. 24% wholesalers (N=12) and 10.40% retailers (N=26) do the stock verification fortnightly while quarterly stock verification is done by 17.60% retailers (N=44).
- Respondents were asked that which method they apply for valuation of stock of their business and results received are presented in table 4.3.3. The FIFO method is used by majority of respondents (N=104, Percentage=34.67) followed by LIFO (N=93, Percentage=31) and weighted average method (N=61, Percentage=20.33). Rest of the respondents (N=42, Percentage=14) use some other methods of stock valuation. It is clear from the results that majority of wholesalers (N=23, Percentage=46) and retailers (N=81, Percentage=32.40) are using FIFO method for stock valuation. Significant numbers of wholesalers (N=16, Percentage=32) and retailers (N=77, Percentage=30.80) are using LIFO method for stock valuation. The weighted average method is used by 20% wholesalers (N=10) and 20.40% retailers (N=51).
- 77.33% respondents (N=232) indicated that they use to record the loss of stock and 22.67% respondents (N=68) said that they do not record the lost stock. Majority of wholesalers (N=44, Percentage=88) and retailers (N=188, Percentage=75.20) keep the record of stock lost.

B. Audit Process of Wholesalers & Retailers

- Respondents were asked that do you conduct audit for your business and as a response majority of respondents (N=187, percentage=62.33) indicated that they conduct audit of their business. 37.67% respondents (N=113) reported the non-conduction of audit process of their business. All the wholesalers (N=50, Percentage=100) and majority of retailers (N=137, Percentage=54.80) are conducting audit of their accounts. 45.20% retailers (N=113) said that they do not conduct audit of their accounts.
- It is clear from the results that majority of wholesalers (N=26, Percentage=52) and retailers (N=101, Percentage=73.72) are doing audit yearly. Significant numbers of wholesalers (N=13, Percentage=26) and retailers (N=27, Percentage=19.71) are conducting audit half yearly. The quarterly auditing is done by 22% wholesalers (N=11) and 6.57% retailers (N=9).
- Majority of respondents (N=99, Percentage=52.94) indicated that external agency conduct the audit of their accounts, while 23.53% respondents (N=44) said that internal staff conducts the audit. 18.18% businessmen (N=34) responded that audit is conducted by internal and external agency both and 5.35% respondents (n=10) conduct audit by themselves. Majority of wholesalers (N=41, Percentage=82) and retailers (N=58, Percentage=42.34) are taking help of external agency for auditing process. Very few wholesalers (N=2, Percentage=4) and retailers (N=8, Percentage=5.84) are conducting audit at their own.

C. Hypothesis Testing

H_{01}: There is no significant difference in the stock verification process adopted by the wholesalers and Retailers

H_{11}: There is a significant difference in the stock verification process adopted by the wholesalers and Retailers

To measure significant difference in the stock verification process adopted by the wholesalers and Retailers chi-square test was applied as shown in table 1

TABLE 1: CHI-SQUARE RESULTS TO MEASURE SIGNIFICANT DIFFERENCE IN THE STOCK VERIFICATION PROCESS ADOPTED BY THE WHOLESALERS AND RETAILERS

Stock Verification Time Period	Type of Business Organization		Total	Chi Square		
	Wholesaler	Retailer		Degree of Freedom	Calculated Value	Tabulated Value
Fortnightly	12	26	**38**	4	11.64	9.488
Monthly	30	153	**183**			
Quarterly	2	44	**46**			
Half yearly	4	14	**18**			
Yearly	2	13	**15**			
Total	**50**	**250**	**300**			
Stock Valuation Method	**Type of Business Organization**		**Total**	**Chi Square**		
	Wholesaler	**Retailer**		**Degree of Freedom**	**Calculated Value**	**Tabulated Value**
LIFO	16	77	**93**	3	8.417	7.815
FIFO	23	81	**104**			
Weighted average	10	51	**61**			
Other	1	41	**42**			
Total	**50**	**250**	**300**			
Recording of Lost Stock	**Type of Business Organization**		**Total**	**Chi Square**		
	Wholesaler	**Retailer**		**Degree of Freedom**	**Calculated Value**	**Tabulated Value**
Yes	44	188	**232**	1	3.894	3.841
No	6	62	**68**			
Total	**50**	**250**	**300**			

Level of Significance = 5%

At 5% level of significance in all the cases the calculated value of chi square is more than its tabulated value which leads to the rejection of hypothesis so it can be concluded that there is a significant difference in the stock verification process adopted by the wholesalers and Retailers.

H_{02}: There is no significant difference in the auditing process adopted by Wholesalers and Retailers

H_{12}: There is a significant difference in the auditing process adopted by Wholesalers and Retailers

To measure significant difference in the auditing process adopted by the wholesalers and Retailers chi-square test was applied as shown in table 2

TABLE 2: CHI-SQUARE RESULTS TO MEASURE SIGNIFICANT DIFFERENCE IN THE AUDITING PROCESS ADOPTED BY THE WHOLESALERS AND RETAILERS

Conduction of Audit	Type of Business Organization		Total	Chi Square		
	Wholesaler	Retailer		Degree of Freedom	Calculated Value	Tabulated Value
Yes	50	137	**187**	1	36.25	3.841
No	0	113	**113**			
Total	**50**	**250**	**300**			
Audit Time Period	**Type of Business Organization**		**Total**	**Chi Square**		
	Wholesaler	**Retailer**		**Degree of Freedom**	**Calculated Value**	**Tabulated Value**
Quarterly	11	9	**20**	3	11.378	7.815
Half yearly	13	27	**40**			
Yearly	26	101	**127**			
Total	**50**	**137**	**187**			
Auditor	**Type of Business Organization**		**Total**	**Chi Square**		
	Wholesaler	**Retailer**		**Degree of Freedom**	**Calculated Value**	**Tabulated Value**
By yourself	2	8	**10**	3	23.921	7.815
Internal staff	3	41	**44**			
External agency	41	58	**99**			
Internal and External agency both	4	30	**34**			
Total	**50**	**137**	**187**			

Level of Significance = 5%

At 5% level of significance in all the cases the calculated value of chi square is more than its tabulated value which leads to the rejection of hypothesis so it can be concluded that there is a significant difference in the auditing process adopted by the wholesalers and Retailers.

CONCLUSIONS

From this research following conclusions are drawn:

1. Wholesalers prefer to verify stock on monthly or fortnightly basis while retailers verify their stock either on monthly basis of quarterly basis.
2. Wholesalers and retailers are using FIFO method for valuation of stock and they use to keep record of lost stock
3. All the wholesalers conduct audit while nearly half of the retailers conduct audit. The general audit frequency is once in a year
4. Significant difference has been identified in the stock verification and auditing process of wholesalers & retailers

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ROLE OF HR FOR SUSTAINABLE TOMORROW

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ABSTRACT

Organizations today are performing functions extensively in order to deliver to their best. With more importance on the performance of a company comes greater responsibility in every sphere. Subsequently there comes a need for sustainability to be adopted by organizations. In fact, the advantages of sustainable business practices are being identified and realized by certain companies which could lead to long term benefits. All businesses are contributing towards a global economy through transforming from a conventional approach to a modern outlook by exploring the environmental and green aspect of business practices. If we look closely, both our personal and professional lifestyle is heavily impacting the environment. When HR intersects with sustainability, various measures are taken into consideration such as training and engagement, effective communication with the employees to form committees and groups on green planning. This is when the HR explains to the employees the goals and objectives for progress. Voluntary initiatives are also encouraged as a step towards sustainability. Moreover, the process of Talent acquisition is also monitored wherein the entire process of hiring is either electronic to save paper, or vice versa. The main belief followed here is to minimize the impact on nature using ecofriendly options.

KEYWORDS

sustainability, environment, green planning, ecofriendly.

JEL CODES

O15, Q01.

INTRODUCTION

HRM policies are being used to implement sustainability and Green practices in order to accelerate the social and economic sphere, while at the same time ensuring the creation of jobs and money circulation in the economy. There are certain HR initiatives that are termed as friendly, directed towards achieving cost cutting, better efficiency, retention and employee engagement. The aim is also, to an extent to reduce carbon footprint by adopting measures in day to day activities which might seem to be miniscule, but are major contributors in making a difference. It could either be sharing a car, teleconferencing, making working hours flexible, job sharing, Teleconferencing, telecommuting, and electronic filling. The HR develops and implements strategies, it also manages issues like employee wellness, safety and health. It all starts with briefing employees about encouraging to recycle, embracing less of environment damaging materials, and emphasizing on employment on a long term basis. There is a need for strong leadership in order to carry out a concrete process to achieve sustainable corporate goals. However, the concept of incorporating everything green into strategic practices is still not a comfortable practice amongst the practitioners belonging to the HR sphere. What is required is the collaborative efforts of the HR, Finance, IT and marketing department to discuss environmental concerns and come up with solutions. In fact, employees take pride in being associated with companies that take green and sustainable initiatives, so that th. Business, employee, society and the environment. Considering a city like Pune, which is home to a number of electronic, manufacturing, engineering and electrical industries. It has been observed that these industries have a high level of competence in terms of processes, design, and high productivity at low cost.

OBJECTIVES

1. To know the factors that impact the environment and its significant effect on the sustainability of the firm
2. Role of HR to drive sustainability.
3. Solutions and other measures to make sustainability plan function better

LITERATURE REVIEW OF THEORETICAL FRAMEWORK

There are ways by which the Business model gets affected by sustainability. There is a great deal of accountability on part of the stakeholders, be it businessman, owners, dealers, suppliers and customers etc. who have contributed towards the organization. There are ways by which organizations can get to realize the value of adopting sustainable practices. These ways are called routes which can be strategic, value based and defensive. Various tools of HRM are used in partnering, engaging and aligning. Ways of embedding sustainability with the help of HRM tools have also been mentioned.(SHRM, 2011). There is a codependent relationship amongst people in an organization, CSR activities and Corporate Sustainability, impact on the environment and profits. Also, there exists an HRM (Human resource management) Framework with includes perspectives that are psychological, sociological, strategic, and green. Factors like Diversity, Volunteer work, Flexibility, green employer branding, and long term goals are paid attention to. It also specifies the fact that how effectively are the sustainable HRM practices implemented by organizations or whether or not if implemented at all. (was highlighted in the xyz report by EY, 2013). The government of India has allotted a certain amount of money on the CSR initiatives adopted by the company that are directed at protection of the environment. Accordingly, the Ministry of Corporate affairs had

released a set of guidelines that were to be used by all kinds of businesses. The conduct should be done with transparency, accountability and ethics. The goods and services provided by the business should be safe and not threatening the environment. It should promote equitable development, human rights, wellbeing of employees. The key rationales to be followed are responsibility towards law, dignity to all, quality improvement and environment protection. Sustainability also helps businesses benefit in many ways, be it through brand a reputation, better financial performance, better management between stakeholder relationships and wider enhancement to attract and retain employees. (Savaneviciene, 2014). It was observed that in the IT sector, sometimes maintaining something called as green work life balance gets difficult because Information technology is all about using technology that in some way has consequences that affects the environment. In all, employees must be encouraged to work towards building a positive work environment, and ensuring an attractive, clean and bright work place. Emphasis should be laid on the usage of laptops and tablets since they are less energy consuming when compared to a desktop computer. In order to save cost, transportation pooling to be introduced so that pollution gets reduced to a considerable extent. (Haridas P.K., 2014). In his paper he had introduced three arguments, which states the contradicting organizational behaviour. First, there is prevalent job dissatisfaction and disengagement which have negative repercussions on employers as well as employees. Second, consequences of management of people on human resources and organizational performance. Third is the failure of organizations to take necessary actions in order to build successful business.(Pfeffer, 2007). In their research they provide two important lines of reasoning to support the relevance of a sustainability aspect on HRM. The first aspect refers to the relationship between the organization and its socio-economic environments, HRM cannot abandon the societal discussion on sustainability and corporate sustainability, since it is practiced widely and could also impart to corporate sustainable development. The second aspect directs the inner sections and correlations of an HRM system. The important idea here is that cultivating the sustainability of the HRM system in long term leads to 'survival strategy' for organizations.(Ehnert and Harry, 2012). The popular definition of sustainability is to make sure that the business is continuous and "future proofing" of organizations. There is a sense of ascertainment that sustainability aggravates the emphasis on economic, environmental and social performance. This notion or idea can be related to "Triple bottom line accounting. (Colbert and Kurucz 2007). By mentioning "long-term business prospects", in business sustainability, they have alluded to the theory of "shared value", which is explained as policies as well as practices which improve the competencies of an organisation, whereas concurrently enhancing the socio-economic requirements in the sections in which it governs. Shared value creation concentrates on distinguishing and proliferating the correlations between social and economic advancement.(Porter and Kramer, 2011). In his research he ascertained that "The most influential business case for selecting an accountable and sustainable undertaking to business seem to be the arrival of globalization, that has greatly altered the roles and relationships of business, governments and other key stakeholders". Now organizations which do not function universally, counting public sector organizations, have connections with organizations or suppliers who are operating globally. (Kielstra, 2008). The consolidation of environmental purpose and policies with the tactical progressive objectives of an organization leads to an constructive environment management system.(Hayden, Oyler and Humphrey, 2012). It was ascertained that the increase in the importance of green human resource policies will also lead to increase in the inculcation of environment management systems by various organizations.(Bohdanowicz, Zeintara, and Novotna, 2012). It was stated that integration of environmental goals and purposes into the overall strategic developmental objectives of an organization enables in achieving a successful EMS.(Hadenetal, 2012). (Renwick, 2011) differentiated policies in the areas of recruitment, performance and appraisal management, training and development, personnel relations, and compensation systems are consolidated important tools for integrating employees and organization's environmental goals. Boselie, Paauwe, & Jansen (2011) had stated that focussing on the HRM practices could enable the development of human capital and consequentially contributing organizational performance as well as competitive benefitLin, Jones, & Hsieh in 2010 ascertained that organizations concentrates development of innovative methods and programs of environment management (EM) that will effectively develop sustainability of the organization and in turn develop a competitive benefit. It was stated to extend a framework which enables the organization to adopt distinguished human resource management policies including effective recruitment framework. (Grolleau, Mzoughi, & Pekovic, 2009). It was explained Green human resources by integrating every employee touch point/interface to develop sustainable practices and promote employee awareness and focus on the areas of sustainability. (Mandip, 2008). In the research by Muster & Schrader, 2007, it was stated that Green HRM concentrates on employee's environmental behaviour in the organization, as a result, employees can adopt those practices in their daily life as well. There is a much needed requirement of acknowledging the integration of sustainability, environment, and HR management. These are evolving fields in Human Resources Management that requires attention in order to achieve overall development of an organization. (Jackson, 2001). It is a much talked about fact that green recruitment is about gaining a reputation to attract talent, moreover just to be called as the green recruiter is itself a heavy weight. Getting the environmental status and green image is all that m. Some companies are making it a criteria to judge the candidate by looking at his or her resume. Some form of green activities or environmental responsibilities or qualifications must be mentioned in the resume. Green recruitment can be defined as the skills, knowledge, approach and behavior possessed by an employee that is environment conscious. (Wehrmeyer, 1996). Green Performance management ensures that the evaluation of every employee is done one at a time, on an individual basis. The evaluation must be aligned in accordance with the environmental performance. There must be Environmental Management Information Systems and environmental audits in order to monitor and control the large output of pollution, usage of resources and wastage done by the employees. The environmental objectives are aligned with the performance evaluation system of the organization. There should be separate green targets set and a different column for greening the performance feedback form. The green training and development process should conducts seminars, workshops and lectures on green awareness. (Arulraja, Opatha and Nawaratne, 2015). The objective of the analysis is to evaluate the influence of environmental effectiveness on HR collaboration in decision making process. It has been examined that vital states are becoming the norm as unpredictable environments reduce the likelihood of long term sustainable competitive advantage (Jiao et al., 2013). Economic volatility creates challenges, but also opportunities for HR managers and employers wishing to differentiate themselves as an "employer of choice" by investing in human resource management (HRM) strategies such as extensive training and development, or employee incentive and bonus schemes (Zatzick and Iverson, 2006). There is evidence that in crisis situations, the HR function has assumed an important role in decisions related to the strategic challenges that face MNEs to reduce costs and enhance productivity (Gunnigle et al., 2013).However, HR can significantly be instrumental in driving sustainability. (Hardy, 1996; Sheehan et al., 2014). Envisaging the correlation among corporate sustainability and financial productivity has been the centre of interest of numerous studies since 1970s (Orlitsky, Schmidt, & Rynes,2003). Under this vast subject, various researchers had concentrated finding if there a significant increase in financial production with the development of sustainable practices. There has been an on-going debate that organisations do not benefit from contributing to sustainability, whereas various researchers claim that such contributions can create scope for revenue generation (Orsato, 2006). Researchers have conducted studies on these contradicting theories and results propose a favourable association among sustainability and productivity(Margolis & Walsh, 2003; Orlitsky et al., 2003). Sustainability focuses to enhance environmental performance as well as organisation's association with both market and non-market anchors (Delmas & Montiel, 2008). They necessitate embracing corporate policies, that are not legally compulsory, also which may develop firm's contribution towards sustainable development (Darnall, Henriques, & Sadorsky, 2010; Delmas, 2002). The policies will involve adoption of sustainable practices (Henriques & Sadorsky, 1996) in various HR functions such recruitment, training and development (Nash & Ehrenfeld, 1997); employee engagement (Hart, 2005); as well as compensation and payroll management, in alignment with organisation's goals and objectives (Welford, 1998).Various studies have ascertained numerous means which establish a connection between sustainability and organisation's productivity. These involve cost effective measures, enhanced internal effectiveness, improved corporate reputation (Delmas & Montiel, 2009; Porter & Van Der Linde, 1995). EMS ISO 14001 necessitate adoption of environment friendly policies which corroborate effective identification and reduction of risks and liabilities (Darnall et al., 2000). These policies will ensure minimising the risks involved in environmental agreement (Delmas, 2001; Grolleau, Mzoughi, & Thomas, 2007) and reduce various costs (Barla, 2007). Sustainability can ensure revamping the production processes (Christmann, 2000), induce innovation, and enhance technologically that will ensure increase in organisation's effectiveness (Shrivastava, 1995).Moreover, sustainability drive will be helpful in improving stature of the organisation in corporate scenario (Konar & Cohen, 2001) and impart admission to sustainably driven customers (Anton, Deltas, & Khanna, 2004; Delmas & Montiel, 2009; Khanna & Damon, 1999; Nakamura et al., 2001).Various studies that were conducted found out that collaboration of employees in embracing and applying EMS ISO 14001 will provide competitive edge (Delmas, 2001).

RESEARCH METHODOLOGY

SELECTION OF TOPIC

The sole objective of choosing this topic as our research is to gain an insight on the opportunity for HR to play a major role with respect to helping organizations change the way they operate so that sustainable performance is what they are about and to understand the development of key

SAMPLING METHOD AND SIZE OF SAMPLE

The sample size for the pilot study is 100 and data has been collected from the managers, executives, associates, representatives and coordinators in the Human Resources department from online platform.

DATA ANALYSIS AND FINDINGS

Factor Analysis has been applied to find out the relation between variables.

TABLE 1: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	1004.319
	df	45
	Sig.	.000

H_0: There exists no interrelationship between the variables

H_1 There exists a relationship between two variables, at least

The KMO test value of 0.918 is more than a minimum value of 0.5 and hence shows that the sampling is adequate. Barlett's Test of Sphericity is shows a significance value less than 0.05 allowing us to reject the null hypothesis and accept the alternate hypothesis which says that there may exist a correlation between the variables.

TABLE 2: COMMUNALITIES

	Initial	Extraction
should_adopt_duplexprinting	1.000	.736
should_adopt_greenplan_transport	1.000	.651
helpfulness_webbased_learning	1.000	.648
need_sustainabledev_policy	1.000	.791
responsibility_HR_sustprog	1.000	.825
employees_familiaritywith_sustainabilityterms	1.000	.873
lackoftechsupport_hinderssustainibility	1.000	.908
Lack of interest amongst the employees hinders sustainability practices. On a scale of 1 to 4 (1 being strongly disagree and 4 being strongly agree) *	1.000	.876
Greenjobs_shouldbe_offered	1.000	.867
increased_retention_impacts_sustainibility	1.000	.895
Extraction Method: Principal Component Analysis.		

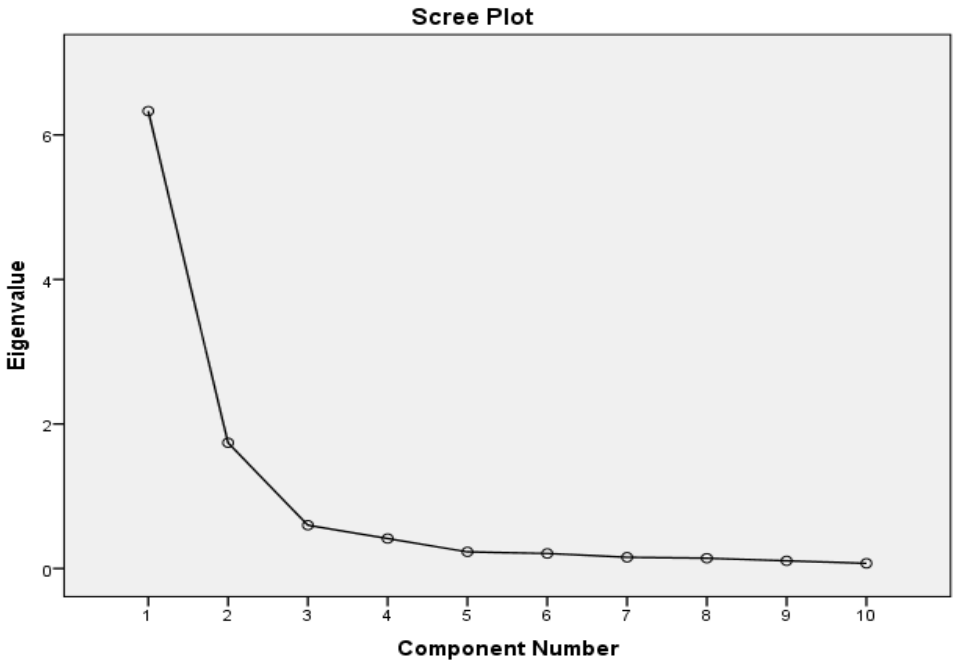
This table shows the proportion of each variable's variance that can be explained by the factors. The values in the extraction column indicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the factor space, whereas, variables with low extraction values are not well represented. In the factor space. Although in this table the values are generally high.

TABLE 3: TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.330	63.302	63.302	6.330	63.302	63.302	6.047	60.466	60.466
2	1.740	17.399	80.701	1.740	17.399	80.701	2.024	20.235	80.701
3	.599	5.993	86.694						
4	.415	4.148	90.842						
5	.230	2.303	93.145						
6	.208	2.081	95.226						
7	.156	1.556	96.781						
8	.143	1.427	98.208						
9	.107	1.072	99.280						
10	.072	.720	100.000						
Extraction Method: Principal Component Analysis.									

In the above table, 10 are retained. First factor shows the maximum percentage of variance explained and so on. The extraction sums of squared loadings show only two rows. Each row representing one retained factor. The values in this panel of the table represent the distribution of the variance after the varimax rotation. The column of Rotated Sum of Square Loadings. The varimax rotation used, tries to maximize the variance of each of the factors, so the total amount of variance that is distributed over the two extracted factors.

FIG. 1



The scree plot graphs the eigenvalue against the factor number. From the fourth factor on the line strats getting flatter and every factor post the fifth factor shows lower variances explained.

TABLE 4: COMPONENT MATRIX[a]

	Component	
	1	2
should_adopt_duplexprinting	.342	.787
should_adopt_greenplan_transport	.500	.633
helpfulness_webbased_learning	.137	.793
need_sustainabledev_policy	.880	-.125
responsibility_HR_sustprog	.900	-.120
employees_familiaritywith_sustainabilityterms	.934	-.024
lackoftechsupport_hinderssustainibility	.945	-.122
Lack of interest amongst the employees hinders sustainability practices. On a scale of 1 to 4 (1 being strongly disagree and 4 being strongly agree) *	.927	-.134
Greenjobs_shouldbe_offered	.923	-.122
increased_retention_impacts_sustainibility	.940	-.108
Extraction Method: Principal Component Analysis.		
a. 2 components extracted.		

TABLE 5: ROTATED COMPONENT MATRIX[a]

	Component	
	1	2
should_adopt_duplexprinting	.136	**.847**
should_adopt_greenplan_transport	.327	**.738**
helpfulness_webbased_learning	-.064	**.802**
need_sustainabledev_policy	**.884**	.098
responsibility_HR_sustprog	**.902**	.107
employees_familiaritywith_sustainabilityterms	**.911**	.209
lackoftechsupport_hinderssustainibility	**.946**	.117
Lack of interest amongst the employees hinders sustainability practices. On a scale of 1 to 4 (1 being strongly disagree and 4 being strongly agree) *	**.931**	.101
Greenjobs_shouldbe_offered	**.924**	.111
increased_retention_impacts_sustainibility	**.937**	.128
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.[a]		
a. Rotation converged in 3 iterations.		

The above table gives the correlation of the variables with each of the extracted factors. To identify the variables, which are included in each factor, the variable with the value maximum in each row is selected to be part of the respective factor. The values have been highlighted in bold in each of the rows to group the ten variables into four core factors.

Factor 1 has six variables

Factor 2 has three variables

It can be concluded that HR does have role to play in maintaining sustainability standards. This paper highlights the fact that the sustainability practices adopted can be strategic, value based and defensive. The law and governance should be given importance along with quality improvement and environment protection. Enhanced financial performance and smoother performance between stakeholder relationships is also a criteria. (Savaneviciene, 2014) have discussed the theory of sharing of values, which are basically policies and practices to enhance the competencies of an organization through socio-economic development (Porter and Kramer, 2011). Sustainability focuses to enhance environmental performance. The main aim is to strike balance between communities, companies and individuals

(Darnall, Henriques, & Sadorsky, 2010; Delmas, 2002). Policies of sustainability development enhance recruitment, training and development, engagement of employees as well as compensation and managing payroll, in accordance with organizational objectives (Welford, 1998). By reducing risks and liabilities through environmental friendly practices (Darnall et al., 2000) can ensure minimising the risks and costs involved (Barla, 2007.

CONCLUSION AND LIMITATIONS

In the primary research, it can be concluded that organizations make use of green plans for transport and keep small plantations in the workplace. They either reduce the use of papers in the office by making use of duplex printing or follow a protocol of functioning without papers. Also, there are web-seminars conducted to educate the employees and staff about green practices. This highlights the impact that the companies have on the environment is positive.

As appropriate measures and solutions, most companies follow a structured sustainable developmental policy that is monitored, believe in having adequate support of technology and expertise. Companies have a person in charge of providing green jobs. The employees take interest by doing something different, apart from work and work towards a better environment. Thus, it has mostly resulted in increased retention.

The HR department is pivotal in devising strategy for sustainability development, as they are the ones to formulate the procedures of the requirement of an employee for a green job.

Most of the companies have employees who have limited understanding and sustainability across various levels. Adequate leadership support is required in companies to give the employees appropriate education regarding. Most of the challenges to sustainability development approaches include change in climate, excess consumption of energy, waste generation, improper management of natural resources, loss of biodiversity, and use of land

RECOMMENDATIONS

1. HR can create, enhance and evolve by assisting top management to strengthen the "Institution" for sustainable business approach which will enable the association of all the stakeholders for achieving current as well as future business goals
2. HR can contribute the most critical aspect of implementing the values, practices and policies in the culture of the organisation in order to foster a climate of sustainable development. This can be done by proactively integrating all the stakeholders of the organisation.
3. Strategic positioning of HR is very crucial in order to execute sustainability formulation, which requires leadership support as well as encouragement in an organisation.

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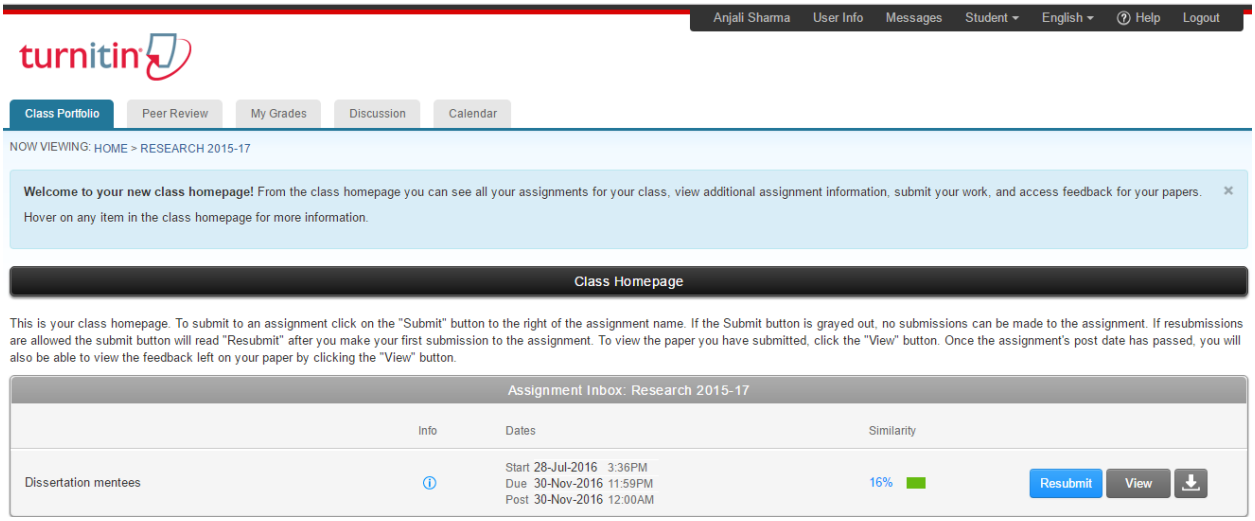
ANNEXURE

TURNITIN REPORT



CHANGING TRENDS IN ONLINE SHOPPING IN INDIA

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ABSTRACT

The study finds out that online shopping is rapidly changing the way people do business all over the world. In the business-to-consumer segment, sales through the web have been increasing dramatically over the last few years. Customers, not only those from well developed countries but also those from developing countries, are getting used to the new shopping channel. Understanding the factors that affect intention, adoption and repurchase are important for researchers and practitioners alike. Online shopping is gaining popularity among people specially the younger generation but in today scenario to become equally popular among all age groups e-marketing will have to cover a longer distance. The attitude of consumers is changing with the time. In conclusion, Indian consumers are finding online shopping very comfortable because of many variables like cash on delivery, customization or personalization of the websites, home delivery etc.

KEYWORDS
online shopping, e-business.

I. INTRODUCTION

Internet is playing a major role in removing business limitations of past. Today a sales representative of a company can directly reach to a client's doorstep and offer the most satisfying services in a click. Though internet marketing in India is low as compared to the western countries, it is growing at a fast pace. There is a huge online market in India as computer and internet is becoming an inevitable part of our life. The technology is developing day by day as it removes the misconceptions and limitations of the technology in the past. Advanced technologies and web applications with safe transaction assurance are giving enough reasons to the new age Indian buyers to shop online. The best thing about the e-business is that it never phase-out and it demands half of the amount which a retail business does. If the web promotion and up gradation of website are at place, it means you are there to survive in the business for many more years. In last few years many e-commerce websites have come up and competing one another with striking deals like free shipping, coupons, free gifts, easy return policy, and many others. The latest data reveals that Flipkart, Amazon, Snapdeal, Paytm, Myntra, eBay, Jabong, Shopclues, Homeshop 18, and Infibeam are the top ten e-commerce websites in India. Flipkart is one of the biggest Ecommerce giant that arrived as the top among e-commerce websites in India. Commerce via the Internet, or e-commerce, has experienced rapid growth since the early years. It is well known to most of the Internet researchers that, the volume of online business-to consumer (B2C) transactions is increasing annually at a very high rate.

II. OBJECTIVES OF THE STUDY

The present paper is an attempt to examine the emerging trends in online shopping in India. Online shopping in India is an emerging trend for marketers to promote their merchandise in wide geographical area using internet and the trend looks likely to grow upwards over the coming decade. Mobile internet is being enormously responsible for opening up the online world to Indian consumers. There are reports suggesting that by the end of 2013 over 300 million Indians will have access to the internet through mobile phone technology and other platforms, about the same amount of people in USA to put that into context. Reports show that out of the millions accessing the internet in India, over 8 million regularly shop through internet. This figure is set to grow exponentially as well.

III. ONLINE SHOPPING IN INDIA

Online Shopping in India has emerged as one of the fastest growing market and now-a-days a most common trend which people is using to buy any assets. With the growth of Internet over the last 5 years, most of the Businesses have now shifted online and the most successful among them are those who have invested huge amount for opening an Online Shopping Site in India.

Online shopping in India, saw 128% growth in interest from the consumers in the year 2011 to 2012 in comparison to only 40% growth in 2010 to 2011, making 2012 the tipping point for online shopping in India. In terms of product categories, consumer interest on Google search for apparels & accessories (30%) emerged as the second biggest product category after consumer electronics (34%).

As mobile internet user base grows in India, mobile phones is also becoming a contributor in the surge for online shopping with Google witnessing 2X growth in number of queries from mobile phones in the year 2011 to 2012. Currently, 30% of all shopping queries in India come from mobile phones. These trends were also validated with the help of an online research conducted by TNS Australia of the internet users in the age group 18 to 50 from Delhi, Mumbai, Kolkata, Bangalore, Ahemedabad Region, Hyderabad & Pune. 90% of online shoppers are planning to buy more products online which reflect on the positive experience of the users. In terms of top product categories ever purchased online.

Shopping online has never been so easy. With the flourishing numbers of online merchants, people nowadays have various choices to do their shopping. All they have to do are just browse for the product they want in the website and within a few mouse clicks they are off. Such simplicity is what makes online shopping appealing for consumers. The question is, why do many people still deny shopping online? Well, for most people, privacy and security issues are their concerns. Big companies such as eBay and amazon.com have introduced many value added features to help the customers to decide what to shop for. With features such as price comparison, product photos and user reviews, consumers can shop easily and smartly without even going to the stores and having such a hard time looking for the products they want.

IV. ONLINE SHOPPING: ADVANTAGES AND DISADVANTAGES

Online shopping is a form of electronic commerce whereby consumers directly buy goods or services from a seller over the Internet without an intermediary service. There are advantages and disadvantages of online shopping:

ADVANTAGES

Finding a product online is much easier than looking for it in the local store. You can search any product easily by using the search engine feature of an online shopping website. But in store you have to look for it until you find it. Sometime a product can be much cheaper in another country than your country. In this case it would be wise to shop online to save some money.

You don't have to waste your time in going to store and standing in front of the crowd. Freedom of choice is very high in online than shopping from a nearby store. In online you can choose the product you are looking, from a vast range of products. You will enjoy the freedom of price flexibility. If you don't like the price of a product from an online shop, you can switch to other online store to look for cheaper price.

Now a days shopping online is very reliable. The percentage of satisfaction is very high. Dependable websites like Ebay provides buyer protection to motivate people to buy from their site. This highly trusted websites will give your money back if any seller does not deliver the item or deliver an item which does not match with the description. Shopping online is very useful in buying rare products.

There are some products which you don't want to buy publicly. You can buy any kind of product from online web store anonymously to maintain your desired privacy. The progress of online business is actually helping millions of people. Now people can buy and sell from their home. People who cannot afford to buy or rent a shop, can easily open an online store and sell items from their home. This is playing a very important role in reducing the unemployment rate.

DISADVANTAGES

The main disadvantage of online shopping is; you cannot receive the product immediately. You have to wait until the product arrives. Sometime it is better to have an item instantly than keep waiting for it for many days. I would prefer to buy an item instantly if the delivery time is too long. You don't know about the actual quality of the product. Sometimes the description of the product might be different than the actual product. As a result, you might end up with inferior quality product.

Shipping charge and shipping delays are one of the main disadvantages of shopping online. Items are generally cheaper in online web store. But sometime the addition of shipping charge makes the price similar or more expensive than your nearby local store. Sometime you may face Delivery risk. Delivery risk occurs when the seller fails to deliver the original product or delivers a damaged (inferior/duplicate) product due to shipping problems.

Since it is very easy to search & purchase different items very easily and quickly from online, many people end up being an online shopaholic. That means they buy too many things they actually don't need. Online Shopaholic people thinks they are saving money because the cost is very low when you shop from online, but sometime it's actually a waste because you don't need them. As online shopping is becoming very common the number of online scam and fraud is also increasing. This is why a buyer should always buy from trusted websites only because trusted websites would take care of any fraud to maintain their reputation. You wouldn't like to buy any clothing products because you won't be able to know whether they are going to look good on you or not. Returning an item is difficult in case of online shopping. Although seller accepts sells return, they usually want the item within a short period of time and you also have to pay for the shipping charges. Many electronic items are sold without international warranty. So make sure you contact with the seller to verify whether the item has international warranty or not. There are some other rare disadvantages such as credit card fraud, spyware etc.

V. CONCLUSION

Online shopping is rapidly changing the way people do business all over the world. In the business-to-consumer segment, sales through the web have been increasing dramatically over the last few years. Customers, not only those from well developed countries but also those from developing countries, are getting used to the new shopping channel. Understanding the factors that affect intention, adoption and repurchase are important for researchers and practitioners alike. Online shopping is gaining popularity among people specially the younger generation but in today scenario to become equally popular among all age groups e-marketing will have to cover a longer distance. The attitude of consumers is changing with the time. In conclusion, Indian consumers are finding online shopping very comfortable because of many variables like cash on delivery, customization or personalization of the websites, home delivery etc.

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A RESEARCH STUDY ON PREFERRED INVESTMENT PATTERN OF SALARIED EMPLOYEES WITH REFERENCE TO MANCHERIAL TOWN, MANCHERIAL DISTRICT, TELANGANA STATE, INDIA

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ABSTRACT

An effort is made to collect primary data from investors of Mancherial town, Mancherial district, Telangana state to find out awareness of different investment products available to salaried employees and their preference in investors mind, to know the factors that motivate investor invest in particular products, to identify best qualities that investors search in investment products and to find out income and saving relationship. The research is based on two assumptions 1) Investors invest some money in investment products 2) investors behave rationally while investing. No such research is conducted in this town up to now. Data was analysed with statistical tools. It gave conclusions that 1) source of motivation for all income groups first self-knowledge, second friend's advice, third financial analysis, 2) High income group investors invest larger amount in investment compared to low income group 3) Period of investment of More age group people is less.

KEYWORDS

Mancherial district, investment pattern of salaried employees, personal investment, investment preferences, most ranked investment instruments.

INTRODUCTION

Investment is employment of funds with objective of getting return on it in future. Investment is making more money with available money. Every human being invests some money or more money in order to protect them in future necessities. In several cases investment takes place with certain commitment like house construction, property development, start of new business etc.

Investments are made out of savings. Savings are unspent amount of salary or business or other income. Savings are invested in financial products.

Investment is nothing but consumption deferred to create assets in future. In that way investor scarifying present benefit for future returns. Investor's savings are based on risk taking capacity and return expectations.

Various investment opportunities are available for investors like equity shares, debentures, bank deposits, post office saving schemes, life insurance policies, recurring deposits, gold and jeweler, real estate etc. all these investment opportunities have merits and demerits. Investor has to choose a product based on his need.

This research paper concentrates on preferred investment pattern of salaried employees in Mancherial town, Mancherial District, Telangana state, India.

NEED OF THE STUDY

This research was conducted with intention to know preferred investment pattern of salaried employees of Mancherial town. No such research study was conducted earlier in this town. Since this research aims to know what are the investment instruments available known to investors, their risk bearing capacity, inclination to investment instruments, period of investment and such other related things.

OBJECTIVES

1. To identify awareness of investment products available to salaried employees and their preference in the minds of investors
2. To know preferred investment instruments of Salaried employees
3. To know the best qualities investors, look to invest their money
4. To identify factors that motivate investors to invest in instruments
5. To identify the relationship between income and saving of salaried employees.

HYPOTHESIS

The following is hypothesis for this research study

1. Every salaried employee invests certain percentage of money in financial products
2. Investors behave rationally in choosing different investment products.

RESEARCH METHODOLOGY

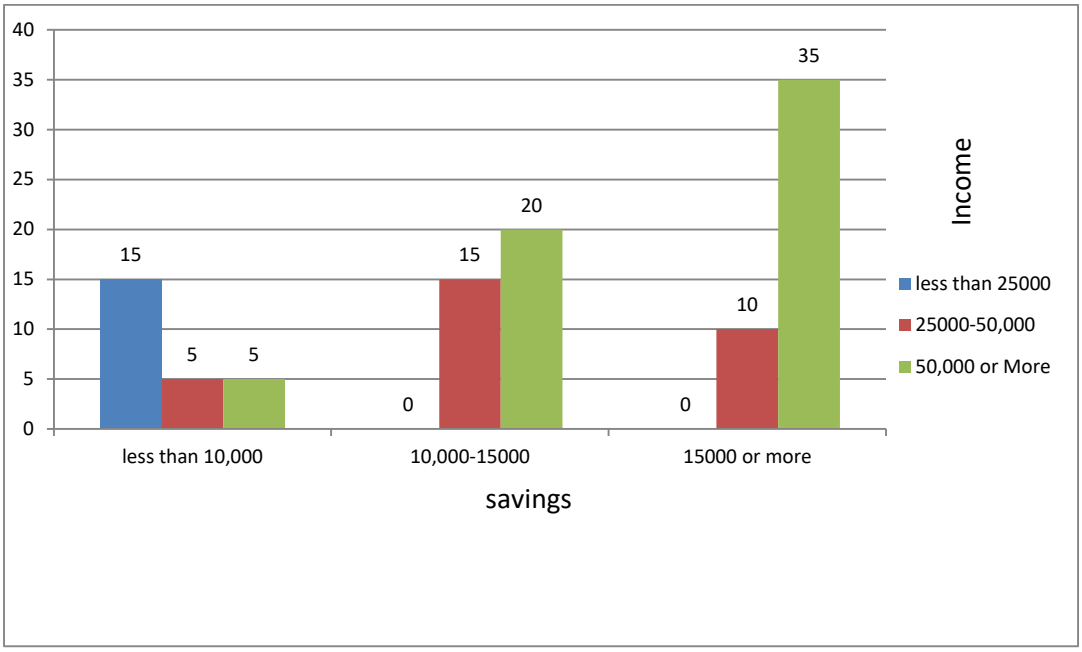
Convenience sampling method is used to collect primary data from 105 respondents. Primary data collected from respondents using mailed questionnaire method. The data collected from respondents of Mancherial town in Mancherial District, Telangana state. Data was analysed using different statistical tools.

RESULTS AND DISCUSSION

TABLE 1: INCOME AND SAVING RELATION

Savings / Income Group	less than 25000	25000-50,000	50,000 or More
less than 10,000	15	5	5
10,000-15000	0	15	20
15000 or more	0	10	35

FIG. 1



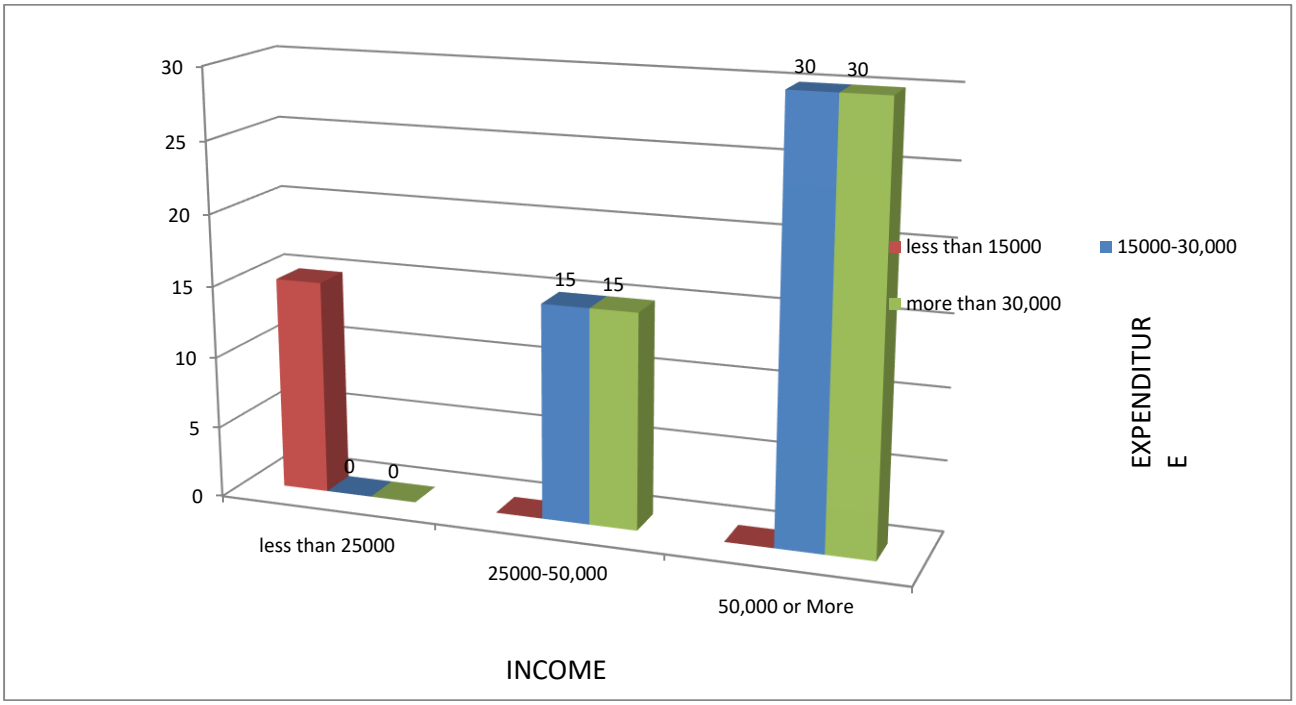
Above table gives the following results

1) It presents data related to amount of investment respondents saves out of their income. There are 3 income groups in this research 1) Less than 25000 per month 2) 25,000 – 50,000 per month 3) More than 50,000 per month.
2) First Income group those earn less than Rs.25, 000 per month. And consist of 15 respondents all of them invest in less than Rs.10, 000 per month. There is none who invest 10,000 or more in this group.
3) Second income group those who earn 25,000-50,000 per month. It consists of 30 respondents. 5/30 respondents invest less than 10,000 per month. 15/30 respondents invest 10,000-15,000 per month and 10/30 respondents invest more than 15,000 per month.
4) Third Income group consists of 60 respondents who earn more than Rs.50, 000 per month. 5/60 respondents invest less than 10,000 per month, 20/60 respondents invest 10,000-15,000 per month and 35/60 respondents invest more than 15,000 per month.

TABLE 2: SHOWS INCOME AND EXPENDITURE RELATIONSHIP

Expenditure /Income	less than 25000	25000-50,000	50,000 or More
less than 15000	15	0	0
15000-30,000	0	15	30
more than 30,000	0	15	30

FIG. 2



Above table represents the following points. It represents data related to Income and Expenditure relationship. First income group those earn less than 25000 per month. They consist of 15 respondents. All of them spend less than 15000 per month. None of these respondents spend 15,000-30,000 or above.

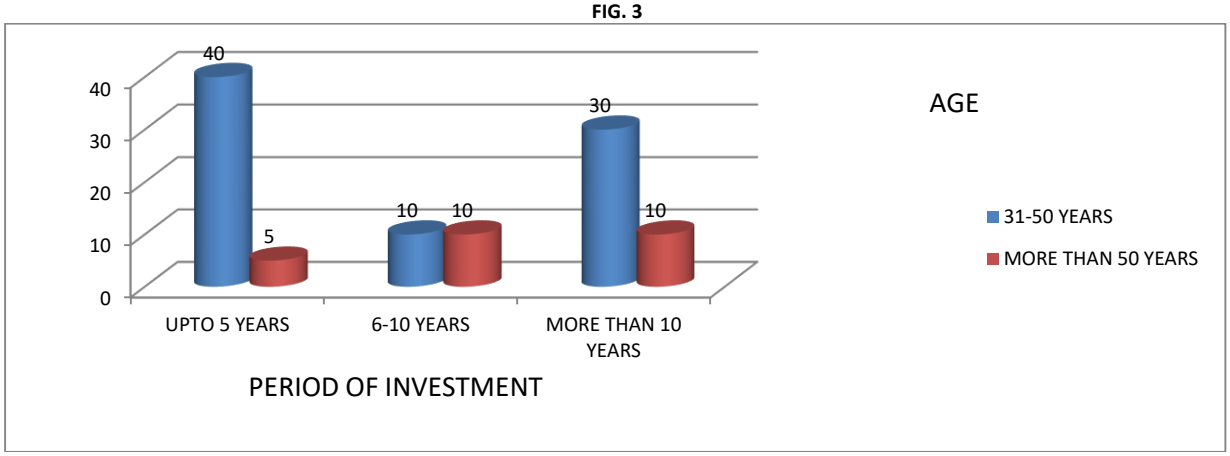
Second income group those earn 25,000-50,000 per month. They consist of 30 respondents. Out of 30 respondents 15 respondents spend 15,000-30,000 per month. And remaining 15 respondents spend more than 30,000 per month. In this group there is none to spend less than 15,000 per month.

In the third income group those earn more than 50,000 per month. They consist of 60. Out of 60 respondents 30 respondents spend 15,000 -30,000 per month and remaining 30 respondents spend more than 30,000 per month. In this group there is none who spend less than 15,000 per month.

TABLE 3: SHOWS IMPACT OF AGE ON PERIOD OF INVESTMENT

AGE	31-50 YEARS	MORE THAN 50 YEARS
UPTO 5 YEARS	40	5
6-10 YEARS	10	10
MORE THAN 10 YEARS	30	10

FIG. 3



Above table presents data related to impact of age on period of investment of respondents.
In this research paper there are two different age group respondents exist 1)31-50 years of age 2) More than 50 years of age. 80 respondents comes under 31-50 years, 25 respondents come under more than 50 years of age.
In the first age group 31-50 years 40 respondents invested up to 5 years, 10 respondents invested up to 6-10 years, 30 respondents invested more than 10 years.
In the second age group more than 50 years 10 respondents invested up to 5 years, 10 respondents invested 6-10 years, 5 respondents invested more than 10 years.

TABLE 4: SHOWS INCOME AND PERIOD OF INVESTMENT

INCOME	Less than 25000	25000-50,000	more than 50,000
UPTO 5 YEARS	15	10	25
6-10 YEARS	0	10	10
MORE THAN 10 YEARS	0	10	25

FIG. 4

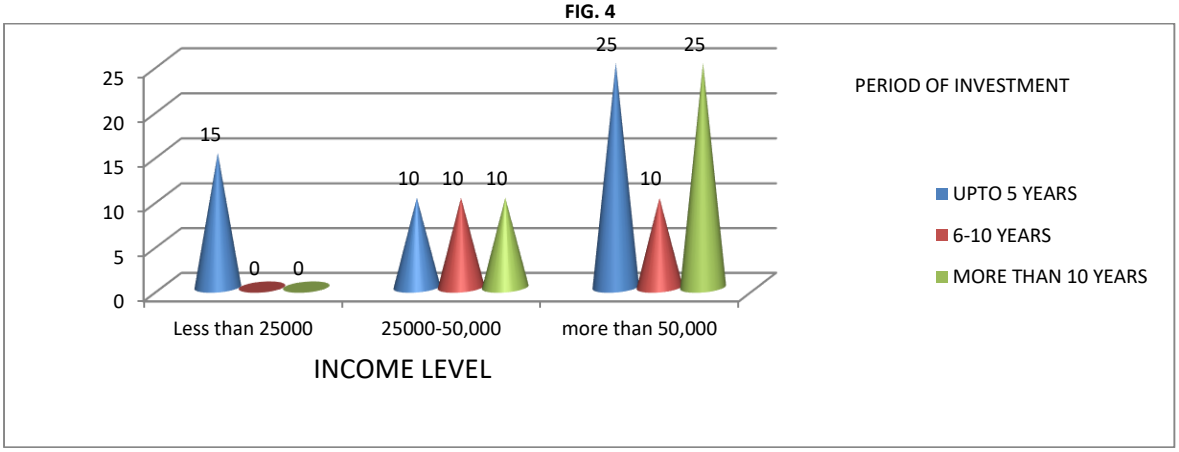
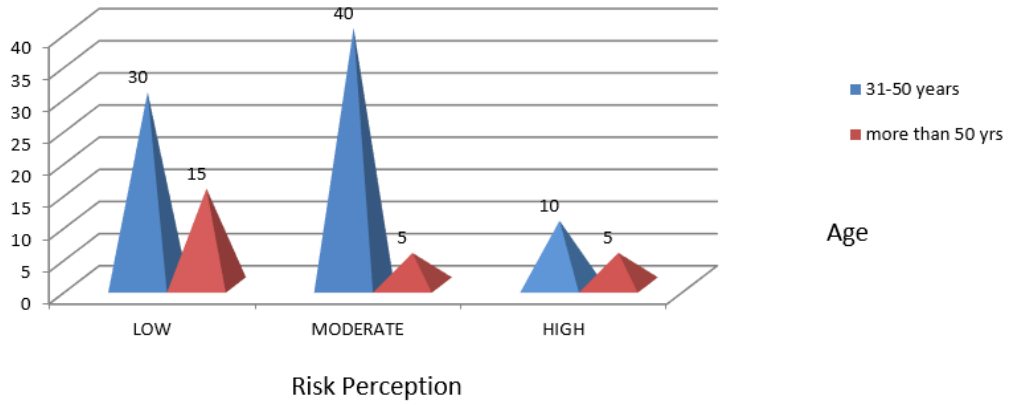


TABLE 5: GIVES US AGE AND RISK PERCEPTION RELATIONSHIP

Age	31-50 years	more than 50 yrs
LOW	30	15
MODERATE	40	5
HIGH	10	5

FIG. 5



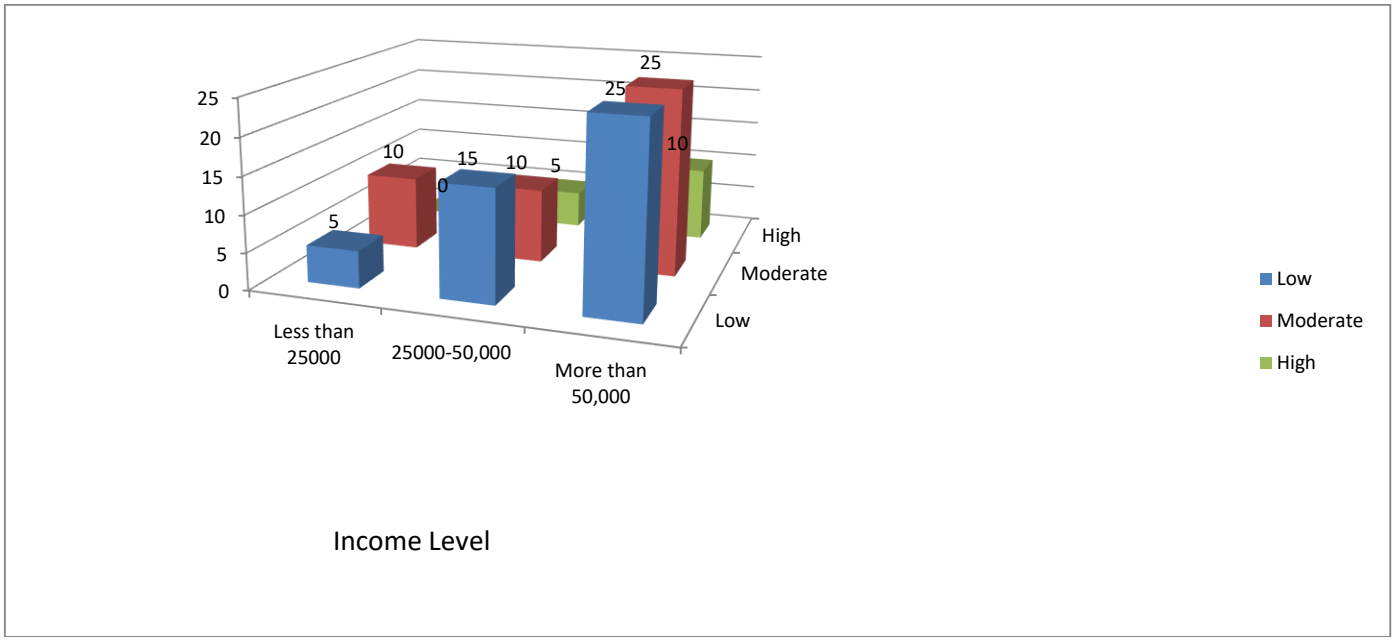
The above table represents data related to age and risk perception of investors. In the first age group 31-50 years there are 80 respondents. Out of 80 respondents 30 respondents risk perception is low, 40 respondents risk perception is moderate, and 10 respondents risk perception is high.

In the second age group consist of more than 50 years contains 25 respondents. Out of 25 respondents 15 respondents had low, 5 respondents had moderate, 5 respondents had high risk perception

TABLE 6: GIVES US INCOME GROUP AND RISK PERCEPTION RELATIONSHIP.

INCOME	Less than 25000	25000-50,000	More than 50,000
Low	5	15	25
Moderate	10	10	25
High	0	5	10

FIG. 6

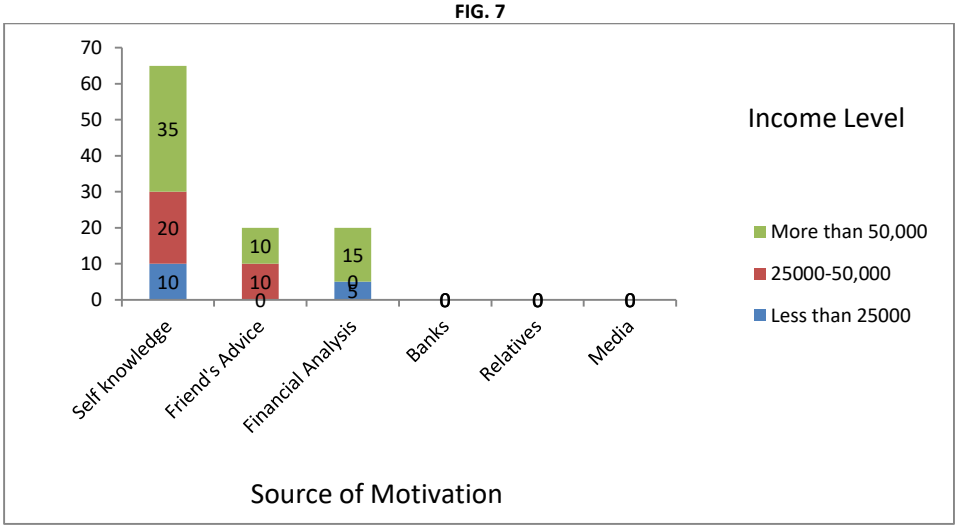


From the above table we can see that Income group of 25,000 -50,000 and more than 50,000 are also taking less than and choosing such products.

TABLE 7: EXPLAINS RELATIONSHIP BETWEEN INCOME AND SOURCE OF MOTIVATION

INCOME GROUP	Less than 25000	25000-50,000	More than 50,000
Self knowledge	10	20	35
Friend's Advice	0	10	10
Financial Analysis	5	0	15
Banks	0	0	0
Relatives	0	0	0
Media	0	0	0

FIG. 7

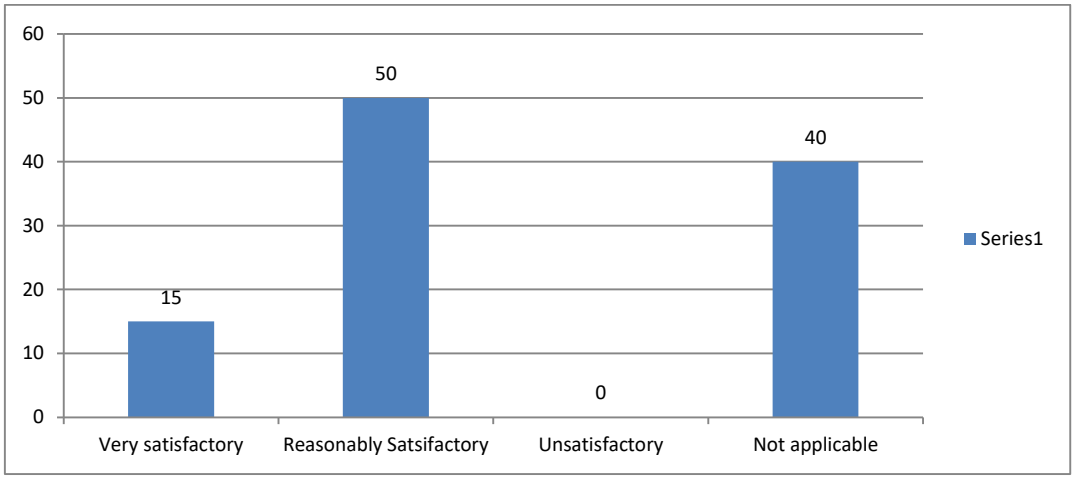


This table presents data relating to Income and source of motivation relationship. All the income group respondents told that Self-knowledge, Friend's advice and Financial analysis.

TABLE 8: GIVES US RELATIONSHIPS BETWEEN INVESTORS SATISFACTORY LEVEL AND INVESTMENT IN SECURITIES

Very satisfactory	15
Reasonably Satisfactory	50
Unsatisfactory	0
Not applicable	40

FIG. 8



The above table presents data related to investment in securities and their satisfactory level. Out of 105 respondents 15 respondents stated that investing in securities are very satisfactory, 50 respondents told that they are reasonably satisfied, 40 respondents told that it is not applicable to them. Nearly 40% respondents are not investing in shares and debentures.

OTHER RESULTS

1) According to this research best 3 qualities respondents search in investments are based on income group.

Highest income group that is more than 50,000 per month – 40/60 respondents identified safety is first best quality, Growth is second best quality 25/60, tax benefits third best quality 30/60.

In the second income group 25,000-50,000 15/30 respondents identified safety is first best quality, Tax benefits is second best quality15/30, Liquidity is third best quality 15/30

In income group less than 25000 per month there is no specific pattern found.

2) According to this research best three investment instruments are LIC Policies 45/105, Post office schemes 30/105, Fixed deposits 30/105.

CONCLUSIONS

1. High income group investors invest larger amount in investments compared to low income group
2. Expenditure increases with income. More income leads to more expenditure and less savings
3. With increase of age, period of investment decreases.
4. Period of investment increases with income level. More income group invests money for more than 10 years and gets good benefits.
5. Investors with 31-50 years invest in moderate risk instruments. Investors take less risk in their investments. Even the high income group investors are also not ready to take risk in their investments.
6. Source of motivation for all income groups first Self-knowledge, second Friend's advice, and third financial analysis.

LIMITATIONS

1) Most of investors participated in this research are from education field. If conducted in other fields, the result may change.
2) Size of sample is 105 only. If more respondents are included, results may change.

SCOPE FOR FURTHER RESEARCH

This research was mainly confined to education field. Further study is possible taking bank employees, PSU employees, Industry employees located in surrounding area. The research may be taken only taking Government employees or only Women employees.

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A STUDY ON VARIOUS OPTIONS AVAILABLE FOR INVESTMENT AMONG SALARIED CLASS INVESTORS

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ABSTRACT

It is concluded that there are many options being available in the market as per the requirement of the investors. But the preference or the requirement of the investors differ from person to person. For many of the investors the first preference is to have long term benefits may be for the other the preference is to have tax benefits etc.

KEYWORDS

investment options, investor preferences.

INTRODUCTION

The developing countries like India face the enormous task of finding sufficient capital in their development efforts. Most of these countries find it difficult to get out of the -vicious circle of poverty of low income, low saving, low investment, low employment etc. With high capital output ratio, India needs very high rates of investments to make a leap forward in her efforts of attaining high levels of growth. Since the beginning of planning, the emphasis was on investment as the primary instruments of economic growth and increase in national income. In order to have production as per target, investment was considered the crucial determinant and capital formation had to be supported by appropriate volume of saving.

If the savings are not wisely invested, the returns will be far less than the rate of inflation. Hence, it's necessary that wise investment moves must be made to obtain growth in portfolio. The first step in planning an investment strategy is to be aware of the goals.

Three important aspects of demography require a critical consideration, the longevity of people, particularly the middle class, is rising, the joint family system is in a decline and there is no generalized social security system. Combined with this, is the fourth issue of changing lifestyle of elderly in terms of travel, entertainment, and so on, which are expensive. The number of elderly is increasing and expected to reach around 9 percent of the population.

REVIEW OF LITERATURE

The present chapter discusses the earlier theoretical and empirical literature relating to investment behavior. Saving is considered as an important determinates of investment and growth of an economy. The determinants and the pattern of investment behavior have been significantly changing due to the globalization, introduction of technology in financial sector in last few decades.

The income is the important function of Investment. But rate of interest determines the investment behavior. In India, the investment behavior plays an important role to influence the standard of living, social security, and social welfare. There is historic scenario of pattern investment behavior in India.

(Moorthy, 2008). In his study has analyzed the profile and awareness of salaried class investors and their attitude and satisfaction towards investment. In has been concluded that all salaried people were aware of bank deposits, PF schemes, insurance schemes, post office savings schemes, gold and however only few were aware of UTI.

(Abhijeet, 2008)explored the impact of behavioral factors and investor's psychology on their decision-making, and to examine the relationship between investor's attitude towards risk and behavioral decision-making. The research was based on the secondary data. Through this research, the author finds that unlike the classical finance theory suggests, individual investors do not always make rational investment decisions. The investment decision-making is influenced, largely, by behavioral factors like greed and fear, Cognitive Dissonance, heuristics, Mental Accounting, and Anchoring. These behavioral factors must be taken into account as risk factors while making investment decisions.

INVESTMENT OPTION AVAILABLE

There are a large number of investment instruments available today. To make our lives easier we would classify or group them. In India, numbers of investment avenues are available for the investors. Some of them are marketable and liquid while others are non-marketable and some of them are also highly risky while others are almost riskless. The people has to choose Proper Avenue among them, depending upon his specific need, risk preference, and return expected. Investment avenues can broadly categories under the following heads which are mostly preferred by the investors now a days are:-

1. Equity
2. Debt
3. Mutual Funds
4. FI Bonds
5. Corporate Debenture
6. Company Fixed Deposit
7. Bank Fixed Deposit
8. Post Office Savings
9. Life Insurance Policies
10. PPF
11. Real Estate
12. Gold/Sliver
13. Others

EQUITY

Equity is one of the most risky areas. But, at the same time this is also a place where an investor can earn high rates of returns that will push up the returns of the entire portfolio. There is a need for the investor to separate the speculation from the investment. The former is a process where the money is invested without thinking much about how and why the money is being put there.

On the other hand, investment calls for a long term approach that will absorb the funds for a longer period of time. Investment in equities can be made directly by the purchase of shares from the market or it can be done through the mutual fund route, whereby the investor buys the mutual fund units and the fund in turn buys equity shares for its portfolio. There are various benefits as well as risks associated with both these routes and it is up to the individual to make up his mind.

DEBT

Debt is a route that most people will know and have the necessary experience of. There is a wide range of debt instruments that are present from bank fixed deposits to company fixed deposits and even bonds and debentures whose issues come in the market. Debt is simple as the investor will earn at a fixed percentage of the investment, which will then be returned to the investor at the time of maturity or redemption of the investment. The good part for the investor is that the risk in the investment is very less. But on the other hand, the returns are limited to the interest as a percentage of the total amount. This is a tradeoff that the investor takes for the purpose of the investment.

MUTUAL FUNDS

This is an emerging area for investment and there is a large variety of schemes in the market to suit the requirements of a large number of people. The features of these schemes will determine the kind of risk that the investment carried but overall the position remains the same which is that for equity oriented funds the risk is greater but at the same time the chances of a return are also quite high. If there is a debt scheme in which the investor is putting the money, then the requirement is such that the returns expectations will have to be lowered because this is a low risk, low return investment. At the same time, here is the expectation that quite a few new types of funds will be launched in the coming months in the Indian markets and this will provide another element or sector wherein the investor can invest their funds. The term's meaning depends very much on the context. In finance, in general, you can think of equity as ownership in any asset after all debts associated with that asset are paid off. For example, a car or house with no outstanding debt is considered the owner's equity because he or she can readily sell the item for cash. Stocks are equity because they represent ownership in a company.

FI BONDS

The fixed income assets include internally managed investment grade securities and externally managed high yield securities.

CORPORATE DEBENTURE

Corporate debentures are normally backed by the reputation and general creditworthiness of the issuing company. Corporations occasionally issue this type of debt securities in order to raise capital and like bonds; the debentures too, are documented as indentures. It is a type of debt instrument that is not covered by the security of physical assets or collateral. Debentures are a method of raising credit for the company and although the money thus raised is considered a part of the company's capital structure, it is not part of the share capital.

COMPANY FIXED DEPOSIT

Company fixed deposit is the deposit placed by investors with companies for a fixed term carrying a prescribed rate of interest. Used as a measure to build up capital for the company, these deposits offer high rates (as compared to bank FDs) of interest on investments. Company FDs are primarily meant for conservative investors who don't wish to take the risk of vagaries of the stock market. But experts say the due diligence that an investor should undertake is similar to that before buying shares. Getting lured by the high interest rate alone is not advisable.

FIXED DEPOSITS IN BANK

Fixed deposits are a relatively safer and more secure form of investment than other conventional modes of investment available out in the market. Acting more like a savings instrument, the lock-in periods associated with fixed deposits allows for a more disciplined approach to long term savings or short term wealth growth. Fixed deposit tenures can be available for periods as low as 7 days to tenures as high as 10 years. Fixed deposits are an especially great idea for senior citizens considering that their sources of income are limited and people are mostly risk averse in that age group. Additionally, banks tend to offer better interest rates for senior citizens. The interest rates for the same is between 5.00% p.a. to 7.80% p.a. depending upon the policies of the bank.

POST OFFICE SAVINGS

For over 150 years, the Department of Posts has been the backbone of India's communication structure. It has made people's lives easy by delivering mails, providing Small Savings Schemes and life insurance cover etc. The Indian post office has 1, 55,015 post offices making it one of the most widely distributed postal network in the world.

The Post Office Savings Scheme offers PO Savings account, 5 year PO Recurring Deposit account, PO Time deposit account, PO monthly income account scheme, Senior citizen savings scheme, 15 year Public Provident fund account, National savings certificates, Kisan Vikas Patra and Sukanya Smariddhi accounts.

Post Office Time Deposit Interest Rates

- For a duration of 1 year: The Indian Post Office offers 7.10% interest rate for the time deposits for a tenure of 1 year.
- For a duration of 2 years: 7.20% interest rate is offered to the depositor for time deposit of two years.
- For a duration of 3 years: 7.40% interest rate is offered for a tenure of 3 years.
- For a duration of 5 years: Post office offers 7.90% interest rate to their depositors.

The Indian Post Office doesn't offer any special interest rates to the senior citizen. There is no limit to the amount that can be deposited neither is a limit on how many time deposit accounts one individual opens. The updated list of Indian Post Office Fixed Deposit Interest Rates, per specific tenures, is listed below:

TABLE 1

Duration of Deposit	Regular Time Deposits
1 year	7.10% p.a.
2 years	7.20% p.a.
3 years	7.40% p.a.
5 years	7.90% p.a.

LIFE INSURANCE POLICIES

Insurance companies offer many investment schemes to investors. These schemes promote saving and additionally provide insurance cover. L1C is the largest life insurance company in India. Some of its schemes include life policies,

- Convertible whole life assurance policy
- Endowment assurance policy
- Jeevan Saathi
- Money back policy
- Unit linked plan
- Term assurance
- Immediate annuity
- Deferred annuity
- Riders etc.

PUBLIC PROVIDENT FUND (PPF)

People can deposit funds in PPF accounts (Public Provident Fund accounts) for a fixed period of time to earn returns on their savings. The PPF of interest rate for the financial year 2015 - 2016 was 8.7%. This rate has been revised in the Union Budget 2016 for FY: 2016 - 17 to 8.1%.

PPF accounts can be opened at any nationalized, authorized bank and authorized branches / post offices. PPF accounts can be opened at specific private banks as well. These accounts can be opened by filling out the required forms, submitting the relevant documents and depositing the minimum pay-in at such branches/offices that have been authorized for the same.

Interest rates are set and announced by the government of India. Interest is calculated for a financial year according to the rate announced for the said year i.e. unlike bank FDs the rates are not fixed for the entire tenure of the holding. The maximum amount that can be deposited in the account is also subject to change.

REAL ESTATE

Investment in real estate also made when the expected returns are very attractive. Buying property is an equally strenuous investment decisions. Real estate investment is often linked with the future development plans of the location. At present investment in real assets is booming there are various investment source are available for investment which are directly or indirectly investing real estate. In addition to this, the more affluent investors are likely to be interested in other type of real estate, like commercial property, agricultural land, semi urban land, and resorts.

GOLD/SILVER /OTHERS

The bullion offers investment opportunity in the form of gold, silver, art objects (paintings, antiques), precious stones and other metals (precious objects), specific categories of metals are traded in the metal exchange. The bullion market presents an opportunity for an investor by offering returns and the end value of future. It has been absurd that on several occasions, when stock market failed, the gold market provided a return on investments.

Following questions an investor should always ask himself before investing

- Why do people want to save?
- When do they want to get what they are saving for?
- How much is the goal going to affect after that much time?
- Which instrument must be selected according to the goals?
- What is the capability and comfort level with the risk for the sake of high returns?

PREFERRED AVENUES AS PER INVESTORS

The major points being considered at the time of investment by investors are:

- Safety & Security
- Regular flow of income
- Tax saving benefits
- Retirement benefits rather than professionals & businessman.

CONCLUSION

It is concluded that there are many options being available in the market as per the requirement of the investors. But the preference or the requirement of the investors differ from person to person. For many of the investors the first preference is to have long term benefits may be for the other the preference is to have tax benefits etc.

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ISLAMIC BANKING: A INTRODUCTION

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ABSTRACT

Today when the world is going through the period of global depression, the question comes in mind that are there some ways to avoid or minimise the effects of depression. We are countering with the problem of insolvency. We all know that the one of the main reason behind the insolvency is occurring of continuous losses and existence of fixed interest charges such as interest, rent etc. This research paper was aimed to explains and analyse the main principles and ways of Islamic banking. A descriptive research based upon the literature review was conducted. It was tried to illustrate the Islamic banking principles in relation with the main activities of traditional finance.

KEYWORDS

Islamic banking, ribah, mudarbah, ijarah, qard hassan.

1. INTRODUCTION

The foremost belief around which all Islamic concepts resolve is that the whole universe is created by only one god. He has created the men and appointed him the vicegerent on the earth to fulfill certain objectives through certain objectives his commands. These commands are not restricted to just modes of worship rather these cover a substantial part of our life and almost every aspect of our life. Recently we heard about the Islamic banking and its usefulness to the economy. So that this research paper aims to provide the introduction about basic principles and practices of Islamic banking.

2. IMPORTANCE OF THE STUDY

This study was done to enquire about some common principles of Islamic banking. As we know that the world is going through the period of depression. People are going bankrupt or insolvent. We all know that the one of the main reason behind insolvency is occurring of losses and existence of fixed expenses such as interest, rent etc. Islamic banking can provide a solution to this problem because Islam completely bans the acceptance of interest and advocates the sharing of profit and losses. So that, there are very less chances that a person can be declared insolvent.

3. OBJECTIVES OF THE STUDY

The objective of this study was to explain the Islamic principles and analysis of their benefits to the society. The focus was on the analysis of main Islamic principles of financing covering ribah (interest), Mudarbah (sharing of capital along with sharing of results), Qard-al-Hassan (interest free loan) and Ijarah-wal-iqtina (leasing).

4. RESEARCH METHODOLOGY

For the purpose of this research various websites related with the Islamic finance along with Wikipedia were used to collect the data and thereafter a literature review was done. Basically a descriptive research was conducted to explain the concepts of utmost importance in the area of finance.

5. REVIEW OF LITERATURE

MEANING OF ISLAMIC BANKING

As per Wikipedia, "Islamic banking is banking or banking activity that is consistent with the principles of sharia (Islamic law) and its practical application through the development of Islamic economics. As such, a more correct term for Islamic banking is sharia-compliant finance."[1] According to institute of Islamic banking and insurance, "Islamic banking refers to a system of banking or banking activity that is consistent with the principles of the Shari'ah (Islamic rulings) and its practical application through the development of Islamic economics. The principles which emphasise moral and ethical values in all dealings have wide universal appeal. Shari'ah prohibits the payment or acceptance of interest charges (riba) for the lending and accepting of money, as well as carrying out trade and other activities that provide goods or services considered contrary to its principles."[2]

FEATURES OF ISLAMIC BANKING

The islamic banking has many distinguished features which make it different from the traditional banking:

A. PROHIBITION ON RIBA (INTEREST)

The word "*riba*" literally means "excess" or "addition", and has been translated as interest, usury, excess, increase or addition. According to *Shariah* terminology, it implies any excess compensation without due consideration (consideration does not include time value of money).[3]

The Shari'ah prohibits the payment of charges for the renting of money (riba, which in the definition of Islamic scholars covers any excess in financial dealings, usury or interest) for specific terms, as well as investing in businesses that provide goods or services considered contrary to its principles (Haram, forbidden)[4]

The Islam strongly opposes the accepting of interest in return of lending the money. Normally the interest is charged for loss of purchasing power and due the concept of time value of money. But Islam does not recognise time value of money. Interest is simply considered as haram which mean sinful or prohibited.

B. MUDARABAH (ISLAMIC WAY OF LENDING)

The first question that comes in mind that why one will lend if he is not going to get the benefits such as interest. This question is answered here.

Under Islamic banking system, the two persons co-operate with each other on the basis of partnership, where the capital-owner provides the capital and the other party puts his management skills into the business. The capital-owner is not involved in the actual day-to-day operation of the business, but is free to stipulate certain conditions that he may deem necessary to ensure the best use of his funds. After the expiry of the period, which may be the termination of the contract or such time that returns are obtained from the business, the capital-owner gets back his principal amount together with a pre-agreed share of the profit. The ratio in which the total profits of the enterprise are distributed between the capital-owner and the manager of the enterprise is determined and mutually agreed at the time of entering the contract, before the beginning of the project. In the event of loss, the capital-owner bears all the loss and the principal is reduced by the amount of the loss. It is the risk of loss that entitles the capital-owner to a share in the profits. The manager bears no financial loss, because he has lost his time and his work has been wasted. This is, in essence, the principle of mudarabah.[5]

The above system is called mudarabah which is in convergence with the Islamic law.

C. IJARAH-WAL-IQTINA (CONTRACT OF LEASE)

A contract under which an Islamic bank provides equipment, building, or other assets to the client against an agreed rental together with a unilateral undertaking by the bank or the client that at the end of the lease period, the ownership in the asset would be transferred to the lessee. The rentals as well as the purchase price are fixed in such manner that the bank gets back its principal sum along with profit over the period of lease.[5]

Lease-and-purchase transaction; a financing instrument used by practitioners of contemporary Islamic finance in which a financier purchases reusable merchandise (e.g. airplane, buildings, cars) and then leases them to clients in return for an agreed upon rental fee (to be paid for the length of the lease period) and an agreement that the client will purchase the merchandise at the end of the lease period.[6]

So that, this is another way of fianance or you can say it is contract of financial lease. Further it is to be added that the interest of delayed payment of rent is again prohibited, inshort, lessor cannot charge late payment charges if the lessee fails to pay the rent on time.

D. QARD HASSAN (GOOD LOAN)

Qard hassan is a loan extended on a goodwill basis, with the debtor only required to repay the amount borrowed. However, the debtor may, at his or her discretion, pay an extra amount beyond the principal amount of the loan (without promising it) as a token of appreciation to the creditor. In the case that the debtor does not pay an extra amount to the creditor, this transaction is a true interest-free loan. Some Muslims consider this to be the only type of loan that does not violate the prohibition on *riba*, for it alone is a loan that truly does not compensate the creditor for the time value of money.[7]

Qard-al-hassan refers to an interest-free loan (fungible, marketable wealth) that is extended by a lender to a borrower on the basis of benevolence (ihsan or irfaq). Al-qard, from a shari'a point of view, is a noncommutative contract, as it involves a facility granted only for the sake of tabarru' (donation). Therefore, al-qard al-hasan is a gratuitous loan extended to needy people for a specified period of time. At the end of that period, the face value of the loan (asl al-qard) is to be paid off. In other words, shari'a prohibits the stipulation of an excess for the lender, as it amounts to riba, whether the excess is expressed in terms of quality or quantity, or whether it is a tangible item or a benefit. However, it is permitted that the repayment of qardh (loan extinguishing) is made with an excess (tangible item, benefit, service, etc), provided that such an excess is neither expressly stipulated nor implicitly pre-arranged (through collusion or tawatu') in the contract of loan.

It is an arrangement whereby a lender lends money to debtor without interest as it amounts to ribah. But the debtor can pay extra amount as gift for help but it should not be agreed upon at the time of lending otherwise it will also lead to interest (ribah).

6. CONCLUSION

Based upon the above study the following conclusions can be drawn:

i. Islamic finance is truly based upon the principle of non-acceptance of interest
ii. There are many ways of finance which can be considered as fair dealing/contract such as mudarbah, qard-al-hassan etc.
iii. The Islamic banking rules covers almost all and every concept of financing and provides way for each and every finance need.
iv. Equity shares are acceptable way of Islamic banking as they follow the principles of mudarbah i.e. sharing of profit and losses along with sharing of capital.
v. Debentures and preference shares are banned in Islam as they involve a fixed interest obligation.
vi. Operating leases are not acceptable rather financial lease is acceptable in the Islamic banking.

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THE INCIDENCE OF POVERTY AND INEQUALITY IN INDIA: AN EMPIRICAL ANALYSIS

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ABSTRACT

In this paper an attempt is made to find out the causes for poverty and inequality in the context of resource allocation. Conceptually poverty is different from inequality. At the same time inequality is indirectly affect the size of poverty. Poverty measures head count ratio of people those who live below poverty line. On the other side inequality is focused to find out the gap between rich and poor in the distribution of resources, across the whole population. In this study, Indian states are classified as least developed states, less developed states and relatively developed states. The empirical findings show that the percentage of poor is more in the least developed states than the relatively developed states and less developed states and also within the states the percentage of poor is more in rural areas than the urban areas. Whereas inequality show different picture that it is more in urban areas then rural areas and also it is slightly more in least developed states then the relatively and less developed states. The regressions result show that in rural areas the causes for poverty is influenced by dependency ratio, unemployment, share of employment in agricultural sector and percentage of SC and ST population. The causes for inequality is closely associated with causes of poverty thereby it is directly influenced by factors like percentage of poor class, dependency ratio, household size and unemployment rate. At the same time the influencing factors of poverty in urban areas are unemployment rate, per capita income and share of employment in manufacturing, non-manufacturing and service sectors. The urban inequality is closely associated with percentage of poor, literacy rate, per capita income and the share of employment in manufacturing, non-manufacturing and service sector.

KEYWORDS

poverty, inequality, resource allocation.

INTRODUCTION

It has been observed that there is a substantial reduction in extreme poverty level over the past quarter century. However, it disguises large regional differences. The greatest reduction in poverty occurred in East Asia and Pacific, where the poverty rate had declined from 78 percent in 1981 to 17 percent in 2005 and the number of people living on less than 1.25 dollar a day has dropped to more than 750 million. Much decline was in China, where the poverty level fell from 84 percent to 16 percent, leaving 620 million people in poverty. But the number of people living on less than $2 a day has remained nearly contrast at 2.5 billion. The largest decrease both in number and in proportion, occurred in East Asia and Pacific, led by China. Elsewhere the number of people living on less than 2 dollar a day increased and the number of people living between 1.25 dollar and 2 dollar a day nearly doubled to 1.2 billion (World Development Indicators 2011: 65). According to the World Bank's revised global poverty line, previously pegged at $1.25 a day to $1.90 a day (approximately Rs. 130) estimate for 2012, shows that 12.8 percent i.e. 900 million live in extreme poverty.

REVIEW OF LITERATURE

Andres and Daniel (2015) in their study of "Addressing Poverty and Inequality in the Rural Economy from a Global Perspective', shows that the structural changes in developing and emerging economies are more mainstream. Therefore, this leads to increase in rural-urban disparities and exasperate the incidence of poverty in rural areas. Facundo, and Leonardo (2015), in their study of 'Recent Trends in Inequality and Poverty in Developing Countries', show that average levels of national income inequality in the developing countries increased in the 1980s and 1990s and declined in 2000s. Particularly in China there has been a remarkable fall in poverty since the early 1980s. In 2000s, the overall improvement in living standards were also identified in all the regions of developing world. Gordon, Alessio, Maria, Roberto (2016) in their study of " A new approach to measuring and studying the characteristics of class membership: Examining poverty, inequality and polarization in urban China", reveal that the different income groups viz., poor class, middle class, upper middle class and rich class are related to household and regional characteristics. Unal and Yener (2016), in their study of "Does Financial Development reduce income inequality and Poverty? Evidence from Emerging Countries", identified that mere financial development promotes economic growth but failed to reduce poverty.

Samarjit, Gouranga and Tushar (2010), in their study, "Regional Convergence of Growth, Inequality and Poverty in India- An Empirical Study", identified that there is regional convergence of per capita consumption, inequality and poverty across various states in India. Inequality and poverty indicators converge at both rural and urban levels. Further, per capita consumption converge at urban level but not at rural level. Furthermore, they found that two groups of states for rural sectors, *viz.*, low-growth and high-growth states, for each of which per capita consumption converges. Arnab, Anindya , Asim , Anirban and Tushar (2016), in their study, "Invariant features of spatial inequality in consumption: The case of India", identified that inequality and growth are positively correlated in accordance with Kuznets' law.

The above literature reviewed shows that poverty and inequality are characteristics of developing countries. The structural changes would bring economic growth and eradication of poverty but not effectively removal of inequality. The present study aims to study the following objectives viz.,

1. To measure incidence of poverty and inequality in the distribution of MPCE among the states of India for both rural and urban area.
2. To study the distribution pattern of MPCE between rural and urban areas among the states of India.
3. To trace out the determining factors of poverty and inequality among the states of India both in rural and urban area.

METHODOLOGY

Poverty is both related and, is also different from inequality. Poverty can be studied in absolute or relative terms. In this study poverty is discussed in absolute terms. Poverty is defined as a percentage of people deprived in a society, in which they are not able to meet their minimum requirement for their wellbeing. Poverty measures head count ratio of people those who live below poverty line. On the other side inequality focuses the distribution of resources, across the whole population. Inequality is a broader concept than poverty. Inequality indicates the welfare of the individuals on the basis of economic position in a society related to others in the same society i.e. it indicates the gap between rich and poor. In the present study, poverty or population Below Poverty Line (BPL) is defined as those people who are not able to obtain 2400 calories for rural areas and 2100 calories for urban areas. The required nutritional level is estimated on the basis of Monthly Per capita Consumption Expenditure(MPCE) for all major states of India based on National Sample Survey of Organisation's (NSSOs) 68th Round (2011-2012) 'Household Consumer Expenditure in India'. On the other side, inequalities in the distributions of resource (MPCE) are measured with the help of Lorenz curve and gini coefficient ratio. In order to measure inequality, the twelve MPCE classes of NSSOs Household Consumer Expenditure is grouped as four classes viz.,

Expenditure Class	MPCE (RS) Rural	MPCE (RS) Urban
Poor class	< 825	<1090
Middle Class	825 – 1335	1090- 2070
Upper middle Class	1335- 2625	2070-6015
Upper Class	> 2625	> 6015

The poor class are referring to people whose expenditure falls below the poverty line. Thus, the poor class is grouped on the basis of Planning Commission's all India poverty line of rural Rs. 816 for rural area and Rs. 1000 for urban area for 2011-12. For analysis purpose, the all India poverty line of rural and urban areas are rounded based on NSSO's MPCE classes of rural as Rs.816 as Rs.825 and urban Rs.1000 as Rs. 1090.

SOURCES OF DATA

This study is based on published NSSOs 68th round survey data and other secondary sources. The scope of this study has been confined to the analytical to find out the major causes for poverty and inequality within 15 major states of the country in respect to some key parameters. Firstly, the 15 major states have intrinsic value on their socio-economic development. And secondly, the remaining 13 other minor states, the new states and union territories are not included in the detailed analysis mainly due to their special characteristic. To find out the determinants of poverty and inequality household size, dependency ratio, proportion of expenditure for personal care and development (which includes expenditure on clothes and bedding, footwear, education, medical (includes both medical institutional and medical non-institutional), entertainment and toilet articles), percentage of unemployment and literacy rate. And the share of employment in agriculture and share of employment in manufacturing, non-manufacturing and service sector are also correlated with both poverty and inequality separately for rural and urban areas. Besides, percentage if poor also correlated with inequality to find out the relation in both rural and urban areas. Among these the best fitted variables have been taken for analysis by using multiple linear regression analysis. The gini coefficient ratio is also applied to find out inequality among the states in the distribution of MPCE.

In this study, Indian states are classified as least developed states or underdeveloped states, less developed states or developing states and relatively developed states or developed states based on the Raghuram Rajan Committee Report of 2013.

TRENDS IN THE OFFICIAL ESTIMATION OF POVERTY AND ECONOMIC GROWTH IN INDIA

India is one of the largest and fastest developing economies in the world. However, rapid economic growth has not been evenly distributed which results inequality and regional disparities in removal of poverty. Table 1 shows the trends in the official estimates of poverty and GDP per capita growth for 1973-74 to 2011-12.

An Expert Group on 'Estimation of Proportion and Number of Poor' was constituted under the Chairmanship of Professor D.T. Lakdawala, former Deputy Chairman of Planning Commission, to look into the methodology for estimation of poverty and re-define the poverty line. The Government of India accepted the recommendations of the Expert Group with minor modifications in 1997. The poverty estimates from 1973-74 to 2004-05 based on the methodology of Lakdawala Committee. And, in 2005 an export Group headed by Professor Suresh D. Tendulkar was constituted to review the methodology for official estimation of poverty and recommend changes Lakdawala committee methodology. Based on this committee recommendations, the all – India HCR for both the rural and urban areas for the years 1993-94, 2004-05 and 2009-10. Thus, the percentage of poor estimated by using both the methodology are given in table 1 (Report of Perspective Planning Division, 2012:9).

TABLE 1: PERCENTAGE OF POOR BASED ON THE METHODOLOGY RECOMMENDED BY LAKDAWALA COMMITTEE AND TENDULKAR COMMITTEE

Year	Poverty Ratio (%)			GDP PerCapita at constant price in Rs. (2004-05)
	Rural	Urban	Total	
Percentage of Poor based on Lakdawala Committee methodology				
1973-74	56.4	49.0	54.9	1071
1977-78	53.1	45.2	51.3	1175
1983	45.7	40.8	44.5	1226
1987-88	39.1	38.2	38.9	1390
1993-94	37.3	32.4	36.0	1707
2004-05	28.3	25.7	27.5	2729
Percentage of Poor based on Tendulkar Committee methodology				
1993-94	50.1	31.8	45.3	1707
2004-05	41.8	25.7	37.2	2729
2009-10	33.8	20.9	29.8	3860
2011-12	25.7	13.7	21.9	4366

Source: Tendulkar Committee Report and Press Note, Planning Commission

During 1973-74 about 55 percent of people were below poverty line. Out of this, about 56.4 percent are in rural areas and 49 percent are in urban areas. From table 1, it is observed that the percentage of people below poverty line is more in rural India than the Urban India. However, over the years it shows a declining trend for both rural and urban areas except for the year 2004-05 in rural areas.

The change in methodology leads to change in the percentage of people below poverty line. According to Tendulkar methodology the percentage of people below poverty line for rural and urban were 41.8 percent and 25.7 percent and 37.2 percent for the country as a whole in 2004-05. It was 50.1 percent in rural areas, 31.8 percent in urban areas and 45.3 percent for the country as a whole in 1993-9. In 2011-12, these has been reduced to 25.7 percent, 13.7 percent and 21.9 percent for rural, urban and all India level. This shows that continuous rise in GDP per capita income is the result of increase in real MPCE from 2004-05 to 2011-12 as compared to 1993-94 to 2004-05.

TABLE 2: OFFICIAL ESTIMATES OF POPULATION BELOW POVERTY LINE BY STATES FOR 2004-05 AND 2011-12

Sl.No	States	2004-05			2011-12		
		Rural	Urban	Total	Rural	Urban	Total
1.	Andhra Pradesh	32.3	23.4	29.6	10.96	5.81	9.20
2.	Assam	36.4	21.8	34.4	33.89	20.49	31.98
3.	Bihar	55.7	43.7	54.4	34.89	20.49	33.74
4.	Gujarat	39.1	20.1	31.6	21.54	10.14	16.63
5.	Haryana	24.8	22.4	24.1	11.64	10.28	11.16
6.	Karnataka	37.5	25.9	33.3	24.53	15.25	20.91
7.	Kerala	20.2	18.4	19.6	9.14	4.97	7.05
8.	Madhya Pradesh	53.6	35.1	48.6	35.74	21.00	31.65
9.	Maharashtra	47.9	25.6	38.2	24.22	9.12	17.35
10	Odisha	60.8	37.6	57.2	35.69	17.29	32.59
11.	Punjab	22.1	18.7	20.9	7.66	9.24	8.26
12	Rajasthan	35.8	29.7	34.4	16.05	10.69	14.71
13.	Tamil Nadu	37.5	19.7	29.4	15.83	6.54	11.28
14.	**Uttar Pradesh**	42.7	34.1	40.9	30.40	26.06	29.43
15.	West Bengal	38.2	24.4	34.2	22.52	14.66	19.98
	All India	41.8	25.7	37.2	25.70	13.70	21.92

Source: Press Note on Poverty Estimates of 2011-12 published by Government of India, Planning Commission, July 2013, pp.7

Table 2 gives the share of individual states in total count of those below the poverty line for 2004-05 and 2011 -12. It is observed that in 2004-05 about 37.2 percent of people were below poverty line. Out of this, nearly 42 percent and around 26 percent of the poor are in rural and urban area respectively. According to state-wise distribution the highest percentage of people BPL was in Odisha (57.2 percent), followed by Bihar (54.4 percent), Madhya Pradesh (48.6 percent), Uttar Pradesh (40.9 percent) and Maharashtra (38.2 percent). Table 2 shows that based on the sector-wise distribution. The highest percentage of people BPL was found in rural areas than the in urban areas. The official estimates of poverty for 2011-12 shows that Odisha (32.59 percent) was placed in second place i.e. next to Bihar (33.74 percent) followed by Assam (31.98 percent), Madhya Pradesh (31.65 percent), Uttar Pradesh (29.43 percent) and West Bengal (29.40 Percent). On the other hand the lowest percentage of population, BPL was observed in the states of Kerala(19.6), Punjab (20.9)and Haryana (24.1) for 2004-05 and Kerala (7.05), Punjab (8.26), Haryana (11.16) and Tamil Nadu (11.28) for 2011-12.

PATTERN OF THE DISTRIBUTION OF RESOURCES

Welfare, living standards, poverty and inequality all are characteristics of individuals which are determined by the social, demographic and economic development of the state. The allocation of resources among individuals is a matter because education, health status and characteristics of population are strongly linked to well-being, economic efficiency and economic growth. These are unavoidable to reduce poverty and of inequality. Low level of education attainment and poor health and nutrition aggravate poor living conditions and reduce an individual's capacity to work productively. Such economic inefficiency represents a significant loss to society and hampers the future economic growth. Therefore per capita consumption expenditure on food and non-food items between the Indian states and among the rural and urban area provide a meaningful understanding of economic condition of the individual at large. Table 3 and table 4 revealed the average MPCE and its distribution on food and non-food for both rural and urban areas among the least developed, less developed and relatively developed states. The specified non-food expenditure of clothing and bedding, foot wear, medical (both institutional and non-institutional), entertainment and toilet articles are taken as important for individual's personal care and development. The interstate analysis of poverty and inequality is also helpful to understand the development policies of states.

TABLE 3: THE AVERAGE MPCE AND ITS DISTRIBUTION OF FOOD AND NON-FOOD EXPENDITURE AMONG THE MAJOR STATES OF INDIA: RURAL SECTOR (BASED ON MRP)

States	Food	Total Personal Expenditure							Other non-food exp	Total non-food	MPCE
		Clothing Bedding	Foot Wear	Education	Medical	Entertainment	toilet articles	Total			
Least Developed States											
Assam	597.5 (56.56)	103.59 (9.81)	69.12 (6.54)	20.96 (1.92)	29.05 (2.75)	12.21 (1.16)	23.59 (2.23)	286.90 (27.31)	123.75 (11.71)	459.48 (43.49)	1056.41 (100)
Bihar	524.98 (54.10)	74.56 (7.68)	10.24 (1.06)	10.24 (1.06)	53.91 (5.56)	6.91 (0.71)	21.99 (2.27)	231.76 (23.88)	213.68 (22.02)	445.44 (45.90)	970.41 (100)
Madhya Pradesh	498.24 (48.65)	66.91 (6.53)	13.09 (1.28)	13.09 (1.28)	65.97 (6.44)	8.15 (0.80)	27.17 (2.65)	260.35 (25.42)	265.55 (25.93)	525.9 (51.35)	1024.14 (100)
Odisha	470.3 (51.98)	67.08 (7.41)	7.79 (0.86)	7.79 (0.86)	59.61 (6.59)	8.88 (0.98)	22.4 (2.48)	233.16 (25.77)	201.33 (22.25)	434.49 (48.02)	904.78 (100)
Rajasthan	689.68 (47.70)	96.55 (6.68)	20.43 (1.41)	20.43 (1.41)	91.15 (6.30)	10.28 (0.71)	31.7 (2.19)	361.69 (25.02)	394.37 (27.28)	756.06 (52.30)	1445.74 (100)
Uttar Pradesh	530.52 (49.45)	73.31 (6.83)	12.51 (1.17)	12.51 (1.17)	104.51 (9.74)	5.85 (0.55)	23.43 (2.18)	336.63 (31.37)	205.78 (19.18)	542.41 (50.55	1072.93 (100)
Average	**551.87**	**74.59**	**12.41**	**34.64**	**67.37**	**8.71**	**25.05**	**222.76**	**304.53**	**527.30**	**1079.16**
percentage	(51.14)	(6.91)	(1.15)	(3.21)	(6.24)	(0.81)	(2.32)	(20.64)	(28.22)	(48.86)	(100)
Less Developed States											
Andhra Pradesh	717.1 (45.85)	112.12 (7.17)	104.43 (6.68)	14.69 (0.94)	95.15 (6.08)	28.17 (1.80)	47.05 (3.01)	496.76 (31.76)	349.35 (22.34)	846.11 (54.10)	1563.98 (100)
Gujarat	713.67 (49.90)	82.56 (5.77)	15.65 (1.09)	15.65 (1.09)	85.24 (5.96)	20.6 (1.44)	31.39 (2.19)	336.33 (23.52)	380.11 (26.58)	716.44 (50.10)	1430.12 (100)
Karnataka	634.98 (45.52)	87.57 (6.28)	15.98 (1.15)	15.98 (1.15)	90.65 (6.50)	21.09 (1.51)	34.27 (2.46)	356.19 (25.53)	403.93 (28.95)	760.12 (54.48)	1395.1 (100)
West Bengal	639.92 (54.69)	75.11 (6.42)	9.29 (0.79)	9.29 (0.79)	93.49 (7.99)	10 (0.85)	26.86 (2.30)	317.53 (27.14)	212.88 (18.19)	530.41 (45.33	1170.11 (100)
	676.42	**87.42**	**13.90**	**46.28**	**100.63**	**19.97**	**34.89**	**303.08**	**410.19**	**713.27**	**1389.64**
	(48.68)	(6.29)	(1.00)	(3.33)	(7.24)	(1.44)	(2.51)	(21.81)	(29.52)	(51.33)	(100)
Relatively Developed States											
Haryana	960.12 (49.85)	143.59 (7.46)	31.78 (1.65)	31.78 (1.65)	93.02 (4.83)	20.75 (1.08)	41.22 (2.14)	455.16 (23.63)	510.29 (26.50)	965.45 (50.13)	1925.96 (100)
Kerala	889.11 (37.75)	133.83 (5.68)	21.4 (0.91)	21.98 (0.93)	242.89 (10.31)	38.51 (1.63)	42.65 (1.81)	744.15 (31.59)	722.27 (30.66)	1466.42 (62.25)	2355.53 (100)
Maharashtra	671.13 (46.42)	101.68 (7.03)	17.23 (1.19)	17.23 (1.19)	124.79 (8.63)	16.83 (1.16)	37.98 (2.63)	440.53 (30.47)	334.24 (23.12)	774.77 (53.58)	1445.89 (100)
Punjab	894.22 (41.86)	139.73 (6.54)	30.92 (1.45)	30.92 (1.45)	197.71 (9.25)	21.94 (1.03)	47.69 (2.23)	666.62 (31.20)	575.56 (26.94)	1242.18 (58.14)	2136.39 (100)
Tamil Nadu	693.77 (44.17)	88.74 (5.65)	11.56 (0.74)	11.56 (0.74)	125.37 (7.98)	30.15 (1.92)	42.83 (2.73)	435.58 (27.73)	441.26 (28.09)	876.84 (55.83)	1570.61 (100)
	821.67	**121.51**	**22.58**	**98.66**	**156.76**	**25.64**	**42.47**	**467.61**	**597.52**	**1065.13**	**1886.88**
	(43.55)	(6.44)	(1.20)	(5.23)	(8.31)	(1.36)	(2.25)	(24.78)	(31.67)	(56.45)	(100)
India	621.96 (48.32)	86.78 (6.74)	14.7 (1.14)	14.7 (1.14)	94.83 (7.37)	14.24 (1.11)	30.67 (2.38)	350.75 (27.25)	314.46 (24.43)	665.21 (51.68	1287.17 (100)

Source: Compiled from the Key Indicators of Household Consumer Expenditure in India, NSS 68th round, June 2011- July 2012, Ministry of Statistics and Programme Implementation, Government of India, published in June 2013.

Table 3 shows that the average MPCE for an individual at national level is Rs.1287.17 in rural area. Out of this, about 48 percent (Rs.622) and 52 percent (Rs.665) spent on food and non-food items. When comparing the MPCE with the national level average, Rs. 1079.16 was the MPCE of least developed states. Out of this, major proportion spent on food items i.e. 51 percent (Rs. 552) and only 49 percent (Rs.527.30) spent on non-food items. The least developed states of Assam (56.56 %), Bihar (54.10 %), Odisha (52%), Uttar Pradesh (49 %) and Madhya Pradesh (49 %) allocate their major portions of MPCE on food items. Whereas in most

of the relatively developed states like Kerala (62 %), Punjab (58 %), and Tamil Nadu (56 %) spend largest percentage of MPCE on non-food items. Their average MPCE on personal care and development particularly on clothing and bedding is Rs. 75, followed by health Rs.67, education Rs. 35 and toilet articles Rs.25 are low when compared with the national level average of Rs.87, Rs.95, Rs. 15 and Rs.31.

Poverty line defines the level of consumption which is needed to meet both food and non-food requirements for an individual to escape from poverty. Every families/individual allocates a proportion of resources on both food and non-food items. But the proportion may vary between the state and between the rural and urban based on their development. Table 3 reveals that in rural area of developed states per capita investment on personal care and development is more and their percentage of allocation from total MPCE is also less when compared with the underdeveloped states and least developed states.

TABLE 4: THE AVERAGE MPCE AND ITS DISTRIBUTION OF FOOD, PERSONAL CARE AND DEVELOPMENT AND OTHER NON-FOOD EXPENDITURE AMONG THE MAJOR STATES OF INDIA: URBAN SECTOR (BASED ON MRP)

States	Expenditure on Food	Clothing bedding	Foot-wear	Educa-tion	Medical	Entertain-ment	toilet arti-cle	Total	Other non-food Ex-penditure	Total non-food expendi-ture	MPCE
Least Developed States											
Assam	880.67	117.33	22.05	133.38	82.69	44.81	50.14	533.09	676.43	1209.52	2090.19
	(42.13)	(5.61)	(1.05)	(6.38)	(3.96)	(2.14)	(2.40)	(25.50)	(32.36)	(57.87)	(100)
Bihar	634.66	100.44	16.37	119.77	65.86	15.85	29.59	413.74	348.25	761.99	1396.65
	(45.44)	(7.19)	(1.17)	(8.58)	(4.72)	(1.13)	(2.12)	(29.62)	(24.93)	(54.56)	(100)
Madhya Pra-desh	693.06	103.41	21.52	152.3	94.42	35.87	47.2	549.14	600.16	1149.3	1842.36
	(37.62)	(5.61)	(1.17)	(8.27)	(5.12)	(1.95)	(2.56)	(29.81)	(32.58)	(62.38)	(100)
Odisha	718.65	114.74	16.53	110.21	124.8	30.73	35.44	557.25	554.45	1111.7	1830.35
	(39.26)	(6.27)	(0.90)	(6.02)	(6.82)	(1.68)	(1.94)	(30.44)	(30.29)	(60.74)	(100)
Rajasthan	878.47	141.9	31.18	227.53	106.97	31.86	50.51	696.92	631.55	1328.47	2206.94
	(39.80)	(6.43)	(1.41)	1(0.31)	(4.85)	(1.44)	(2.29)	(31.58)	(28.62)	(60.20)	(100)
Uttar Pra-desh	758.97	121.68	23.02	165.1	134.01	28.27	41.35	647.44	535.84	1183.28	1942.25
	(39.08)	(6.26)	(1.19)	(8.50)	(6.90)	(1.46)	(2.13)	(33.33)	(27.59)	(60.92)	(100)
Average	760.75	116.58	21.78	151.38	101.46	31.23	42.37	566.26	557.78	1124.04	**1884.79**
	(40.36)	(6.19)	(1.16)	(8.03)	(5.38)	(1.66)	(2.25)	(30.04)	(29.59)	(59.64)	**(100)**
Less Developed States											
Andhra	939.05	158.78	26.75	200.28	150.52	50.71	65.02	802.58	817.69	1620.27	2559.32
Pradesh	(36.69)	(6.20)	(1.05)	(7.83)	(5.88)	(1.98)	(2.54)	(31.36)	(31.95)	(63.31)	(100)
Gujarat	1016.34	136.98	25.35	145.22	124.4	51.76	54.52	662.63	793.52	1456.15	2472.49
	(41.11)	(5.54)	(1.03)	(5.87)	(5.03)	(2.09)	(2.21)	(26.80)	(32.09)	(58.89)	(100)
Karnataka	926.29	149.05	29.81	212.04	151.54	59.99	67.87	821.84	1150.8	1972.64	2898.93
	(31.95)	(5.14)	(1.03)	(7.31)	(5.23)	(2.07)	(2.34)	(28.35)	(39.70)	(68.05)	(100)
West Bengal	989.16	149.9	21.08	193.59	211.35	36.09	53.4	876.76	623.98	1500.74	2489.9
	(39.73)	(6.02)	(0.85)	(7.78)	(8.49)	(1.45)	(2.14)	(35.21)	(25.06)	(60.27)	(100)
	967.71	148.68	25.75	187.78	159.45	49.64	60.20	790.95	846.50	1637.45	2605.16
Average	(37.15)	(5.71)	(0.99)	(7.21)	(6.12)	(1.91)	(2.31)	(30.36)	(32.49)	(62.85)	(100)
Relatively Developed States											
Haryana	1146.45	201.33	49.32	327.34	140.63	56.8	67.25	983.3	1216.57	2199.87	3346.32
	(34.26)	(6.02)	(1.47)	(9.78)	(4.20)	(1.70)	(2.01)	(29.38)	(36.36)	(65.74)	(100)
Kerala	1033.49	180.18	28.46	208.46	269.31	43.77	53.3	1052.79	958	2010.79	3044.28
	(33.95)	(5.92)	(0.93)	(6.85)	(8.85)	(1.44)	(1.75)	(34.58)	(31.47)	(66.05)	(100)
Maharashtra	1057.82	162.67	32.4	225.18	199.58	54.45	72.2	946.06	933.19	1879.25	2937.07
	(36.02)	(5.54)	(1.10)	(7.67)	(6.80)	(1.85)	(2.46)	(32.21)	(31.77)	(63.98)	(100)
Punjab	991.97	165.71	36.94	254.03	181.11	40.99	61.3	921.19	829.92	1751.11	2743.08
	(36.16)	(6.04)	(1.35)	(9.26)	(6.60)	(1.49)	(2.23)	(33.58)	(30.26)	(63.84)	(100)
Tamil Nadu	919.27	124.37	19.07)	182.72	159.5	44.26	58.47	747.89	867.17	1615.06	2534.32
	(36.27)	(4.91)	(0.75)	(7.21)	(6.29)	(1.75)	(2.31)	(29.51)	(34.22)	(63.73)	(100)
	1029.8	166.85	33.24	239.55	190.03	48.05	62.5	930.25	960.97	1891.22	2921.02
Average	(35.25)	(5.71)	(1.14)	(8.20)	(6.51)	(1.64)	(2.14)	(31.85)	(32.90)	(64.75)	(100)
India	**1531.6**	**259.68**	**37.1**	**197.26**	**157.65**	**54.94**	**114.87**	**979.15**	**1928.29**	**2907.44**	**4439.03**
	(34.5)	(5.85)	(0.84)	(4.44)	(3.55)	(1.24)	(2.59)	(22.06)	(43.44)	(65.5)	(100)

Source: Compiled from the Key Indicators of Household Consumer Expenditure in India, NSS 68th round, June 2011- July 2012, Ministry of Statistics and Programme Implementation, Government of India, published in June 2013.

Table 4 shows in urban area the individual's average monthly consumption on food and non-food items at national level was Rs.4439. Out of this nearly 35 percent (Rs.1532) was spent to consume food items and the rest i.e. about 65 percent (Rs.2907.44) was spent to meet the requirements of non- food items. The average MPCE between states varies according to their development. The average MPCE for urban area in least developed sates Rs. 1885. Out of this they allocate / distribute about 40 percent (Rs.761) to meet the food requirements and the rest were distributed on non-food items i.e. nearly 60 percent (Rs.1124). Among the least developed states Bihar has very low level of MPCE of Rs. 1397. The average MPCE of less developed states (Rs.2605.16) is larger than the least developed states and it is slightly low when compared with the relatively developed states (Rs.2921). It is observed from table 4 that the distribution of resources varies to their size of development. Among the less developed states, Karnataka has the highest monthly per capita consumption of Rs.2899 for urban area followed by Andhra Pradesh(Rs.2559), West Bengal(Rs.2490) and Gujarat(Rs.2472). Both the least developed states and less developed states allocates same proportion from their MPCE on personal care and development. But in terms of actual amount, less developed states average resource allocation for personal care and development was Rs.791 and the least developed states allocate Rs.566. The relatively developed states allocate only 34 percent from their MPCE for food items and the remaining are spent on non-food items. Out of which, 22 percent for personal care and development and 44 percent was spent to meet other household expenditure. Among the developed states Haryana (Rs. 3346) followed by Kerala (Rs.3044) and Maharashtra (Rs.2937) has the highest MPCE. When compared with MPCE at national level all the states have low level of MPCE.

From table 4, it is observed that as in rural areas, the least developed states also allocate around 40 percent of their MPCE on food items, they spend around 30 percent on personal care and development and the rest has spent on other household purposes. But their proportion of expenditure on education and medical are less than the relatively developed states. It can be concluded that the existence of poverty and inequality is due to the improper allocation merit goods like

education, medical care and development. Least developed states are either still lagging to obtain the basic requirements or they are costlier for them based on their available resources for consumption.

INCIDENCE OF POVERTY AND INEQUALITY

The developing countries require vibrant and prosperous increase of middle class and upper middle class to remove stagnation in gross output and to drive the economic growth. A growing body of evidence suggests that the rising influence of the rich and stagnant income of the poor and middle class have a casual effect on crises, and thus directly hurt short and long –term growth (Era, Dabla-Norris,et al., 2015: 8). From table 5, it can be observed that in the least developed states comparatively larger percentage of poor class population was observed than the less and relatively developed states. It is observed that in the relatively and less developed states the percentage of middle class and upper middle class are larger than the least developed states. The relatively larger percentage of poor class population was observed in the least developed states which is one of the reasons for the larger inequality in the distribution of resources.

TABLE 5: INCIDENCE OF POVERTY AND INEQUALITY AMONG THE STATES OF INDIA: BOTH RURAL AND URBAN

States	Rural					Urban				
	Poor Class	Middle Class	Upper Middle Class	Upper Class	Gini Coef-ficient Ratio*	Poor Class	Middle Class	Upper Middle Class	Upper Class	Gini Coefficient Ratio*
Least developed States										
Assam	33.70	47.80	16.70	1.80	0.25	24.70	44.00	27.20	4.10	0.2
Bihar	42.30	43.70	13.00	1.00	0.23	41.16	45.15	13.29	0.40	0.36
Madhya Pradesh	42.20	39.30	16.60	1.90	0.23	33.33	31.64	20.56	2.50	0.4
Odisha	53.20	34.97	10.62	1.10	0.24	34.10	38.80	24.70	2.40	0.37
Rajasthan	11.00	41.50	42.60	4.90	0.28	13.23	50.60	33.37	2.81	0.28
Uttar Pradesh	37.60	43.50	16.70	2.20	0.23	37.50	42.40	20.53	6.55	0.35
Average	**36.67**	**41.80**	**19.37**	**2.15**	**0.24**	**30.67**	**42.10**	**23.28**	**3.13**	**0.33**
Less Developed States										
Andhra Pradesh	8.30	39.50	44.00	8.20	0.22	8.30	41.10	46.60	4.00	0.25
Gujarat	11.01	47.05	35.64	6.31	0.17	8.30	37.50	51.70	2.50	0.22
Karnataka	15.68	47.65	30.17	6.49	0.24	15.30	29.07	37.36	10.29	0.31
West Bengal	27.37	46.35	23.78	2.50	0.2	20.48	36.96	37.66	4.90	0.29
Average	**15.59**	**45.14**	**33.40**	**5.88**	**0.21**	**13.10**	**36.16**	**43.33**	**5.42**	**0.27**
Relatively Developed States										
Haryana	5.39	22.48	55.14	16.98	0.17	7.58	31.44	47.70	13.27	0.25
Kerala	3.50	25.07	47.85	23.58	0.19	7.91	40.14	42.24	9.71	0.25
Maharashtra	11.80	44.30	38.40	5.50	0.21	8	38	46.40	7.60	0.26
Punjab	1.60	21.72	54.45	22.22	0.17	7.4	36.1	52.40	4.10	0.22
Tamil Nadu	12.10	39.00	40.20	8.90	0.29	11.11	40.14	43.74	5.01	0.42
Average	**6.88**	**30.51**	**47.21**	**15.44**	**0.21**	**8.40**	**37.16**	**46.50**	**7.94**	**0.28**
All India	26.60	41.00	27.30	5.10	0.19	17.52	39.24	37.74	5.51	0.32

* - Gini coefficient ratio expressed in percentage in the analysis.

Source: Compiled from the Key Indicators of Household Consumer Expenditure (Based on MRP) in India, NSS 68th round, June 2011- July 2012, Ministry of Statistics and Programme Implementation, Government of India, published in June 2013.

Small change in real MPCE can have a larger effect on head count ratio. But this does not help to visualize inequality. From table 5, the percentage of poor in relatively developed states like Maharastra and Tamil Nadu have about 11.80 percent and 12.10 percent in rural and 8 percent and 11.11 percent in urban area. The widening MPCE inequalities in these states are 21 percent and 29 percent in rural area and 26 percent and 42 percent in urban area. This implies that that small change in real MPCE would not support to reduce the inequality. Thus, shrink in poverty leads to increase in the middle class and upper middle class population which leads to increase in inequality (i.e. the areas of Lorenz curve).

From table 5 it is observed that distribution of poverty and inequality of the state are closely associated with their development. The incidence of poverty was more in least developed states. The largest percentage of poor class (37 percent) was found in the rural areas and nearly 31 percent of people below poverty line were observed in urban areas of least developed states. The percentage of poor was low based on the economic development of the states that is whether relative development and less development of the states. There were widening inequality was observed in urban area than the rural area and also in all the states in spite of their development. From the analysis of table 5 shows that fall in poverty would not support to reduce inequality. Inequality affects growth drivers. Why would widening income disparities matter for growth? Higher inequality lowers growth by depriving the ability of lower-income households to stay healthy and accumulate physical and human capital (Galor and Moav 2004; Aghion, Caroli, and Garcia-Penalosa 1999). Highest inequality is due to the distribution of majority of population in similar economic positions.

Mere reduction of poverty leads to increase in inequality. Table 5 reveals that in India as per the analysis the percentage of people in poor class was around 27 percent in rural areas and 17.52 percent in urban areas. This is due to fall in percentage of poor leads to pull down the majority of population in a particular expenditure class instead of even distribution of population in all the expenditure classes. This results widening the inequality in urban area than the rural area. That is the observed inequality for all India level was 19 percent in rural areas and 32 percent in urban area. This is due to majority (nearly 77 percent) of the population are placed in two expenditure classes and the remaining 17.52 percent and 5.51 percent are placed in poor and upper class. It is indicated that in rural areas the incidence of poverty and middle class population are more which means majority of the population live in the same economic position. Therefore decreasing poverty leads to larger inequality in the developing countries like India.

CAUSES FOR POVERTY AND INEQUALITY

The following factors are considered as highly possible determinants of poverty and inequality among the states of India.

TABLE 6: INFLUENCING FACTORS OF POVERTY AND INEQUALITY AMONG THE STATES (Percentage)

Factors	Least Developed States		Less Developed States		Relatively Developed States	
	Rural	Urban	Rural	Urban	Rural	Urban
Poor class (BPL)	39.7	30.67	15.60	13.10	6.84	8.4
Inequality (Gini Coefficient Ratio)	0.24	0.33	0.21	0.27	0.21	0.28
Percentage expenditure on Personal care and development from MPCE	285.08 (26.46)	566.26 (30.05)	376.70 (26.99)	790.95 (30.43)	548.41 (28.92)	930.25 (31.85)
Literacy**	69.3	83.42	67.8	86.65	78.96	89.5
Household size *	4.78	4.37	4.18	3.75	4.28	3.88
Dependency ratio*	38.12	33.9	30.85	29.1	32.58	29.6
Unemployment Rate*	53.67	60.67	48.5	49	87.2	64.2
Percentage of SC and ST population***	29.61	15.49	29.05	12.97	23.29	13.46
Share of employment by agriculture sector****	60.23	-	51.03	-	43.32	-
Share of employment in manufacturing, non-manufacturing and service sector****	-	39.60	-	48.98	-	56.66
Per capita income (in Rs.) for 2010-11 (at constant price 2004-05)****	21015.50		41150.75		53700.60	

Source: Computed from secondary sources

* - Key indicators of Employment and Unemployment in India, NSS 68th Round (June 2011-July 2012), Ministry of Statistics and Programme Implementation, Government of India.

** - Status of Education and Vocational Training in India, NSS 68th Round (June 2011-July 2012), Ministry of Statistics and Programme Implementation, Government of India.

*** - Census of India 2011. www.censusindia.gov.in

****- Data and Statistics, Planning Commission, Government of India. http://planningcommission.nic.in/

1. PROPORTION OF EXPENDITURE ON PERSONAL CARE AND DEVELOPMENT

It is difficult to determine household characteristics based on food expenditure. This leads to individuals' income determined by his affordability to obtain the requirements of personal care and development. Among the non-food items, expenditure on clothes and footwear, education, medical, entertainment and toilet articles are directly influenced by individual welfare. For instance, the relationship between poverty and education is important particularly because of the key role played by education in raising economic growth and reducing poverty. The educated have higher incomes and are less likely to be poor (Jonathan et. al.,2009:5). Therefore, the proportion of expenditure on non-food items from total MPCE are important to differentiate poor class, middle class and upper middle class. This varies from state to state dependence on their economic development (Refer table 6). The states which are have highest poverty and inequality, their expenditure on personal care and development was less and vice versa. Therefore, an inverse relation is expected between expenditure on personal care and development and poverty and also with inequality.

2. LITERACY RATE

The human development index depending upon per capita Gross National Product(GNP), literacy rate and life expectancy is a better indicator of the level of development for a particular country. The existing research shows that in most of the developed countries there is a gap between human development and the policy implication for removal of these problems. Literacy is important not only for enhance earning potential of poor but also necessary to stimulate the labour force participation rate. The states which have highest literacy rate that is relatively developed states, poverty is very low (Refer table 6). Therefore literacy rate has an inverse relation with poverty and inequality.

3. HOUSEHOLD SIZE

Inequality is different from poverty but related to it because of its demographic characteristics of a country particularly, the household size. The existing studies show that household size is important to show a possible correlation between the level of poverty and inequality. Table 6 also reveals that the household size of the least developed states are larger (around 4.5) than relatively developed states (around 4). Adding household members has a negative effect on consumption which confirming that the larger the household size there are more likely to be poor. This leads to increase in the proportion of poor and middle class which leads to increase in inequality. Thus size of a household is positively correlated with poverty and also with inequality.

4. DEPENDENCY RATIO

The welfare is measured on per adult equivalent rather than a per capita basis. The dependency ratio is the proportion of population not in the labour force which consists of the age group of less than 15 years and above 59 years. This ratio helps to measure the burden weighing on members of the labour force within the household. From table 6, it is observed that the dependency ratio is larger in least developed states (rural 38 percent and urban 34 percent) than the less developed states (rural 31 percent; urban 29 percent) and relatively developed states (rural 33 percent; urban 30 percent). Thus one might expect that a high dependency ratio will be associated with greater poverty. (Understanding the Determinants of Poverty: http://siteresources.worldbank.org/INTPA/Resources/429966-1259774805724/Poverty_Inequality_Handbook_Ch08.pdf)

5. SHARE OF EMPLOYMENT IN AGRICULTURE / MANUFACTURING, NON-MANUFACTURING AND SERVICE SECTOR

Mere labour force is not sufficient to eradicate poverty. The share of employment across different sectors is necessary to remove poverty and inequality. The incidence of poverty is more in rural areas compared with urban areas. Generally, the majority of the rural population is engaged with agriculture sectors. These are characterised by low wage rate, underemployment, etc. Hence, if the share of employment in agricultural sector is more it leads to more of poverty and inequality among the rural people. Therefore, a positive correlation is expected between employment in agricultural sector, poverty and inequality in rural areas. Since the industrial revolution, manufacturing sector plays an important role in improving employment opportunities and standard of living. Followed by manufacturing, non-manufacturing and service sectors also helped to raise gross output and overall demand. The development of these sectors also offers the potentialities to improvement wages in non-agriculture and urbanisation. It is observed, in table 6 that in the relatively developed states, the share of employment in these sectors are more compare with the least developed states. The share of employment in these sectors is important to reduce poverty and also inequality in urban areas. Thus an inverse relation is expected.

6. UNEMPLOYMENT RATE

Paid work is the principal source of income of majority of the households in developing countries like India. Unemployment in any type would drive people to poverty and inequality. Since, majority of the people in developing countries come under middle class, it is necessary to reduce unemployment rate in both rural and urban areas. Table 6 reveals that unemployment is more in relatively developed states than the least and less developed states. According to table 6, poverty and inequality in relatively developed states is mainly unemployment. Therefore, a positive relation is expected between unemployment rate and poverty and inequality in both rural and urban areas.

7. PROPORTION OF SC AND ST POPULATION

A growing body of research shows that there is a significant disparity between SC/ST and non-SC/ST population regarding the incidence of poverty and inequality. The disparity between SC/ST and non-SC/ST population increased during the period of liberalisation in India, especially after 1990s. The classification of population

by means of livelihood pattern brings out the fact that among SC,ST and all population, both in 1993-94 and in 1999-2000, the incidence of poverty was highest among the agricultural labour households (Kuri, 2010:91). In India, majority of the land less labours belong to the SC/ST community. Therefore, positive correlation is expected between SC/ST population and both poverty and inequality.

8. PER CAPITA INCOME

Economic growth is not explicitly targeted in the Millennium Development Goals (MDGs), yet income per capita measures are highly correlated with widely used indicators of poverty, health, and education. As countries become richer, poverty rates generally fall. Thus, the raise in per capita income leads to increase in standard of living. Therefore, an inverse relation is expected between per capita income and poverty and inequality.

9. PERCENTAGE OF POOR

The widespread economic growth has not been shared by all the states. This results in widening the gap between rich and poor. According to Sen (1973), given the average level of income level, a higher level of inequality (reflected by the usual measures) will tend to be associated with a higher level of poverty. Furthermore, the so called "poverty line" may sometimes be drawn in the light of the latter (inequality) and can be influenced by the average income level, so that poverty measures, thus defined, may have an aspect of relative inequality as well. In this paper, inequality is analysed in the context of poverty with the assumption of if higher level of poverty (i.e. poor class) leads to higher level of inequality.

The Best Fitted Regression Results: Causes for Poverty and Inequality in both Rural and Urban Area

TABLE 7

Rural Area: Dependent Variable – Poverty				
Independent Variable	Beta	t – Value	Significant	
Dependency Ratio	0.231	2.416*	0.036	
Expenditure on personal care and development	-0.111	-1.162	0.272	R = 96 %
Unemployment	0.634	5.532**	0.000	R^2 = 89 %
Share of employment in agriculture Sector	0.965	8.198**	0.000	—
				R^2= 89 %
				F = 25.29
Percentage of SC and ST population	0.242	2.619**	0.026	
Rural Area: Dependent Variable - Inequality Sector				
Percentage of Poor Class	-0.676	-4.193**	0.002	
Dependency Ratio	-0.566	-2.122*	0.060	R = 93 %
Household size	0.824	3.077**	0.012	R^2 = 86 %
Unemployment	0.723	4.323**	0.002	—
				R^2= 79 %
				F = 12.20
Percentage of SC and ST population	0.189	1.307	0.220	
Urban Area : Dependent Variable – Poverty				
Dependency Ratio	0.365	2.291**	0.032	
Per capita income	-0.494	-2.752**	0.022	
Literacy	0.281	1.792	0.107	R = 94 %
Share of employment in manufacturing, non-manufacturing and service sector	-0.339	-2.097*	0.065	R^2 = 87 %
				—
				R^2= 80 %
				F = 12.51
Percentage of SC and ST population	0.167	1.240	0.246	
Urban Area: Dependent Variable - Inequality				
Percentage of poor	1.549	4.032**	0.002	
Literacy Rate	-0.452	-2.157*	0.056	
Percapita income	0.725	2.112*	0.061	R = 83%
Share of employment in manufacturing, non-manufacturing and service sector	0.621	2.179*	0.054	R^2 = 70 %
				—
				R^2= 57 %
				F = 5.69

* - Significant at 1 percent level, ** Significant at 5 percent level.

The best fitted regression results show that in rural areas the poverty (poor class) is influenced by dependency ratio, which is statistically significant at 1 percent with expected sign. The other factors of unemployment, share of employment by agriculture sector and percentage of SC and ST population are also significant at 5 percent level with expected sign. The expenditure on personal care and development has expected sign but not statistically significant. Besides the inequality is influenced by largest percentage of poor class (population BPL) and dependency ratio are statistically significant at 1 percent and 5 percent level but do not have expected sign. The remaining factors of household size and unemployment rate are significant at 5 percent level with expected sign. The percentage of poor class is statistically significant but do not have expected sign.

The best fitted regression result for urban area shows that poverty is caused by the dependency ratio, and per capita income that are statistically significant at 5 percent level and the share of employment in manufacturing, non-manufacturing and service sector is significant at 1 percent level with expected sign, whereas inequality is associated with percentage of poor people at 5 percent level. The remaining factors of literacy rate, per capita income and share of employment in manufacturing, non-manufacturing and service sector are statistically significant at 1 percent level but the last two factors do not have expected sign.

CONCLUSION

Based on the above analysis it can be concluded that the percentage of poverty level in rural and urban area has been reduced in most of the states particularly developed states where as the inequality still dominating one in all the states irrespective of their development. But both in rural and urban areas, the factors influencing poverty of which most of the factors influencing inequality also but exhibits opposite relation. It indicates that mere reduction of poverty would not meant reduction of inequality. The destination is nearer to poverty in terms of absolute terms but not inequality.

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ANNEXURE

FIG. 1

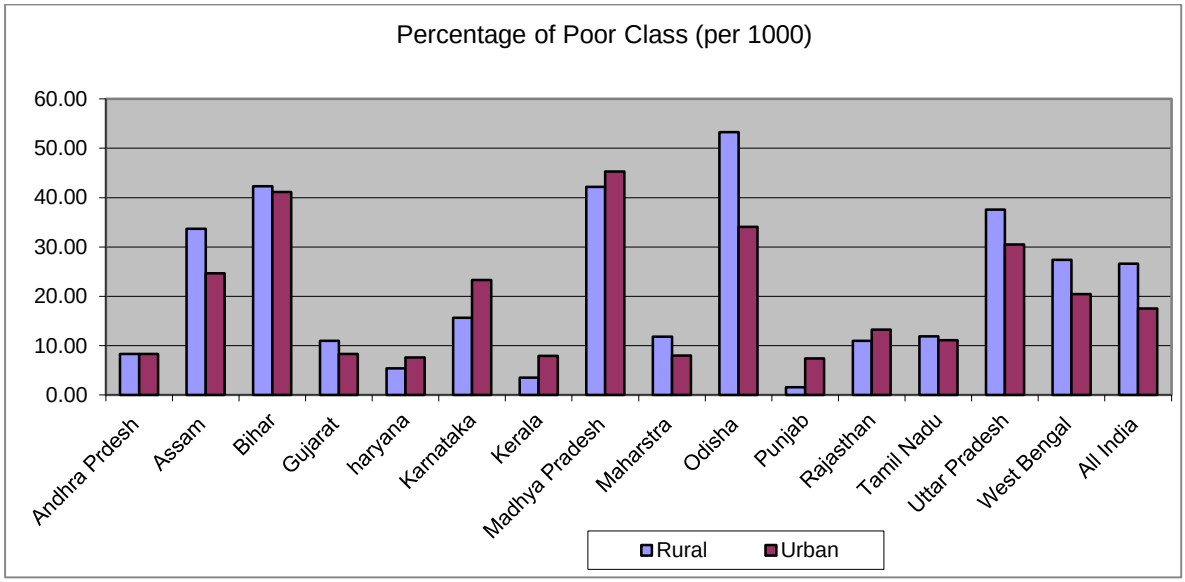


FIG. 2

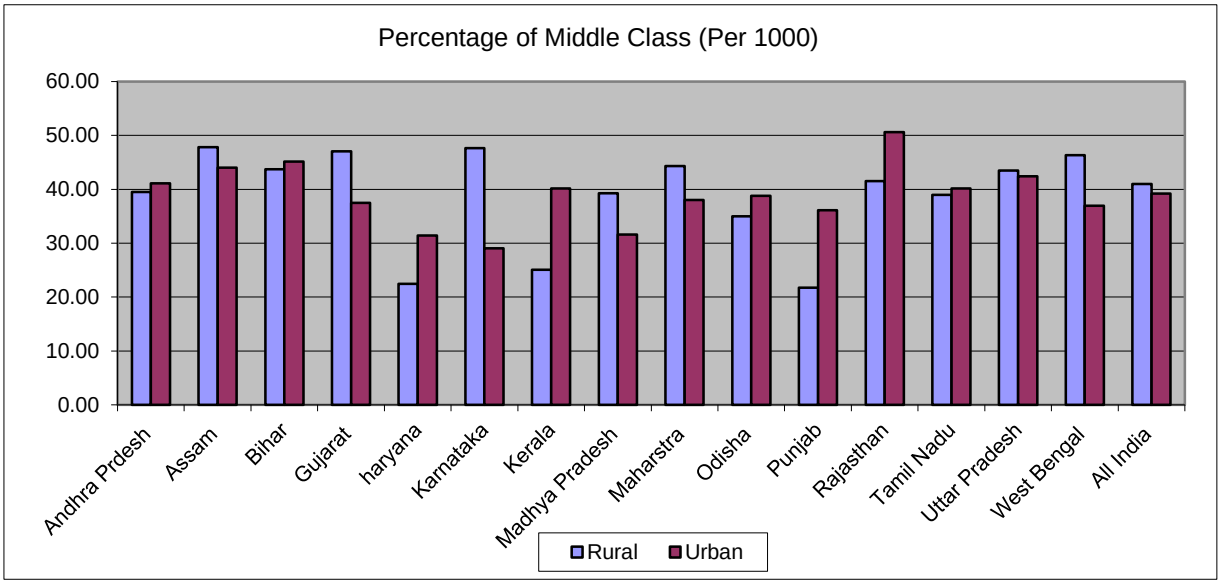


FIG. 3 : DISTRIBUTION OF POPULATION IN DIFFERENT EXPENDITURE CLASS

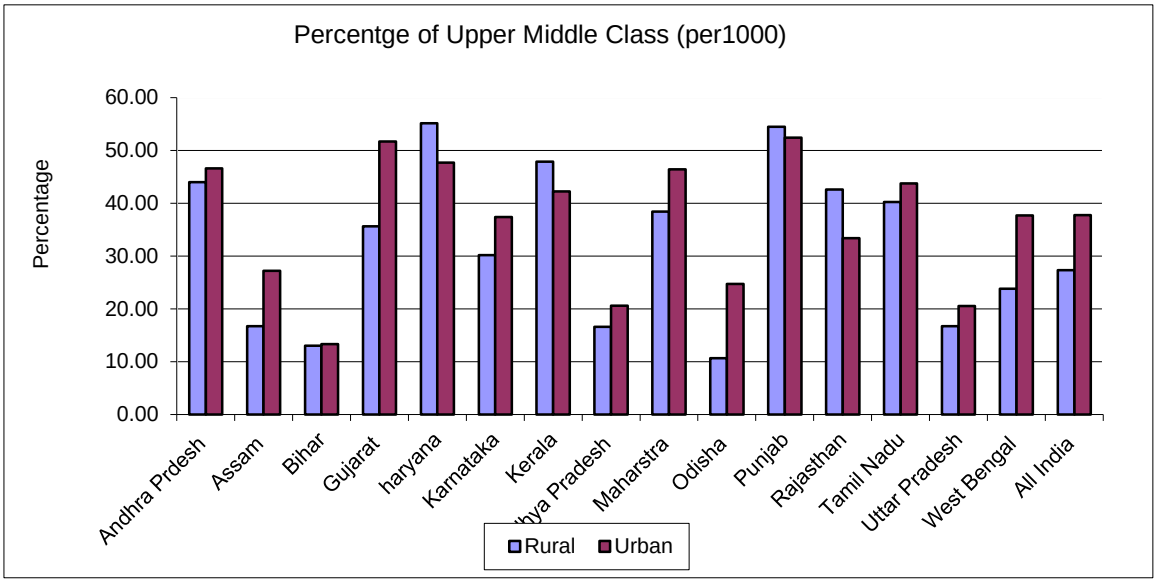
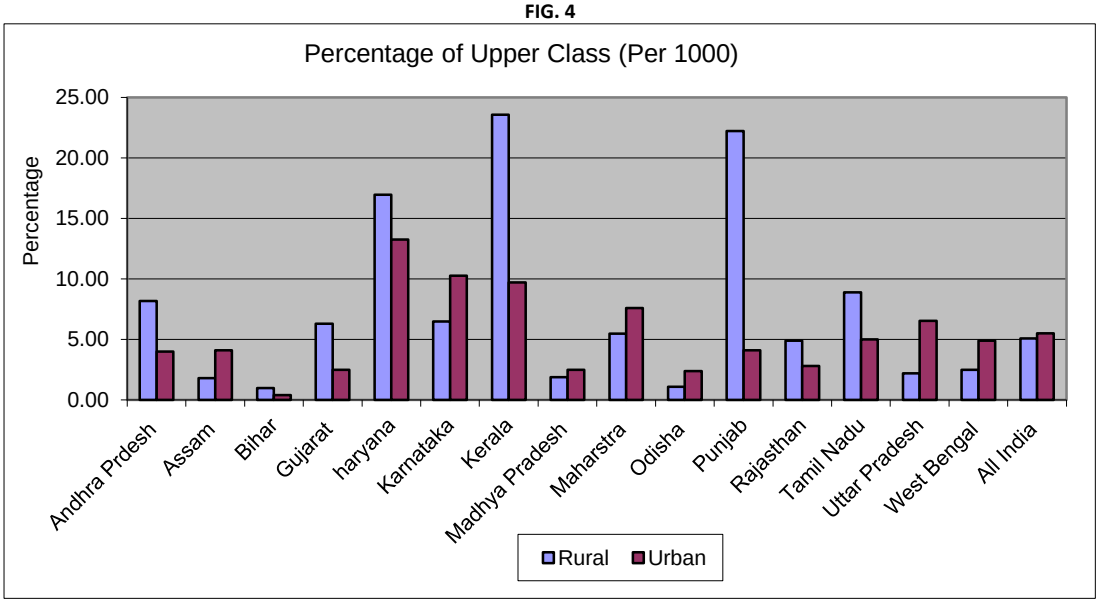


FIG. 4



A STUDY ON IMPACT OF SERVICE QUALITY DIMENSIONS ON CUSTOMER SATISFACTION WITH RESPECT TO TELECOMMUNICATION SERVICE USERS IN AHMEDABAD AND NORTH GUJARAT

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ABSTRACT

After introduction of Mobile Number Portability in India, the telecommunication service providers have felt the heat of customer demands. MNP became available in India from 1st January, 2011. However, the national rollout of MNP across all States and Telecom Circles occurred on 3rd July, 2015. A dissatisfied customer may switch over to some other service provider. The main objective of the study was to study the impact of eight service quality dimensions (Tangibility, Responsiveness, Reliability, Assurance, Empathy, network quality, convenience and complaint handling) and customer satisfaction with respect to users of telecommunication services. Non-probability convenient sampling method was used. Sampling area was selected towns in North Gujarat and Ahmedabad region in Gujarat state of India. Sample size was 1001 respondents. Linear regression models were run to find out impact of service quality dimensions on customer satisfaction. Researchers found that Network quality, responsiveness, assurance and reliability were highly important predictors of customer satisfaction. Tangibility and Empathy were also important precedents of customer satisfaction. However, convenience and complaint handling were having weaker impact on customer satisfaction.

KEYWORDS

service quality, service quality dimensions and customer satisfaction.

INTRODUCTION

In India, telecom regulator TRAI monitors the performance of service providers, including state-owned Bharat Sanchar Nigam Ltd (BSNL) and Mahanagar Telephone Nigam Ltd (MTNL) against the benchmarks for various qualities of service parameters through quarterly performance monitoring reports submitted by service providers. As per a newspaper report in The Economic Times, Telecom operators Aircel, Reliance Communications and Airtel did not meet regulator TRAI's various quality norms for 2G services in multiple licenses areas for the quarter ended December 2016. Telecom Minister Manoj Sinha said in a written reply to the Lok Sabha. "Whereas Aircel is not meeting the various parameters in 27 licenses areas, Reliance Communications in GSM services in 25 service areas and Airtel in 15 service areas," This scenario is just a piece of service quality delivery failures in India. TRAI keeps consulting experts and prescribing minimum quality standards with respect to tariffs and non-tariff dimensions. As such there is intense competition to occupy market share, it is even harder to keep telecommunication service users satisfied. Mobile Number Portability is always a threat when customers feel dissatisfied with their operators' services. Hence, it is important to understand implications of service quality dimensions on customer satisfaction.

SERVICE QUALITY

According to Brown (1992), customers prefer organizations that deliver higher service quality, and suppliers can charge a premium for superior service qualities. Bitner and Hubert (1994) argued that service quality is the customers‟ overall impression of the relative superiority or inferiority of the organization and its services. It is an assessment of the customers from the overall excellence of the service, that is, service quality has an indirect effect on company's performance. Higher-quality service indicates that service quality can be defined only by customers and that it occurs when a service organization provides service that satisfies the customer's needs (Metters & Pullman, 2003).

SERVICE QUALITY DIMENSIONS

Gronroos (1984) stated that "in service environments, customer satisfaction will be built on a combination of two kinds of quality aspects; technical and functional". Lewis (1987) suggested that service quality can be classified as essential and subsidiary. Essential refers to the service offered and subsidiary includes factors such as accessibility, convenience of location, availability, timing and flexibility, as well as interactions with the service provider and other customers. Parasuraman, Zethamal and Berry (1985) conducted researches in several industry sectors to develop and refine SERVQUAL, a multiple-item instrument to quantify customers' global assessment of a company's service quality. Their scale involved expectations-perceptions gap scores along five dimensions: reliability, responsiveness, assurance, empathy, and tangibles (Metters & Pullman, 2003). Van-der-Wal (2002) used SERVQUAL to investigate service quality in mobile telecommunications outlet in South Africa. They concluded that the instrument was reliable and could be used to access service quality in telecommunications industry. Cavana, Corbett and Lo (2007) reported that Service Quality dimensions (tangibles, responsiveness, empathy, assurance and reliability) should be considered in order to see its impact on customers of the service provider. Sheth, Momya and Gupta (2008) in their study strived to develop a valid and reliable instrument to measure customer perceived service quality for cellular mobile telephony in the Indian market. They used five dimensions of SERVQUAL scale and two additional dimensions namely convenience and customer perceived network quality in cellular services.

CUSTOMER SATISFACTION

Service industry depends on continuous cycle of repurchase so retention of customers requires hard efforts by organizations (Anderson, Fornell and Lehman, 1994).

Oliver (1980) defines that Customer satisfaction is a summary psychological state when the emotions surrounding disconfirmed expectations are coupled with the consumer's prior feelings about consumption experience. Yi (1990) opines that the customer satisfaction operates in two different ways transactions specific and general overall. The transaction specific concept concerns customer satisfaction as the assessment made after a specific purchase. However, Parsuraman, Zeithamal and Berry (1994) have put forward the simple and clear definition for satisfaction. They suggest that satisfaction is influenced by service quality, product quality and price. They researched satisfaction on a transaction level, implying that the overall satisfaction is a function of transactions. Gerpott, Rams and Schindler (2001) noted customer satisfaction is measured by that a customer's estimated experience of the extent to which a provider's services fulfill his or her expectations.

A number of benefits are associated with customer satisfaction; satisfied customers buy additional products, are less influenced by competitors and stay loyal longer (Zineldin, 2000). Customer satisfaction is a key indicator of quality of services provided by companies to their customer, but it is not easily definable (Mian Usman Sattar, 2012).

LITERATURE REVIEW

Oliver (1993) reported that service quality is a casual antecedent of customer satisfaction, due to the fact that service quality is viewed at transactional level and satisfaction is viewed to be an attitude. Dabholkar, Thrope and Rentz (1996) and Zeithaml, Berry and Parasuraman (1996) reported that the service quality divisions are related to overall service quality and or customer satisfaction. Fornell, Johnson, Anderson, Cha, & Bryant, (1996) expressed that satisfaction is a consequence of service quality. Sureshachander, Rajendran & Ananthraman (2002) observed that service quality and customer satisfaction are highly related and as such claims that service quality is an important antecedents of customer satisfaction. The link between service quality dimensions and customer satisfaction has also been a subject of research amongst scholars.

Heskett, Sasser, & Schlesinger, (1997) conducted studies on several service firms, such as airline, restaurants, etc and reported that service quality, solely defined as relational quality, has consistent effect on satisfaction and is regarded as key factor in delivering customer satisfaction. Lai (2004) found positive relationship between tangibles, empathy and assurance and customers' satisfaction. Dimension empathy is negatively related with satisfaction while other four dimensions tangibles, assurance, responsiveness and reliability are positively related with the satisfaction and all the dimensions of service quality have a significant relationship with the satisfaction of customers (Ahmed et al., 2010). Khan, M. A. (2010) investigated the users' perception of service quality of mobile telephone operators in Pakistan using a questionnaire survey covering SERVQUAL dimensions as well as network quality and convenience as an additional dimension. Convenience and network quality was found to be relatively most important dimensions. A study conducted by Aali, Khurshid, Nasir, and Aali, (2011) measured the service quality of mobile phone companies operating in Saudi Arabia by using the SERVQUAL instrument. It was found that there was difference in customers' perceptions in almost all the dimensions. Arokiasamy & Abdullah (2013) studied the impact of service quality dimensions on customer satisfaction using the SERVQUAL model. It was found that customer satisfaction was impacted by all 5 service quality dimensions. Sandhu, Mahasan, Rehman & Muzaffar (2013) researched to find out the relationship between service quality dimensions and customer satisfaction in the telecommunication sector Pakistan. They found out that service quality has effect on customer satisfaction and that there exists a positive relationship between service quality dimensions (except price fairness & empathy) and customer satisfaction. Sivasubramanian & Balaji (2014) found the service quality dimensions and its Impact on customer satisfaction in the telecommunication sector Tamilnadu. They figured out that service quality has an Impact on customer satisfaction and that there exists a positive relationship between service quality dimensions (except price fairness & empathy) and customer satisfaction. Rahhal, (2015) noted, in the context of Syrian telecommunication services users, "The findings of this study shows the direct significant impact of service quality on customer satisfaction, and this effect had appeared through three dimensions (network quality, responsiveness, reliability) and there are no direct effect of other dimensions on customer satisfaction". Baruah, Nath, & Bora (2015) aimed to find the important service quality dimensions affecting customer satisfaction in telecom sector and found that Tangible, reliability, responsiveness, assurance, empathy and network quality were positively and significantly impacted the customer satisfaction. Vasundhara & Jothimurugan (2015) explored reasons why consumers prefer a specific mobile service and to explore the relationship between Service Quality, Customer Satisfaction and Brand Loyalty. They revealed that reliability, responsiveness in service quality, reasonable price and customer satisfaction leads to brand loyalty towards cellular communication providers. Arslan, Iftikhar, & Zaman, (2015) studied two dimensions of service quality in Pakistan and found that there is a significant relationship between customer satisfaction and service quality dimensions of empathy and reliability. Arslan, Iftikhar, & Zaman, (2015) collected data from 400 respondents that were users for 4 main mobile networks of Pakistan (i.e. mobilink, zong, telenor and ufone) and established that there is a significant relationship between service quality and customer satisfaction. Iddrisu et al. (2015) collected data from 311 mobile users who were subscribers of 5 of the major cellular firms in Accra Metropolis of Ghana and revealed that service quality dimensions such as Tangibles, Responsiveness, Reliability, Assurance and Empathy have a positive influence on customer loyalty through customer satisfaction. Phaneendra, D., Jyothsna, M., & Mahalakshmi, S. (2016) revealed that among the service quality dimensions, tangibility, empathy and responsiveness have greater influence on customer satisfaction. Aydinil & Senyurek (2016) surveyed in Poland and found Tangibles dimension seems the most important factor that the customers emphasize for their satisfaction. They further noted Assurance dimension, Reliability dimension and Empathy dimension follows respectively. The values for responsiveness dimension show that Responsiveness the least important factor. Alhkami & Alarussi (2016) examined the impact of service quality dimensions on the customers' satisfaction in Telecommunication companies in Yemen. They found all the service quality dimensions are positively and significantly associated with customers' satisfaction. Okpara & Nkwede (2017) investigated the relationship between service quality dimensions and customer loyalty in the Nigerian Telecom market with particular interest in identifying if customer satisfaction plays a mediating role. They found that reliability, empathy and assurance showed evidence of strong positive relationship with customer satisfaction whereas network quality had a weak relationship.

RESEARCH GAP

Thorough literature review has brought two important takeaways for the researchers. First, service quality has a significant relationship with customer satisfaction. Second, researchers in the past revealed the relationship between five service quality dimensions (Tangibles, Responsiveness, Reliability, Assurance and Empathy) and customer satisfaction. Moreover, research attempts have been undertaken in Ghana, Syria, Pakistan, South Africa, Poland and even some parts of India also. Majority of the studies have covered five dimensions mentioned above. However, past research in the context of telecommunication services have included three other dimensions to define service quality. These additional dimensions are network quality, convenience and complaint handling. Henceforth, there prevails a research gap here. The current study aimed to contribute to the body of knowledge pertaining to impact of these eight service quality dimensions on customer satisfaction. No such comprehensive research attempt has been located in the geographical parts of Gujarat namely North Gujarat and Ahmedabad.

RESEARCH METHODOLOGY

Research design was descriptive single cross sectional. The main objective of the study was to study the impact of eight service quality dimensions (Tangibility, Responsiveness, Reliability, Assurance, Empathy, network quality, convenience and complaint handling) and customer satisfaction. Non-probability convenient sampling method was used. Males and females aged 15-60 were included as samples. Sampling area was selected towns in North Gujarat and Ahmedabad region in Gujarat state of India. Sample size was 1001 respondents.

Customer satisfaction (Dagger, Sweeney, Johnson, 2007) was measured using a 5 item scale that included statements "My feeling towards my service provider is very positive", "I feel good about coming to my service provider for the offerings I am looking for", "Overall I am satisfied with my service provider and the service they provide", "I feel satisfied that my service provider produces the best results that can be achieved for me" and "The extent to which my service provider has produced the best possible outcome for me is satisfying". Respondents were asked to give their opinion on a five point Likert scale ranging from "Strongly Agree" to "Strongly Disagree". Similarly, Service Quality dimensions were measured on five point Likert Scale. Respondents were asked to rate their service provider with respect to tangibility (5 items), reliability (7 items), responsiveness (5 items), assurance (5 items), empathy (4 items), complaint handling (2 items), convenience (3 items) and network quality (8 items). The service quality dimension items employed to collect data were adapted from Parasuraman et al. (1991), Sharma and Ojha (2004) and Negi, (2009).

ANALYSIS AND INTERPRETATION

Among the respondents 72 percent were males and 28 percent were females. 38 percent respondents were below 25 years of age, 39 percent were between 25-40 years of age and 23 percent were of more than 40 years. Less than graduates were 30 percent, graduates were 47 percent and post graduates were 23 percent. As far as family income is concerned, 40 percent respondents had less than Rs. 30 thousand per month, 39 percent were such whose monthly income was between Rs. 30 thousand to 50 thousand, 11 percent had monthly income between Rs. 50 thousand to 1 lakh and 10 percent had more than Rs. 1 lakh monthly income.

For this study, Cronbach alpha was separately calculated to assess the reliability of the scales adopted in the study. All alpha coefficients ranged from 0.68 to 0.91. A linear regression was run to understand the effect of service quality dimensions (Tangibility, Responsiveness, Reliability, Assurance, Empathy, network quality, convenience and complaint handling) on customer satisfaction. To assess linearity a scatterplot of Customer satisfaction against each dimension with superimposed regression line was plotted. Visual inspection of these two plots indicated a linear relationship between the variables. There was homoscedasticity and normality of the residuals. There were no outliers. To test the normality of residuals, the Kolmogorov-Smirnov test has been used. The residual is normally distributed and the regression analysis can be executed. Multicollinearity diagnosis was done using VIF and TV. VIF values were well below the cut off values of 10. On the other hand, the tolerance values were above 0.8. Thus, there was no evidence of multicollinearity problem in the regression model. In order to check the correlation between residuals, Durbin-Watson test statistic was computed.

MODEL 1

Tangibility dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 356.121, p <.001, accounting for 26.3% of the variation in customer satisfaction with adjusted R2 = 26.2%. A unit's increase in tangibility leads to a 0.583, 95% CI [0.522,0.643] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 0.936 + 0.583*Tangibility.

MODEL 2

Reliability dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 504.555, p <.001, accounting for 33.6% of the variation in customer satisfaction with adjusted R2 = 33.5%. A unit's increase in reliability leads to a 0.624, 95% CI [0.570,0.679] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 0.732 + 0.624*Reliability.

MODEL 3

Responsiveness dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 220.028, p <.001, accounting for 35.2% of the variation in customer satisfaction with adjusted R2 = 35.1%. A unit's increase in responsiveness leads to a 0.669, 95% CI [0.613,0.725] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 0.710 + 0.669*Responsiveness.

MODEL 4

Assurance dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 202.118, p <.001, accounting for 32.3% of the variation in customer satisfaction with adjusted R2 = 32.2%. A unit's increase in assurance leads to a 0.632, 95% CI [0.575,0.689] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 0.768 + 0.632*Assurance.

MODEL 5

Empathy dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 166.450, p <.001, accounting for 26.6% of the variation in customer satisfaction with adjusted R2 = 26.5%. A unit's increase in Empathy leads to a 0.523, 95% CI [0.469,0.577] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 0.948 + 0.523*Empathy.

MODEL 6

Complaint Handling dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 139.853, p <.001, accounting for 22.4% of the variation in customer satisfaction with adjusted R2 = 22.3%. A unit's increase in Complaint Handling leads to a 0.461, 95% CI [0.408,0.515] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 1.097 + 0.461*Complaint Handling.

MODEL 7

Convenience dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 103.065, p <.001, accounting for 16.5% of the variation in customer satisfaction with adjusted R2 = 16.4%. A unit's increase in Convenience leads to a 0.411, 95% CI [0.353,0.468] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 1.218 + 0.411*Convenience.

MODEL 8

Network Quality dimension of Service Quality statistically significantly predicted Customer satisfaction, F (1,999) = 258.052, p <.001, accounting for 41.3% of the variation in customer satisfaction with adjusted R2 = 41.2%. A unit's increase in Network Quality leads to a 0.672, 95% CI [0.622,0.722] increase in customer satisfaction. The regression equation is; Customer Satisfaction = 0.603 + 0.672*Network Quality.

DISCUSSION OF RESULTS AND CONCLUSION

Researchers found that network quality is the most crucial predictor of customer satisfaction in telecommunication services. Network quality dimension of service quality must be considered and attended by service providers if they were to win customer satisfaction. It was found that a unit's increase in Network Quality leads to a 0.672 unit's increase in customer satisfaction

Responsiveness concerns the willingness or readiness of employees to provide service (Parasuraman et al., 1985). Responsiveness dimension of Service Quality significantly predicted customer satisfaction. It was found that a unit's increase in responsiveness leads to a 0.669 unit's increase in customer satisfaction.

Assurance entails the knowledge and courtesy of employees and their ability to convey trust and confidence. The trust and confidence may be represented in the personnel who connect the customer to the organization (Zeithaml et al., 2006). Assurance dimension of Service Quality significantly predicted customer satisfaction. This study revealed that a unit's increase in assurance leads to a 0.632 unit's increase in customer satisfaction.

According to Zeithaml et al. (2006) reliability is "the ability to perform the promised service dependably and accurately" or "delivering on its promises". The accuracy in billing, proper record keeping and performing the service at the designated time all constitute an attempt to achieve reliability (Iddrisu et al., 2015). Reliability dimension of Service Quality has an impact on customer satisfaction. A unit's increase in reliability leads to a 0.624 unit's increase in customer satisfaction.

Tangibles entail the physical evidence of the service. Tangibles are used by firms to convey image and signal quality (Zeithamal et al, 2006). Tangibility dimension of Service Quality significantly predicted Customer satisfaction. It was found that a unit's increase in tangibility leads to a 0.583 unit's increase in customer satisfaction.

Empathy entails caring and provision of individualized attention to customers by personnel of the firm (Zeithaml et al., 2006). In this respect, the customer feels unique and special. Empathy dimension of Service Quality predicted customer satisfaction. Researchers found that a unit's increase in Empathy leads to a 0.523 unit's increase in customer satisfaction.

Convenience and Complaint Handling dimensions of service quality had the lesser impact on customer satisfaction. It was found that a unit's increase in Complaint Handling leads to a 0.461 unit's increase in customer satisfaction whereas a unit's increase in Convenience leads to a 0.411 unit's increase in customer satisfaction. Summarizing the results, researchers found that Network quality, responsiveness, assurance and reliability were highly important predictors of customer satisfaction. Tangibility and Empathy were also important precedents of customer satisfaction. However, convenience and complaint handling were having weaker impact on customer satisfaction. Thus, telecommunication service providers have to emphasize and prioritize their resource allocation to enhance network quality first. They must also work on responsiveness, assurance and reliability aspects with utmost care since they have significant impact on customer satisfaction.

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CONSUMERS PERCEPTION TOWARD ONLINE SHOPPING IN DISTRICT KULLU

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ABSTRACT

The present article is an attempt that has been made to study the customer perception towards online shopping in Kullu district in Himachal Pradesh. Customer are playing important role in online shopping. Customers are king of market. Main focus of marketing is to satisfy the needs of customer. But the growth of internet changes the way of shopping. It prompts online shopping of customers. The survey is conducted to find out the demographic profile of customer, reasons for going online shopping and satisfaction of customers towards online shopping.

KEYWORDS

e-commerce, online shopping, consumer perception.

INTRODUCTION

In the emerging global economy, e-commerce and e-business have increasingly become a necessary component of business strategy and a strong catalyst for economic Development-commerce is the hottest computing topic in India right now. It has opened exciting new possibilities for all business like both big and small. e-commerce is definitely one of business option that one will have to explore in the future e-commerce is said about paradigm shift in the world of trading. It is going to change the way of our shopping, learning, interacting and business transaction. This wave of emerging will affect every facet of our life style as well as work place. E-commerce is definitely the future of business, online shopping is a form of e-commerce which allows consumers to directly buy goods and services from a seller over the internet using web browser. Consumer find a product of internet by visiting the website of the retailer directly or by searching among alternative vendor using shopping engine. Online shopping is the process whereby consumers directly buy goods or services from a seller in real-time, without an intermediary service, over the Internet. It is a form of electronic commerce. The sale or purchase transaction is completed electronically and interactively in real-time an online shop, e-shop, e-store, internet shop, webshop, webstore, online store, or virtual store evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or in a shopping centre. The process is called Business-to-Consumer (B2C) online shopping. This is the type of electronic commerce conducted by companies such as Amazon.com. When a business buys from another business it is called Business-to-Business (B2B) online shopping.

REVIEW OF LITERATURE

Gurleen,Kanwal (2012) concluded in his article that most of the respondent of age group 36-45 years, further concluded that educated are aware of buying procedure of online shopping. Most of the consumers prefer to buy some selected products online because they will get heavy discounts in comparison to store purchases. Also, the consumer feels that there are good websites available which can be trusted for purchases.

K.Vaitheesewaran (2013) examined the convenience of online shopping "With product getting standardized, specifications getting fixed and the concept of service getting eroded, the post sale responsibility of the retailer has come down drastically. Hence customers go to stores to explore the product physically detail but by online at a cheaper rate. Heavy discounts of e-commerce firms are possible because of their no warehouse model."

Shanthi & Kannaiah (2015) concluded that majority 90% of them have made online purchase which indicates the growing popularity of the online shopping within the youngsters. Transformation in the trends of shopping

Zia Ul Haq in his study shows that the perception of online shoppers is independent of their age and gender but not independent of their qualification & gender income. The analytical results of our study further indicate relationships between consumers' perceptions of the factors that influence their intention to buy through online. More specifically, consumers' perceptions of the customer service, commitment and web security of online purchasing exhibit significant relationships with their online buying intention.

Jagnnathan et al (2016) concluded in their research paper consumer's perception on online shopping varies from person to another and The perception is limited to a certain extent with the availability of the proper connectivity and the exposure to the online shopping has to be improved to make the Customer satisfied. The perception of the consumer also has similarities and difference based on their personal characteristics usage based on their needs and demand. The study reveals that mostly the students are attached to the online shopping and hence the elder people don't use online shopping.

OBJECTIVES OF STUDY

1. To know the demographic profile of the consumers and its impact if any on the online shopping.
2. To identify the various reasons for adoption of online shopping.
3. To find out the satisfaction level of consumers towards online shopping.

RESEARCH METHODOLOGY

The research is primarily descriptive in nature. The data was collected in the form of questionnaires. The study has been conducted in two district of Himachal. The survey was carried out on 200 respondents. The data was collected personally (and via emails) in the months of Oct 2016 to Nov 2016. The questionnaire was pretested in order to identify possible problems in terms of clarity and accuracy. Thus, several changes were made in order to improve the presentation of the items, based on comments and Feedback. Apart from demographic-related questions, five point Likert scale was used for all the questions concerning consumers' perception, expectations and satisfaction about the online shopping.

RESULT AND DISCUSSION

TABLE 1: DEMOGRAPHIC PROFILE OF RESPONDENT

Gender	No. of Respondent	Percentage
Male	101	67.3
Female	49	32.7
Age		
20-30	44	29.3
30-40	45	30.0
40-50	31	20.7
50 above	30	20.0
Qualification		
Plus two	41	27.3
Graduation	72	48.0
Post-Graduation	37	24.7
Occupation		
Student	66	44.0
In-service	27	18.0
Business	29	19.3
Housewife	21	14.0
Farmer	7	4.7
Monthly Income		
Below 10000	43	26.7
10000-20000	44	28.3
20000-30000	35	23.3
30000-40000	24	16.0
40000 above	8	5.3

The table shows that most of the respondent 67.3 percent are male and 32.7 percent female who are customers of online shopping. Further result shows that age of respondent under the age 20-30 are 29.3 percent, under the age 30-40 are 30 percent, under the 40-50 there are 20.7 percent and above 50 years 20 percent respondent. Result shows that 48.0 percent respondents are graduate, 27.3 percent are under plus two and 24.7 percent are post graduate. Under Occupation 44 percent are student, 18 percent are in service occupation, 19.3 percent are business, 14 are housewife and 4.7 are farmer. Table show under the criteria of monthly income 26.7 percent below 10000, 28.3 percent under 20000-30000, 23.3 percent under 30000-40000 and 5.3 percent respondent are income above 40000.

TABLE 2: MODE OF PAYMENT FOR ONLINE SHOPPING

Mode of Payment	No. of Respondent	Percentage
Cash on delivery	91	60.7
Debit Card	49	32.7
Credit Card	9	6.0
Net Banking	1	0.7
Total	150	100

Table 2 shows that 60.7 percent customers use mode of payment are cash on delivery, 32.7 percent uses Debit card for payment, 6 percent customer uses Credit card and 0.7 percent customer uses net banking for online shopping

TABLE 3: MOST PREFERABLE WEBSITE USED BY RESPONDENT

Website	NO. of Respondent	Percentage
Jabong	27	18.0
Flipcart	19	12.7
Snapdeal	21	14.0
Paytm	22	14.7
Amazon	61	40.7
Total	150	100

Table 3 Shows that most of the 40.7 percent uses Amazon for online shopping, Jabong website used by 18 percent respondent, Paytm used 14.7 percent, snapdeal used by 14 percent of customer and Flip cart used by 12.7 percent of respondent.

TABLE 4: TYPES OF GOODS PURCHASED THROUGH WEBSITE

	No. of Respondent	Percentage
Clothing	60	40.0
Mobile Phone	35	23.3
Footwear	19	12.7
Home Furnishing	13	8.7
Accessories	23	15.3
Total	150	100

Table 4 shows that 40 percent of customer purchased clothing through online shopping, 23.3 percent purchased mobile phone through website, 12.7 percent respondent purchased footwear, 8.7 percent purchased home furnishing and 15.3 percent accessories through website.

TABLE 5: BENEFITS THROUGH ONLINE SHOPPING

Benefits	No. of Respondent	Percentage
Convenience	40	26.7
More choice	32	21.3
Less Price	43	28.7
Home delivery	35	23.7
Total	150	100

Table 5 shows that 26.7 percent respondents responses benefits through online shopping are convenience, 21.7 percent response befits regarding more choice, 28.7 percent response befits of less price, 23.7 percent response benefits regarding home delivery.

TABLE 6: PROBLEM FACED BY CUSTOMER THROUGH ONLINE SHOPPING

	No. of Respondent	Percentage
Poor Quality of Product	54	36.0
Security Problem	38	25.3
Size Problem	28	18.7
Delivery Problem	30	20.0
Total	150	100

Table 6 shows that problem faced by customers through online shopping. 36 percent customer responded poor quality of product, 25.3 responded security problem, 18.7 percent faces size related problem and 20 percent customer faces delivery problem

TABLE 7: OVERALL SATISFACTION THROUGH ONLINE SHOPPING

	No. of Respondent	Percentage
Highly satisfied	37	24.7
Satisfied	45	30.0
Neither	33	22.0
Dissatisfied	21	14.0
Highly Dissatisfied	14	9.3
Total	150	100

Table 7 shows that 24.7 percent are highly satisfied through online shopping, 30.0 percent respondent are satisfied and 22.0 percent respondent are neither satisfied or dissatisfied, 21.0 percent are dissatisfied and 14.0 percent are highly dissatisfied.

CONCLUSION

Online shopping is becoming more popular day by day with the increase in the usage of World Wide Web known as www. Understanding customer's need for online selling has become challenge for marketers. Specially understanding the consumer's attitudes towards online shopping, making improvement in the factors that influence consumers to shop online and working on factors that affect consumers to shop online will help marketers to gain the competitive edge over others. Our study finds out there are many factors who effects the customer's perception towards online shopping. Our study finds out the demographic profile of customers. It also finds out the benefits, problems and overall satisfaction of customers towards online shopping.

LIMITATIONS

It is necessary to recognize the limitations of the current study. Firstly, since the survey was conducted in district Kullu of Himachal Pradesh. The area of the study was very small; the sample size itself is relatively small. To accurately evaluate consumers' perceptions of online shopping, a larger sample is desirable.

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PRODUCTION PERFORMANCE OF SELECTED POWER GENERATING COMPANIES OF INDIA: AN EMPIRICAL STUDY

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ABSTRACT

After the major policy shift from a close economy to an open economy and the adoption of policy of liberalisation, privatization and globalization after 1991, India has accomplished a spectacular growth in industrial sector and attain the position of second fastest growing economy of the world subsequent to China. Consequently, demand of energy has increased tremendously. The demand of energy has grown at an average of 3.6 percent per annum over the past 30 years and it is expected to cross 950,000 MW by 2030. This paper firstly presents the overview of Indian power sector followed by analysis of requirement of power, Generation and Capacity of power sector in India.

KEYWORDS

economy, liberalisation, globalisation, privatization, demand.

LIST OF ABBREVIATIONS

CEA	:	Central Electricity Authority
CU	:	Capacity Utilization
GDP	:	Gross Domestic Product
KWH	:	Kilo Watt per Hour
MU	:	Million Units
MW	:	Mega Watt
NHPC	:	National Hydro electric Power Corporation limited
NLC	:	Neyvely Lignite Corporation Limited
NTPC	:	National Thermal Power Corporation Limited
SEB	:	State Electricity Boards
T&D	:	Transmission and Distribution
TPC	:	Tata Power Corporation

1.1 INTRODUCTION

In India, the power sector is viewed as a public utility and basic infrastructure. While undergoing a transition, from a controlled environment to a competitive market driven regime, it has to provide affordable, reliable and quality power at reasonable prices to various segments of consumers in the economy. With a demand of over 1.2 billion people and increasing, the development of such a system of power supply is crucial for the development of the economy. Competition is increasingly understood to enhance production, efficiency, and consumer welfare in almost all sectors of economies across the world. Policy makers also seem to embrace competition as a process by which the most productive firms win. The political structure of the sector is well organised, with statutory bodies at the Central and the State levels managing generation, transmission, and distribution, but their autonomous functions are influenced by pressure from state governments. India has emerged as the fastest growing major economy in the world in 2015-16. The improvement in India's economic fundamentals accelerated in 2015 with the combined impact of strong government reforms like 'Make in India', 'Digital India', 'Smart Cities', 'Skill India' and 'Start up India', as well as, RBI's inflation focus, which was supported by global commodity prices.

As the population of an economy grows, so does the demand for electricity to satisfy the needs of the requirement. In India, a vast and growing population and limited natural resources leads to an ever increasing demand for energy. The demand of energy has grown at an average of 3.6 percent per annum over the past 30 years and it is expected to cross 950,000 MW by 2030. India's annual energy generation increased from about 190 billion KWh in 1986 to more than 680 billion KWh in 2006. Economic growth and the resultant demand for technologies and electric appliances further escalate the demand for power. Therefore, India needs to undertake measures to augment the current resource base and energy supply to meet the population's demands for electricity. It is imperative to implement a consistent energy policy and, simultaneously, relentlessly pursue increases in energy efficiency and conservation. With the smart grid context, renewable non variable resources such as pump storage, geothermal, biomass and hydro are used more than before. More generation from renewable variable sources, such as wind and solar energy can be added to improve the efficiency of power value chain in India. Looking from a long term perspective India would need 3870TWh of electricity by 2030 which implies CAGR of 7% from 2005-30. According to McKinsey report (2008), to meet India's growing power demand an investments of US$600 billion will be necessitated across value chain. This provides several significant and rewarding opportunities across the value chain setting up group captive plants, investment in over-sized captive plants by players in process industries, resource holders could consider integrating forward to realize higher prices for their resources, capacity expansion would lead to power trading on a more regular basis as volumes are increasing tremendously irrespective of prices and it can provide the opportunity of creating a permanent revenue stream. Positive future outlook of power sector also provides an opportunity in terms of expanding current capacity or fully fledged entry into power sector given that they have considerable expertise in power sector. Players will need to develop business models which can leverage on opportunities and allows overcoming the key risks associated with Indian power market in order to create sustainable value. If successful, power sector of India will be able to fullfill its ambitious target of "Electric Power for All".

1.2 STATEMENT OF PROBLEM

The power sector is endeavouring to meet the challenge of providing adequate power needed to fuel the growing economy of the country. As the Indian economy continues to surge ahead, its power sector has been expanding concurrently to support the growth rate. The demand for power is growing exponentially and the scope for the growth of this sector is immense. The power centre units have targeted capacity addition of 100,000 megawatt (MW) each in the 12th Five Year Plan (2012-17) and 13th Five Year Plan (2017-22). However, this growth of the power sector has to be within the realms of the principles of sustainable development. While India certainly needs a huge jump in its electricity supply to sustain its rapid economic growth and meet the growing demand, it needs to make every effort to efficiently manage all stages of production. Therefore, focus should be on maximizing efficiency in the entire electricity chain, which has the duel advantage of conserving scarce resources and minimizing the effect on the environment.

The power sector plays a crucial role in industrialization and urbanization of India and faces challenges in absorbing high cost of inputs. It plays a socially responsible role in bridging rural-urban disparities by improving provision of affordable commercial energy access. In order to sustain high economic growth power will continue to play an integral role. Indian power sector has made considerable progress in the last decade and has evolved from a nascent market to a developing market led by policy reforms and increased private sector participation. The Indian power market is substantially dissimilar from power markets elsewhere in the world; its very nature poses unique challenges in the development of the market and the product as well. Challenges do exist in the sector, which India has to overcome, to evolve from a developing market to a matured market.

1.3 METHODOLOGY

The study is purely based on secondary data and the data have been collected from published Annual reports of the leading power generation companies of India like, NTPC Ltd, Tata power ltd, NHPC Ltd and Neyveli Lignite Corporation Ltd. The study covers a period of 5 years from 2011-12 to 2015-16 and Secondary data sources were used to gain a comprehensive and in-depth understanding of the power sector in India. The researcher has selected above mentioned above mentioned power generating companies for the study by random sample method among the top ten power generating companies in India. The study will help to examine that, how power sector operates presently and what is required to improve the existing capacity utilization of power sector in Indian. The researcher collects the relevant literatures for analyze the production aspects from various text book, articles, newspaper and related website.

1.4 OBJECTIVES OF THE STUDY

The study seeks to achieve following objective:

1. To study the prominent power requirement of power sector in India.
2. To examine the Generation and Capacity of leading power companies in India

1.5 PROFILE OF THE SELECTED POWER COMPANIES

The profile of the power company's reveals the basic information pertaining to the establishment and generation of power. The profile contains the introduction, history, establishment, performance and other related information for the users. To form the profile of the study makes the research work easy and understood for the target audience or the viewers. The profile explains the behaviour of the company and promotes the research work to be carried by the researcher.

1.5 (A) NATIONAL THERMAL POWER CORPORATION

National thermal power Corporation was established as a public sector power utility by Government of India on November 1975. NTPC core business is engineering, construction and operation of power generating plants, it also provides consultancy in the area of power plant construction and power generating companies in India and Abroad. It played a key role in the development of power sector contributing sixth largest thermal power generator in the world and the second most efficient utility in terms of capacity utilization. NTPC is India's largest energy conglomerate with the total installed capacity of the company is 48028 MW. NTPC is one of the nine initial Navarathna companies and granted it, enhanced autonomy in making financial and other decisions including the freedom to engage in investment capital expenditures.

1.5 (B) NATIONAL HYDROELECTRIC POWER CORPORATION

NHPC Limited (formerly National Hydroelectric Power Corporation), a Govt. of India Enterprise, was incorporated in the year 1975 with an authorised share capital of Rs. 2,000 million and with an objective to plan, promote and organise an integrated and efficient development of hydroelectric power in all aspects. Later on NHPC expanded its objects to include development of power in all its aspects through conventional and non-conventional sources in India and abroad. The total installed capacity of the company is 18386 MW. NHPC ltd is engaged in electricity generator by hydro electric power plants and it also engaged in contracts, project management and consultancy works.

1.5 (C) TATA POWER

TPC was established in 1915. It is the pioneer in the generation of electricity in India and is the largest Private Sector Integrated Utility in the country having approximately 9432 MW capacity with presence in Generation, Transmission, and Distribution. TPC has a presence in all areas of the power sector including thermal, hydro, solar, wind, transmission and distribution. Tata Power owns, operates and maintains thermal power plants in several Indian states, including Maharashtra, Karnataka and Jharkhand. It provides reliable and economic power supply to the city of Mumbai, the commercial capital of India.

1.5 (D) NEYVELY LIGNITE CORPORATION OF INDIA

The NLC is a Government owned lignite mining and power generating company of India, and the company whole process of lignite mining is mechanized and it operates largest open pit lignite mines in India, with 24 MT of lignite at present. The present installed capacity of the company is 2740 MW. The company also supplies large quantity of sweet water to Chennai from aquifers in lignite mines. NLC was established in 1956 and it operates three thermal power plants in Neyvely Tamil Nadu. The company has inferred a status of "Navaratna" in the year 2011.

1.6 POWER POSITION OF INDIA

Planning of using the manufacturing capacity to turn out the highest quality production while maximizing profit is a key to the success of the business, Capacity utilization depends on market demand and on scheduling production for the most efficient use of your facilities. A structured approach to capacity planning lets you use capacity utilization rates to determine when you need to expand capacity to satisfy increasing demand for your products. Unless your planning compensates, peaks in capacity utilization can damage both production quality and profitability. When you see a demand peak approaching through an increase in orders for your product, you have to delay deliveries so that you can smooth the effect on firm's production schedule. Peaks that surpass the normal maximum capacity lead to problems in production that affect production quality and overtime that reduces profits. Managing your demand through price adjustments to reduce demand during peaks and increase demand during troughs balances your schedule and achieves maximum profitability.

TABLE NO. 1: POWER POSITION OF INDIA

Year	Power Requirement (Mu)	Power Available (Mu)	Power Shortage (Mu)	Percentage of Shortage (%)
2010-11	*861591*	*788355*	*73236*	*8.5*
2011-12	*937199*	*857886*	*79313*	*8.5*
2012-13	*995557*	*908652*	*86905*	*8.7*
2013-14	*1002257*	*959829*	*42428*	*4.2*
2014-15	*1068923*	*1030785*	*38138*	*3.6*
2015-16*	*748676*	*731445*	*17231*	*2.3*

Source; Compiled by the researcher from the annual reports of the Ministry of Power 2015-16.

*upto November

The energy requirement during the year 2010-11 was 861591Mu's (Table No. 1). Energy deficit remained same on a year-on-year basis in 2011-12 at 8.5 per cent whereas the Peak load demand increased by 6.31 per cent and the peak load deficit has been raised upto 10.6 per cent in 2011-12 from 9.8 per cent over the previous year. During 2012-13, the percentage of power shortage has been stepped upto 8.7 per cent, whereas in the next years of the study period the percentage is decreasing and reached to 2.3 per cent in the year of 2015-16. This shows that the Indian power sector is engaged in order to full fill the demand of electricity in future, India's GDP is expected to grow at 6.5 per cent to 7 per cent, in order to sustain the growth in GDP and bring it around 9 per cent, India needs to add power generation capacity commensurate with this pace since growth of power sector is strongly co-related with the growth in GDP and going forward it is expected that supply will create further demand. India in order to sustain its plus 8 per cent growth rate until 2030 requires its power supply to be ramped up by more than four times of the current levels. While it is a challenge to improve power generation as the sector continues to suffer transmission and distribution (T&D) losses as high as 25-30 per cent.

1.7 POWER GENERATION IN INDIA

Electricity generation has been made a non-authorized activity and the techno-monetary leeway from the Central Electricity Authority (CEA) has been discarded for any power plant, with the exception of hydro-electric power stations over certain measure of capital investment. The arrangement of direct deal if power by the generators, when and where permitted, would advance more IP support in the power generation as these buyers are more reliable and bankable contrasted with any SEB. In any case, the act accommodates inconvenience of an additional charge by the administrative body to make up for a few misfortunes in cross-appropriation income to the SEB because of direct offer of power by generators to the buyers. While removal of entry barriers too captive generation is likely to erode the cross-subsidy base of the electric utilities and there by exert pressure to reduce the level of cross-subsidies in tariffs, advancement of captive power is likely to result in suboptimal use of resources and systems. Proliferation of grid connective control plants could also lead to system instability, difficulties in grid management and energy accounting and increase in related disputes.

TABLE NO. 2: GENERATION OF POWER IN MU's

Year	NTPC	% age	NHPC	% age	NLC	% age	TaTa Power	% age
2011-12	*22207*	*18.97*	*18683*	*18.37*	*18789*	*19.25*	*15230*	*8.14*
2012-13	*23203*	*19.82*	*18923*	*18.60*	*19902*	*20.39*	*34682*	*18.54*
2013-14	*23328*	*19.93*	*18386*	*18.08*	*19988*	*20.48*	*42809*	*22.89*
2014-15	*24126*	*20.61*	*22038*	*21.67*	*19729*	*20.22*	*47200*	*25.24*
2015-16	*24198*	*20.67*	*23683*	*23.28*	*19182*	*19.66*	*47106*	*25.19*
Total	117062	100	101713	100	97590	100	187027	100

Source; Compiled by the researcher from the annual reports of the power companies of India

The demand for the power is increasing continuously all over the periods, so the power generating companies need to increase maximum use of full capacity in order to meet the acquired demand of power sector. The shortage of the power is the most influencing factor of the power sector of India this is due to the heavy loss of transmission and distribution, and theft of power. The above Table No. 2 reveals the power production of the leading power generating companies of India, and the percentage were tested to examine the growth of the companies, it was observed that the production of the NTPC is continuously increasing during the study period while as the production of the NHPC shows the increasing trend but except 2013-14 it was decreased. This decrease was mainly because of the complete shutdown of 280 MW Dhauliganga Power Station, Uttarakhand, due to flooding of power house by flash floods. The shortfall in generation was also attributable to poor hydrology during the year in some of the Power Stations. The growth of the power production of the NLC shows the increasing trend in first two years but remaining years it shows the decreasing trend, the reason for shortfall in the generation and export as compared to the previous year was mainly on account of operation of units of Barsingsar TPS at lower load due to technical problems and that one Unit of TPS-I (100 MW) was under stoppage between 20th May 2014 and 13thAugust 2014 due to dislodgement of HP heater shell affecting the generation. The Tata power company production is increasing all over the study period, it shows positive approach of profitability toward the company.

1.8 CAPACITY UTILIZATION OF POWER COMPANIES

Capacity utilization (CU) has attained significant attention in the literature as it mirrors both the use of scarce resources as well as the state of demand. Studies of capacity utilization in the Indian manufacturing sector have observed the existence of chronic excess capacity. However most of these conclusions are based on installed capacity utilization (or capital utilization), and therefore, the crucial link between underlying economic theory and the measure of CU used is weak. Even in the context of developed countries, it is shown that capital is idle most of the time which cannot be considered as under-utilization of optimal capacity. Persistent under-utilization of optimal capacity appears to be puzzling in view of the fact that firms are expected to optimize through their decisions on capacity creation and utilization.

India occupies 5th position in the world as far as installed capacity is concerned with a total installed capacity of 205,340 MW as on 30th June 2012. Captive Power Plants generate an additional 31,500 MW. Thermal Power Plants constitutes 66 percent of the installed capacity, Hydroelectric about 19 per cent, and rest being a combination wind small hydro, biomass, waste-to-electricity, and nuclear. India generated 855,000 million units of electricity during fiscal year 2011-12.

TABLE NO. 3: CAPACITY OF POWER COMPANIES IN MW

Year	NTPC	% age	NHPC	% age	NLC	% age	TaTa Power	% age
2011-12	*32712*	*17.79*	*3775*	*16.60*	*2740*	*18.64*	*5299*	*13.17*
2012-13	*35882*	*19.51*	*4050*	*17.81*	*2740*	*18.64*	*8521*	*21.18*
2013-14	*37107*	*20.18*	*4857*	*21.36*	*2740*	*18.64*	*8584*	*21.34*
2014-15	*38202*	*20.77*	*4987*	*21.93*	*3240*	*22.04*	*8726*	*21.69*
2015-16	*40012*	*21.76*	*5067*	*22.29*	*3240*	*22.04*	*9100*	*22.62*
Total	183915	100	22736	100	14700	100	40230	100

Source: Compiled by the researcher from the Annual Reports of the power companies of India

The capacity utilization indicators widely used in the electricity generation industry, which may be useful to recall the definition of the generation load factor or capacity factor. The factors that influence the progress the power sector of India like, in adequate supply due to slow pace of capacity addition, operational efficiency and old aged power plants structure. The Government of India need take proper attention to improve the policies of the power sector in order to development of the Indian power sector. The above Table No. 3 shows capacity of leading power generating companies of India, it was examined by the researcher that the intake capacity of power generating companies is increasing all over the study period which is good indication for Indian power sector. The researcher suggests that the power companies should go for the maximum in order to improve the health of the Indian power sector.

1.9 FINDINGS AND SUGGESTIONS OF THE STUDY

1. The power production of the NTPC shows the increasing like, 18.97 per cent, 19.82 per cent, 19.93 per cent, 20.61 per cent and 20.67 per cent.
2. During the year 2013-14 the growth of power productions is decreasing, due to the shortfall in generation of poor hydrology by sample Power units. So the researcher suggests that the company should improve the production of power with different sources of generating power.
3. The power production of the NLC are increasing like, 2011-12 and 2012-13, while as remaining years it was decreasing. This is due to unprecedented rainfall and mega floods during 2015. It affected the entire operation of NLC Ltd., and also the power generation.

4. The power generation of the Indian power sector is declined due to on account of operation of units of NLC, Barsingsar TPS at lower load due to technical problems and that one Unit of TPS-I (100 MW) was under stoppage between 20th May 2014 and 13th August 2014 due to dislodgement of HP heater shell affecting the generation.
5. The capacity of all the selected power companies are not enough to meet the actual target for the Indian power sector, Present capacity of power sector is 314106.23 MW, whereas the total installed capacity of sample companies is 261581 MW, so the researcher suggests that sample company should increase the pace of capacity in order to meet the current requirements.
6. The power production position of the NTPC and Tata power are increasing during the study period, so the researcher understood that the management sample units of NTPC and Tata were utilised maximum capacity of the power plants.
7. The growth of the power production of the NLC are very poor, which is not a good indication for the power sector, so the researcher suggests that the company need to adopt modern technology in order to improve the power production.

1.10 CONCLUSION

Power sector in India is characterized by shortage power supply. Therefore, there exists huge challenge in front of power companies to produce, regulate and integrate power system in India. Indian Industries are the major consumers of electricity followed by Domestic sectors, Agriculture sector, commercials and railways. Thermal power production in India still exists to be highest contributor in power sector. But, with exhausting resources in the form of coal, the country must look forward the alternative resources in future to come. The researcher concludes that the overall production performance of NTPC is very good and Tata power is also performing better, while as the NHPC is fluctuates in their performance and the NLC performance are not good. The study will be useful to all the stakeholders of power industry and researcher for carrying out further research on financial health of any business concern.

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LINKAGE BETWEEN FOREIGN DIRECT INVESTMENT AND EXPORT: ISSUES AND TRENDS

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ABSTRACT

Export growth in India has been much faster than GDP growth over the past few decades. But last few years' growth of export is not satisfactory. Several factors appear to have contributed to this phenomenon including foreign direct investment (FDI). However, despite increasing inflows of FDI especially in recent years there has not been any attempt to assess its contribution to India's export performance one of the channels through which FDI influences growth. Using annual data for 1970-99 and 2000-15, we investigate the determinants of export performance in India in a simultaneous equation framework. Results suggest that demand for Indian exports increases when its export prices fall in relation to world prices and same if we look around 2011-15, Indian export decreases due to slower demand in European countries. Furthermore, the real appreciation of the rupee adversely affects India's exports. Export supply is positively related to the domestic relative price of exports and higher domestic demand reduces export supply. Foreign investment appears to have statistically no significant impact on export performance although the coefficient of FDI has a positive sign. This study sought to elucidate the existence of a link between Foreign Direct Investment (FDI) and Exports in India. The liberalization policy automatically helped increase the FDI inflow into India. This study makes an attempt to analyse the impact of FDI on the export performance in India.

KEYWORDS

foreign direct investment, export, economic development, export subsidies, exchange rates.

INTRODUCTION

Foreign Direct Investment (FDI) is a potent instrument of economic development, especially for the less developed countries. It enables capital-poor countries, like India, to build up physical capital, create employment opportunities, develop productive capacity, enhance skills of local labour through transfer of technology and managerial know-how, and help integrate the domestic economy with the global economy. After pursuing an inward looking policy of import substitution with public regulation in operation for more than four decades since independence, India has adopted the New Economic Policy (NEP) in 1991 in the wake of economic crisis. The NEP has removed all sorts of biases against exports initiating reforms in the areas of international trade, investment, financial sector and public sector deregulations. While the policy has continued to rely on self-reliance, the greater emphasis was put on the ability to pay for imports through the expansion of exports and production base. The inflows of Foreign Direct Investment (FDI) were encouraged to expand exports of the country as FDI would bring along with additional capital, the attendant advantages of technology, managerial knowledge and marketing expertise with access to global, regional and expanding home country markets. The East Asian Countries experience has shown that the export-led growth strategies have been facilitated by FDI transferring into the host country technology, managerial and other expertise needed to exploit the country's comparative advantage. With a marked shift away from half-hearted piecemeal approach to foreign investment during the eighties to a more comprehensive open door policy during the nineties, India has progressively expanded the scope for FDI by gradually increasing the number of sectors opened to FDI as well as the caps on FDI.

Some of the measures included removing the general ceiling of 40% on foreign equity under the Foreign Exchange Regulation Act, 1973 (FERA), lifting of restrictions on the use of foreign brand names in the domestic market, removing restrictions on entry and expansion of foreign direct investment into consumer goods, liberalising the terms for import of technology and royalty payments and permitting foreign investment up to 24% of equity of small scale units and reducing the corporate tax rates. Foreign direct investment is freely allowed in all sectors including the services sector, except a few sectors where the existing and notified sectoral policy does not permit FDI beyond a ceiling. Foreign Investment Promotion Board recommended government approvals for virtually all items/activities. Within this liberal framework to attract inflows of FDI, this paper explores two pertinent issues- first, to what extent India has been able to draw the inflows of FDI; second, whether there is any relationship between FDI & manufactured export growth in India as manufactured exports constitute a large part of total exports. In addition, the paper also makes a brief review of status and prospect of FDI and exports growth in country.

In integrating the local economy with the global economy, it affects the Balance of Payment (BoP) of country. Foreign Investments provide a great impetus for growth to Indian economy. Various surveys and industry experts have revealed that India is amongst the top destinations for investments across the globe. Certain facts and figures, pertaining to latest FDI developments, have been discussed hereafter. Foreign direct investment (FDI) in India has played an important role in the development of the Indian economy. Until 1991, India followed a fairly restrictive foreign private investment policy when compared to industrialized countries and relied more on bilateral and multilateral loans with long maturities. Foreign direct investment was perceived only as a means of acquiring industrial technology not available in India through capital goods import.

India's Foreign policy was very similar to other rapidly industrializing Asian economies with foreign investment being permitted only in designated industries, subject to varying conditions. Many believe that such a restrictive policy not only retarded the growth of India's technical capability, but also led to a loss of export opportunity of labour intensive goods. In contrast, growth in exports of such labour intensive goods led to the successful development of many successful East Asian economies. Since then, India has sought to consciously 'benchmark' its policies against those of other south-east Asian economies so as to attract a greater share of the world FDI inflows. Over the decade of the 1990's foreign investment was permitted in almost all sectors of the economy (barring agriculture, and, until recently, real estate). Net FDI inflow in India reached 70630 crores in the 2006-07 financial year, an increase of 217% from the financial year 2013-14 with the largest share of Investment coming from Mauritius followed by US and the UK. The table below shows the share of the top 10 investing countries in India.

TABLE 1: TOP 10 INVESTING COUNTRIES IN INDIA, 2000-2015

Country/Region	Share (in Per Cent)
U S	28.4
Mauritius	14.9
UK	9.4
Japan	6.0
South Korea	3.9
Germany	2.4
Australia	1.7
Malaysia	3.3
France	3.1
Netherlands	1.9

Source: Handbook of Industrial Policy and Statistics, 2015

LITERATURE REVIEW

Theoretically, the effects of inward FDI on export growth of the host country may take place both directly & indirectly. Empirically, a number of studies found overall effects of FDI on export performance of the host country to be positive. Studies made in China indicate that increased levels of FDI positively affect Chinese manufacturing export performance (Sun 2001; Zhang and Song 2001; Zhang 2005). The other way through which the FDI affects host country' s export performance is its spill over effects referred to as indirect effects (Banga 2006).

Reviewing the recent literature on spill over from FDI, Gorg and Greenaway (2004) highlighted that out of 40 studies on intra-industry productivity spill over in developing, developed, and transition economies, 19 reports statistically significant and positive spillovers, 15 studies do not find any significant effects, while 6 papers find some evidence of negative effects. However, the evidence on positive spill over seems to be much weaker if one considers methodological biases due to cross-sectional estimates used in all but eight studies. Such mixed results are explained by the factors like initial situations in the host economies.

In the context of India, a number of studies have tried to analyse the impact of inward FDI on export growth. A study made by Aggarwal (2002) examined the relationship between FDI and export performance using the tobit model for the period 1996-2000 and found that liberalised regime has enhanced the export role of foreign affiliates. Sharma (2000) examining the determinants of export growth concluded that although the effect of FDI on export supply is positive it is not significant. However, the study made by Prusty (2006) using the quarterly data from 1990-91 to 2003-04 contradicts the findings of Sharma. Empirical results suggest that net FDI inflow is positively and significantly influencing the export supply in India both in the short run and long run. Banga (2006) also found a significant impact of FDI on the export intensity of non-traditional sectors. Joseph and Reddy (2009) examined the impact of horizontal as well as backward spillovers from the presence of MNES on the export performance of domestic firms. They, however, did not find any evidence to support such spillovers. India's infrastructure sector is less efficient to gain any positive spillovers from FDI (Srinivasan 1998) Most of these studies took export as dependent and FDI as independent variable ignoring the problem of endogeneity. A few studies also show that export growth may also lead to increased flows of FDI. For example, Miankhel et al. (2009) found that export growth causes FDI in Pakistan, Malaysia and Mexico. Similarly, Pradhan (2010) also found that trade openness causes FDI inflows.

The export oriented FDI has brought a significant return to Malaysia because of favourable economic climate for internationalization of production. The relationship between inward FDI and manufactured exports for a cross section of 52 countries was investigated by the UNCTAD (1999) and found a significant positive relationship. The relationship is stronger for developing countries than for developed countries and in high than in low-tech industries. Kokko and others (1996) found from firm-level data of Uruguay that domestic firms can benefit only when the technology gap between domestic and multinational firms is moderate. Barriors et al (2003) examined the importance of firms' own R&D activity and intra-sectoral spillovers on the decision to export and export intensity using firm level panel data for Spain for the period 1990-98. They found little evidence of export spillovers to local firms from the existence of MNES. A cross industry analysis of Thai manufacturing firms on technology spillover from FDI suggests that liberalising the FDI regime has to go hand in hand with liberalising the trade policy regime to maximize gains from FDI technology spillovers (Kohpaiboon 2006). Most of these studies took export as dependent and FDI as independent variable ignoring the problem of endogeneity. A few studies also show that export growth may also lead to increased flows of FDI.

FOREIGN DIRECT INVESTMENT

Foreign Direct Investment (FDI) plays an extraordinary and growing role in global business. It can provide a firm with New Markets and Marketing Channels, Cheaper Production Facilities, Access to New Technology, Products, Skills and Financing. For a host country or the foreign firm which receives the investment, it can provide a source of New Technologies, Capital, Products, Organizational Techniques, Management Skills, and as such can provide a strong impetus to Economic Development**.** Foreign Direct Investment (FDI) as a strategic component of investment is needed by India for its sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries, short and long term project in the field of healthcare, education, research and development. The sector wise inflow of FDI into various sectors in India reflects the sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries. FDI is a measure of foreign ownership of domestic productive assets such as Factories, Land and Organizations. Foreign Direct Investments have become the major economic driver of globalization accounting for over head of all cross-border investments. Foreign investment plays a significant role in development of any economy as like India. Many countries provide many incentives for attracting the foreign direct investment (FDI). Need of FDI depends on saving and investment rate in any country. Foreign Direct investment acts as a bridge to fulfill the gap between investment and saving. In the process of economic development foreign capital helps to cover the domestic saving constraint and provide access to the superior technology that promote efficiency and productivity of the existing production capacity and generate new production opportunity. India's recorded GDP growth throughout the last decade has lifted millions out of poverty & made the country a favoured destination for foreign direct investment. A recent UNCTAD survey projected India as the second most important FDI destination after China for transnational corporations during 2010-2015. Services, telecommunication, construction activities, computer software & hardware and automobile are major sectors which attracted higher inflows of FDI in India. Countries like Mauritius, Singapore, US & UK were among the leading sources of FDI in India.

FDI inflow routes: An Indian company may receive Foreign Direct Investment under the two routes as given under:

1. Automatic Route: FDI in sectors /activities to the extent permitted under the automatic route does not require any prior approval either of the Government or the Reserve Bank of India.

2. Government Route: FDI in activities not covered under the automatic route requires prior approval of the Government which are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance. FDI is not permitted in the following industrial sectors:

- Arms and ammunition.
- Atomic Energy,
- Railway Transport.
- Coal and lignite.
- Mining of iron, manganese, chrome, gypsum, sulphur, gold, diamonds, copper, zinc.
- Lottery Business
- Gambling and Betting
- Business of Chit Fund
- Agricultural (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and cultivation of vegetables, mushrooms, etc. under controlled conditions and services related to agro.

TYPES OF FDI

The types of Foreign Direct Investment are,

Green Field Investment is new facilities or the expansion of existing facilities. Greenfield investments are the primary target of a host nation's promotional efforts because they create new production capacity and jobs, transfer technology and know-how, and can lead to linkages to the global marketplace. However, it often does this by crowding out local industry; multinationals are able to produce goods more cheaply (because of advanced technology and efficient processes) and uses up resources (labor, intermediate goods, etc).

Mergers and Acquisition occurs when a transfer of existing assets from local firms to foreign firms takes place; this is the primary type of FDI. Cross-border mergers occur when the assets and operation of firms from different countries are combined to establish a new legal entity.

Cross - Border Acquisitions occur when the control of assets and operations is transferred from a local to a foreign company, with the local company becoming an affiliate of the foreign company. Unlike green field investment, acquisitions provide no long term benefits to the local economy-- even in most deals the owners of the local firm are paid in stock from the acquiring firm, meaning that the money from the sale could never reach the local economy.

Horizontal Foreign Direct Investment is investment in the same industry abroad as a firm operates in at home.

Vertical Foreign Direct Investment is classified in two parts, Backward Vertical FDI where an industry abroad provides inputs for a firm's domestic production process and Forward Vertical FDI, in which an industry abroad sells the outputs of a firm's domestic production processes.

EXPORT AND FDI

A function of international trade whereby goods produced in one country are shipped to another country for future sale or trade. The sale of such goods adds to the producing nation's gross output. If used for trade, exports are exchanged for other products or services.

Exports are one of the oldest forms of economic transfer, and occur on a large scale between nations that have fewer restrictions on trade, such as tariffs or subsidies. Most of the largest companies operating in advanced economies will derive a substantial portion of their annual revenues from exports to other countries. The ability to export goods helps an economy to grow by selling more overall goods and services.

Following are the data of FDI Inflow and exports in last decades:

TABLE 2

Particular/ Year	*1990-99(Crores)*	*2000-09(Crores)*	*2010-15(Crores)*
Exports	39,20,338	78,94,946	101,56,527
Imports	40,32,498	73,94,774	99,40,450
FDI Inflows	4,01,002	8,06,884	11,40,742

Sources: www.Tradingeconomics.com

FDI and international trade are not only increasingly complementary and mutually supportive, but also increasingly inseparable as two sides of the process of economic globalization. Furthermore, inward FDI may stimulate exports from domestic sectors through industrial linkage or spill-over effects. This effect creates a strong demand stimulus for domestic enterprises and promotes exports. FDI is expected to affect export from the export supply side of the host country. FDI may enhance export-oriented productivity that further improves export performance. Others may argue that export leads to increase in productivity that further attracts foreign investors to undertake FDIs. Export contributes to growth by facilitating labour mobilization and capital accumulation. In theory, there is a two-way causal relationship between trade and productivity, although advocates of export-led growth generally contend that exports enhance productivity growth. These economists argue that firms tend to learn advanced technologies through exports and must adopt them to compete in the foreign marketplace. Firms also learn by doing, and emulate foreign rivals through trial and error inherent in the production and sale of export goods. Furthermore, the expansion in production resulting from exports reduces unit production prices, thus increasing productivity. In addition to these effects, exports also provide a country with foreign exchange, which is often scarce in the early stages of economic development, enabling a country to import capital and intermediate goods. Thus, for a variety of reasons, exports increase productivity growth. The reverse causation from productivity growth to exports is also intuitively straightforward. Productivity growth improves a country's international competitiveness in price and quality, and thereby boosts its exports.

Foreign Direct Investment (FDI) as a strategic component of investment is needed by India for its sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries, short and long term project in the field of healthcare, education, research and development. The sector wise inflow of FDI into various sectors in India reflects the sustained economic growth and development through creation of jobs, expansion of existing manufacturing industries. The sectorial wise inflows of FDI to India for the period from April, 2000 to March 2015, reveal that 19.26 % were on service sector, while 11.42 % were in Construction Development sector. Telecommunications, Computer, Software & Hardware and Drugs & Pharmaceuticals sector were 6.65 % 6.05%, and 5.34% respectively. FDI inflow to Automobile Industry, Power, Metallurgical Industries and Hotel & Tourism sector were 4.59 %, 4.29 %, 4.05 %, 3.88% and 3.43% respectively.

During this period FDI inflow to sectors namely Petroleum & Natural Gas, Trading Information & Broadcasting (Including Print Media), Electrical Equipment, Cement and Gypsum Products, Non-Conventional Energy, Miscellaneous Mechanical & Engineering Industries, Industrial Machinery, Consultancy Services and Construction (Infrastructure) accounts for one to three percentage only. While in to the other sectors the FDI inflows were less than one percentage.

RELATIONSHIP BETWEEN FDI AND EXPORT

Two notable developments have taken place in India's export front since 1970s. First, as stated earlier its exports have grown much faster than GDP. Second, there has been a substantial change in India's export mix. Several factors appear to have contributed to these developments, namely the real depreciation of exchange rate, liberalization in investment policy especially from the early 1980s and the provision of export subsidies to reduce the anti-export bias created by the IS policy. Export subsidies took in may form duty drawback, subsidized credit and direct subsidies- which help reduced the bias against exports. Whenever the real devaluation was maintained, growth in exports continued. A sharp devaluation of rupee since the early 1990s has further strengthened export growth although there was some slowdown and or declined in exports during the macro economic crisis of the early 1990s. Export growth also slowdown in 1997-98 due partly to the Asian crisis. Last few years, due to lower demand at world level, amount of export is not performing well.

There is possible linkage between FDI and Export:

a. Boost capital formation
b. Transfer technology
c. Increase employment
d. Enhance business competition
e. Encourage technological and management spill-over

Another channel of FDI effect is dependent on the kind of relationship with different levels of the value chain in the industry. In a forward integration, an FDI may be engaged in further processing of a partially processed output of a local company that used to be exported for further processing in a foreign company. This production process may render the product extra quality that makes it usable at the local market. That would have a negative effect on import and export. In a backward integration, an FDI may undertake production of an item, which is an input for another production facility. If that intermediate product was an import item, such kind of integration would have a negative effect on import. With all these possible directions of outcomes, FDI may have positive or negative effect on trade balance.

TABLE 3

Months/Factors	FDI (USD Million)	% of Inc./Dec.	Imports (INR Billion)	% of Inc/Dec	Exports (INR Billion)	% of Inc/Dec
January	871		2209.13		1302.94	
February	484	-44.43	1963.63	-11.11	1238.74	-4.93
March	219	-54.75	2129.92	8.47	1451.23	17.15
April	1542	604.11	1958.9	-8.03	1231.37	-15.15
May	1133	-26.52	2218.14	13.23	1349.84	9.62
June	1220	7.68	2004.53	-9.63	1396.45	3.45
July	1570	28.69	2250.80	12.29	1284.17	-8.04
August	3010	91.72	2078.59	-7.65	1215.40	-5.36
September	4111	36.58	2282.61	9.82	1302.14	7.14
October	685	-83.34	2377.59	4.16	1215.63	-6.64
November	1424	107.88	2277.96	-4.19	1192.73	-1.88
December	1285	-9.76	2325.24	2.08	1339.14	12.28
Total	**17554**		**26077.04**		**15519.78**	
Mean	**1462.83**		**2173.09**		**1293.31**	

Sources: www.Tradingeconomics.com

The above table shows that the Exports, Imports and FDI inflows during the year of 2015. The maximum of 4111 USD Million Foreign Direct Investment inflows receives during the month September. Further the Growth Rate of FDI shows positive growth was observed only during the months April, June, July, August, September and November. Majority of Rs.2377.59 Billion imports in the month of October 2015. Further the Growth Rate shows positive growth was observed only during the months of March, May, July, September, October and December. The maximum of Rs.1451.23 Billion exports during the month of March 2015. The Growth Rate shows positive growth was observed only during the months of March, May, June, September and December. The total of Foreign Direct Investment, Imports and Exports shows that 17554, 26077.04 and 15519.78 respectively. The Mean of Foreign Direct Investment, Imports and Exports shows that 1462.83, 2173.09 and 1293.31 respectively. The FDI inflow from 2000-2001 i.e. Rs. 10,733crore in 2001-02 it was 18,654 Crore rupees. It shows the Good result in the FDI inflows in India. Little bit ups and downs in FDI inflows up to 2005-06, but after that great hike in the year 2007-08 i.e. 98,642crore rupees as compare to earlier years. In 2008-2009 there was a huge investment in FDI in 142,829 Crore Rupees. But then there was a downfall in Inflow of FDI in two consecutive years 2009-2010 and 2010-2011, with figures 123,120 and 97,320 respectively. The inflow of FDI was second highest of last 15 years i.e. 165,146.Year 2012-13 and 2013-14 the FDI inflow fluctuated from 121,907 to 147,618 respectively. In last Financial Year i.e. 2014-2015 the amount of FDI Inflow was 189,107 which is the highest FDI inflow in last 15 years. Recently in the month of June 2015 there was inflow of Rs. 60,298 Crore.

CONCLUSION

The results indicate a positive relationship between FDI and exports as well as FDI and imports. It is found that the complementary relationship between FDI and trade dominates. The data thus suggests that a major portion of FDI is aimed at making use of the cheap labour available in India. At First, they may invest in order to reduce their overall production costs by exploiting regional differences in labour costs, tax regimes and transportation costs among other factors. These differences occur due to the difference in endowments of the two countries. But with time these production units may be transformed in to export platforms from which they serve both national and international markets. Given the large consumer base in India, even though, initially a firm may have a resource seeking motive for investing in India, after some time the firm's market seeking motive would be combined with its resource seeking motive. Thus even though, the results suggest that FDI has a positive effect on trade in India, it does not necessarily imply that FDI in India is primarily resource seeking or vertical in nature. In fact, as explained above even market seeking FDI may result in an increase in exports, as in addition to capturing the home country's market, the production center also exports the produced goods to other countries in the international market. Another reason for the unexpected positive coefficient on FDI could be that the factors which effect Trade and FDI, such as diplomatic relations between two countries and their GDPs could be common to both. Thus the coefficient on FDI may just be capturing the effects of these variables on both FDI and Trade rather than the effect of FDI on Trade.

The present study, as against a number of previous studies, has provided adequate and statistically significant evidence of positive linkage between FDI and exports, Import. The FDI could not be assumed as the only explanatory variable for predicting variations in exports. International trade that is measured either by exports or by imports is found to be complementary to FDI inflows. FDI inflows are observed to have feedback effects with exports of the trading partners and of the other trading partners. Similar linkages between FDI inflows to, and imports by, the trading partners and the other trading partners are also revealed. FDI induced by trade expansion will also improve social welfare. It is important for both the public and private sectors to realize the complementarily between trade and investment, and respond accordingly.

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SECTORAL ANALYSIS OF LONG RUN PERFORMANCE OF INITIAL PUBLIC OFFERINGS OF COMPANIES LISTED AT NSE

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ABSTRACT

In India, the book-building mechanism for pricing the Initial Public Offerings was recognized by Securities and Exchange Board of India (SEBI) after having recommendations from the Malegam committee in October 1995. This study aims at analysing the returns accruing to the investors on purchasing the shares of the book-built IPOs listed at National Stock Exchange India, at the closing prices on the listing day and holding them in the long run. The purpose of the study is to analyse the investor experience of investing in the IPOs in the long run under various sectors of Indian economy and to study the influence of offer size, offer price, premium on issue and age of the company on the performance of the share prices in the long run. The long-run returns shown by BHAR (Buy and Hold Abnormal Returns) were found to be negative at the end of all the quarters of analysis. At the end of three years, the mean BHAR for all the companies together was found to be -0.17. The average BHAR was positive in four sectors which were Education sector, Financial and Insurance activities sector, Human Health and Social Welfare Activities Sector and Accommodation and Food Service Activities Sector. There was no influence of offer size, offer price, premium on issue and the age of the company on the long run performance of the IPOs which is reflected by Buy and Hold Abnormal Returns (BHAR) at the end of 36 months from the IPO.

KEYWORDS

IPO, bookbuilding, BHAR (Buy and Hold Abnormal Returns).

INTRODUCTION

Primarily, issues made by an Indian company can be classified as Public Issue, Rights Issue, Bonus Issue and Private Placement. The classification of issues is as stated below:

(a) Public issue
  (i) Initial Public Offer (IPO)
  (ii) Further Public Offer (FPO)
(b) Rights issue
(c) Bonus issue
(d) Private placement
  (i) Preferential issue
  (ii) Qualified Institutional placement

When an unlisted company makes either a fresh issue of securities or offers its existing securities for sale or both for the first time to the public, it is called an IPO. This paves way for listing and trading of the issuer's securities in the Stock Exchanges.

The objectives for making an IPO can be:

- Finance expansion and growth
- Finance Research and Development
- Repayment of debt
- Financing working capital
- Financing Acquisitions

An IPO allows a company to tap a wide pool of investors to provide itself with capital for future growth, repayment of debt or working capital. IPOs provide following benefits to the promoters and the investors.

- Access to capital to fund growth which includes modernization and up gradation of production facilities, implementation of capital-intensive projects and expansion.
- Creation of liquidity.
- Diversify capital base of the company.
- Exposure, prestige and public image for the issuing company.
- Increased transparency due to public dissemination of the information about the working of the company leads to increased confidence among the partners, suppliers and clients, employees and also the financial institutions targeted by the company for debt financing.
- Increases liquidity for the share holders as the shares are traded in the secondary market after listing.

An IPO is an important way for new companies to raise funds but a public listing fundamentally alters the firm's legal and economic structure. Management is now responsible to a new group of shareholders, the information regarding the financial health and operations that have been kept private needs to be publicly disseminated. The competitive environment becomes tougher as the firm is now treated as a serious threat by the rivals. Thus the company has to meet the following challenges:

- The process involves significant legal, accounting and marketing costs.
- Wide ranging disclosure requirements and financial reporting.
- Meaningful time, effort and attention of the senior executives are required to fulfill the responsibilities that arise from new public status.
- Regardless of how well the company is managed, the share price of the company may fluctuate due to exposure to the stock market fluctuations.
- Public dissemination of information may be useful to competitors.
- There is a risk that the required funding will not be raised.
- The public status of the company leads to short-term growth pressure as the actions of the management are scrutinized by the investors constantly looking for rising profits.

The investor, on the other hand, has to be cautious while investing his money in the IPOs as his money should not get diverted into unproductive investments. The investor has to face the risk of losing his hard earned money.

REGULATORY FRAMEWORK

The primary market is governed by the following legislations:

(a) SEBI Act, 1992 which established Securities and Exchange Board of India (SEBI) to protect investors and develop and regulate securities market; (b) Companies Act, 1956, which sets out the code of conduct for the corporate sector in relation to issue, allotment and transfer of securities, and disclosures to be made in public

issues; (c) Securities Contracts (Regulation) Act, 1956, which provides for regulation of transactions in securities through control over stock exchanges; (d) Depositories Act, 1996 which provides for electronic maintenance and transfer of ownership of demat securities. The issues of capital to public by Indian companies are governed by the Disclosure and Investor Protection (DIP) Guidelines of SEBI, 2000. The guidelines provide norms relating to eligibility for companies issuing securities, pricing of issues, listing requirements, disclosure norms, lock-in period for promoters' contribution, contents of offer documents, pre-and post-issue obligations, etc. The guidelines apply to all public issues, offers for sale and rights issues by listed and unlisted companies.

ISSUE REQUIREMENTS

The Securities and Exchange Board of India (SEBI) has laid down eligibility norms, guidelines for pricing of securities, promoter's contribution and lock-in requirements, pre-issue obligations, disclosures in the offer documents, post-issue obligations, allotment procedures and guidelines on Book-Building under the Disclosure and Investor Protection (DIP) Guidelines 2000.

BOOK-BUILDING

On the basis of pricing, an issue can be further classified into Fixed Price issue or Book Built issue. When the issuer at the outset decides the issue price and mentions it in the Offer Document, it is commonly known as "Fixed Price Issue". When the price of an issue is discovered on the basis of demand received from the prospective investors at various price levels, it is called "Book Built Issue". While the fixed price method fixes a price without ascertaining the demand from the investor, the book-building method leads to a price determined by the demand and supply forces of the market.

Book-Building is defined as "a process undertaken by which demand for securities proposed to be issued by a body corporate is elicited and built up and the price for such securities is assessed for the determination of the quantum of such securities to be issued by means of a notice, circular, advertisement, document or information memoranda or offer document".

ADVANTAGES OF BOOK-BUILDING

- The process helps the issuer company and the lead merchant banker to discover the demand for securities.
- The process provides flexibility to the company in fixing the final issue price.
- The price at which the issue is likely to be fully subscribed may be ascertained.

REVIEW OF LITERATURE

The studies in developed countries like U.S. and U.K. documented that initial public offerings (IPOs) were characterised by high initial returns accruing to the investors in IPOs (also termed as under-pricing of the issue) and the poor share price performance in the long run.

Jay R. Ritter (1991), in his study, 'The Long-Run Performance of Initial Public Offerings', using a sample of IPOs in U.S. during 1975-84, showed that the strategy of investing in IPOs at the end of the listing day and holding them for three years had caused a loss of 17% to the investor and the younger companies and the companies going public in heavy volume years did even worse than average.

Arif Kurshed, Ram Mudambi and Marc Goergen (1999) in their study "On the Long-run Performance of IPOs" proposed that the long run performance of IPOs is a function of pre-IPO factors including managerial decisions and firm's performance prior to going public. The study stated that the manner in which a company is run before it is listed on the stock exchange gives a strong signal of how its shares will perform in its first few years of coming to the market. Using a UK data set, they found that the percentage of equity issued and the degree of multinationality are key predictors of IPO performance.

Maher Kooli, Jean Francois and Marc Suret (2003) in another study measuring the long-run performance of 141 Canadian IPOs between 1986 and 2000, found that the underpriced IPOs outperformed in the long-run which confirms the signaling hypothesis and the growth sector and financial IPOs were a good long term investment and they also suggested that the investors should not avoid IPOs with high long term growth forecasts by the analysts.

Arwah Arjun Madan (2003) in his study, 'Investments in IPOs in the Indian Capital Market' analysed 1597 IPOs during the period 1989-1995 at BSE (Bombay Stock Exchange) and found the level of underpricing very high during CCI times in comparison to the SEBI regime and a negative relationship between issue price, issue size and age of the company and positive relationship between foreign equity, issue rating, list delay and issued capital. This study also confirmed that in the long run (five-year after listing), there was a drastic fall in the return on IPOs returns; returns were found to be negative from the second to the fifth year of listing.

The research done by Ajay Pandey (2004) "Initial Returns, long run performance and characteristics of Issuers: Differences in Indian IPO following Fixed Price and Bookbuilding processes", studied a sample of 84 Indian IPOs (20 book-build and 64 fixed-price) and found that the fixed price offerings were used by issuers offering large proportion of their capital by raising a small amount of money. In contrast, book-building was opted for by issuers offering small portion of their stocks and mobilizing larger sums of money. Consistent with the evidence from other countries they found that the initial returns were higher and more uncertain on fixed price offerings.

Sze Wei Daniel Ong (2006) in his study, 'Under-Pricing and Long-Run Performance of Initial Public Offerings in Developing Markets' examined the evidence on the long-run underperformance of IPOs in the Chinese and Indian market using a data set of firms over the period 2000-2002. He found that the delay from issue date to listing date was enormous in India when compared with other countries. IPOs were sold directly to uninformed investors rather than institutional investors, leading to underpricing. In China, on the other hand, new issues were very much controlled and regulated by the government creating a severe imbalance of supply and demand for these stocks resulting in long-run positive abnormal returns as well as the under-pricing phenomena.

Another study, 'IPO Underpricing over the very Long Run' by David Chambers and Elroy Dimson (2008), presented a comprehensive evidence covering British IPOs since World War I. During the period from 1917 to 1945, public offers were underpriced by an average of only 3.80%, as compared to 9.15% in the period from 1946 to 1986, and even more after the U.K. stock market was deregulated in 1986. The post- World War II rise in underpricing couldnot be attributed to changes in firm composition, and occurred in spite of improvements in regulation, disclosure, and the prestige of IPO underwriters.

Arif Khurshed, Alok Pande and Ajai K. Singh (2009) in their study 'A Dissection of Bookbuilt IPOs: Subscriptions, Underpricing, and Initial Returns' studied 218 IPOs between the period March 1999-March 2008 and found that the winner's curse problem for retail investors could be alleviated through transparency of the bookbuilding process but that did not eliminate IPO initial returns. Further, IPO initial returns persisted but did not increase even if investment bankers were stripped of their discretionary allocation power. Investors could easily observe the subscription patterns of the institutional investors (Qualified Institutional Buyers or QIBs) and their results indicated that retail investors followed the lead of their more sophisticated counterparts, thus, alleviating the winner's curse problem Moreover, they state that the subscription level of the non-institutional buyers' demand was significantly influenced by the subscription patterns of the institutional investors and the initial return observed on the IPO's first day of trade was influenced more by the unmet demand of the non-institutional buyers.

NEED OF THE STUDY

The study focuses on the returns accruing to the investors on purchasing the shares of the book-built IPOs at closing prices on the listing day and holding them in the long run**.** Earlier, no attempt has been made to study the long run performance of IPOs under various sectors in the Indian economy. This study seeks to fill the gap. The purpose of the study is to analyse the investor experience of investing in the IPOs in the long run under various sectors of the Indian economy and to study influence of offer size, offer price, premium on issue and age of the company on the performance of the share prices in the long run.

STATEMENT OF THE PROBLEM

The research statement tested is as follows:

'Sectoral Analysis of Long run Performance of Initial Public Offerings of Companies Listed at NSE'.

Following the introduction of disclosure based regime under the aegis of Securities and Exchange Board of India (SEBI), companies can now determine issue price of securities freely without any regulatory interference, with the flexibility to take advantage of market forces using the book-building mechanism for pricing the

issues. The primary market in India is witnessing a trend towards book build issues since its introduction in 1999. Here an attempt is made to study the long run price performance of IPOs made through 100% Book-building at National Stock Exchange (NSE) of India.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To study the long run performance of the Indian IPOs in different sectors of the Indian economy.
2. To study the influence of Offer size, Offer Price, Premium and Age on the performance of the IPO in the Long run.

HYPOTHESIS

H_0: There is no influence of Offer size, Offer Price, Premium and Age on the performance of the IPO in the Long run.
H_1: There is influence of Offer size, Offer Price, Premium and Age on the performance of the IPO in the Long run.

RESEARCH METHODOLOGY

NATURE AND SOURCES OF DATA

The data for the analysis has been collected from the secondary sources which include the offer documents of the sample companies and various websites that include www.nseindia.com, www.economictimes.com and www.moneycontrol.com. The information regarding the corporate history, business of the sample companies, offer size and offer price of the issue, date of incorporation of the sample companies, date of issue and the premium on the issue has been obtained from the offer documents of the respective companies.

The data required for the long run analysis included the adjusted closing prices (adjusted for dividends, bonus issues and stock splits) of the shares of the IPO companies and the closing value of S&P CNX NIFTY at the end of every three months till a period of three years from the date of listing. The quarterly adjusted closing prices and the quarterly closing value of the market index were obtained from the PROWESS database.

SAMPLE SIZE

The sample in the study includes all the IPOs of equity shares offered through 100% Book-building route on the National Stock Exchange (NSE) from 1999 till August 2008. The total number of issues made at NSE India during the period of study was 297. For the purpose of the study we have excluded the follow-on-issues and withdrawn issues. The companies which were listed for the first time at NSE are included in the analysis.

For the purpose of long run analysis only those companies were included in the sample which had completed a period of three years from their respective dates of listing and the requisite data for three years was available on the PROWESS database. The sample size for the long run analysis was 208.

For the sectoral analysis of the sample companies, the companies were divided into different sectors according to the New Industrial Classification (NIC) 2008. The companies were divided into thirteen sectors.

The sample size under various sectors for the purpose of long run analysis is shown in the following table.

TABLE 1: SAMPLE SIZE FOR LONG RUN SECTORAL ANALYSIS

S. No	Sector	No. of Companies
1	Agriculture, Forestry and Fishing	3
2	Mining and Quarrying	4
3	Manufacturing	81
4	Electricity, Gas, Steam and Air conditioning supply	7
5	Construction	25
6	Wholesale and Retail trade	7
7	Transport and Storage	6
8	Accommodation and Food Service Activities	2
9	Information and Communication	51
10	Financial and Insurance Activities	15
11	Education	2
12	Human Health and Social Welfare Activities	1
13	Arts, Entertainment and Recreation	4
	Sample size	**208**

TIME PERIOD OF ANALYSIS

The analysis includes the companies that made an IPO through 100% Book-building at NSE India during the period 1999-August 2008. The returns are calculated for three years from the date of listing. The maximum number of IPOs came in the year 2007 which can be called as 'hot-issues period' for Indian Capital Markets.

VARIABLES OF THE STUDY

TABLE 2: DESCRIPTION OF VARIABLES USED IN THE STUDY

Variables	Description
Offer Size	Number of shares issued through IPO
Offer Price	The price at which shares are issued in the IPO
Premium	Number of times offer price to the face value of the shares issued
Age	Time period between incorporation of the company and its respective IPO
Listing Price	The closing price of the shares on their respective date of listing
BHAR (Buy and Hold Abnormal Returns)	Provides a measure of long run investor experience

The variables offer size, Offer Price, Premium, Age and Listing price are the independent variables while BHAR (Buy and Hold Abnormal Returns) in the dependent variable.

DATA PROCESSING AND ANALYSIS PLAN

Long run abnormal returns are calculated as the return on a buy and hold investment in the sample firm minus the return on buy and hold investment in a reference portfolio or control firm.

Thus, short term (quarterly) returns are compounded over 36 months after going public to obtain long run returns. To study the long run price performance of the sample companies, Buy and Hold Abnormal Returns (BHAR) are calculated at quarterly intervals till a period of three years. The BHAR is calculated to know the returns accruing to the investors by purchasing the shares of the IPO companies at the closing prices on the listing day and holding them in the long run. The BHAR provides a measure of long run investor experience, the focus of most long run event studies.

Mitchell and Stafford describe BHAR returns as "the average multiyear return from a strategy of investing in all firms that complete an event and selling at the end of a pre- specified holding period versus a comparable strategy using otherwise similar non-event firms."

BHAR is calculated as:

$BHAR_{iT} = [\Pi_{t=1}^{T} (1+R_{it})-1] - [\Pi_{t=1}^{T} (1+R_{mt})-1]$

where R_{it} is the return on stock 'i'at the end of month 't'

T = number of months (36)

t=3, 6, 9,.....,36.

and R_{mt} is the return on the market index (S&P CNX NIFTY) at the end of month 't'

BHAR is warranted if a researcher is interested in answering the question of whether sample firm earned abnormal stock return or not over a particular horizon of analysis. An appealing feature of using BHAR is that buy-and-hold returns better resemble investor's actual investment experience.

STATISTICAL ANALYSIS

The statistical tools used in the study are both descriptive and analytical:

1. Arithmetic Mean
2. Standard deviation.
3. Regression Analysis

The regression analysis is used as a tool to study the influence of the independent variables on BHAR (Buy and Hold Abnormal Returns).

RESULTS AND DISCUSSION

Table 3 shows the average BHAR for all the sectors at the end of three years from the listing of the shares of the respective companies. The average BHAR was positive in four sectors which are Education sector, Financial and Insurance activities sector, Human Health and Social Work Activities Sector and Accommodation and Food Service Activities Sector. All other sectors showed a negative average BHAR in the long run.

TABLE 3: MEAN BHAR FOR THE SECTORS AT THE END OF THREE YEARS FROM LISTING

Sector	No. of Companies	Mean BHAR	Standard Deviation
Agriculture, Forestry and Fishing	3	-0.2171	0.6773
Mining and Quarrying	4	-0.2143	1.0277
Manufacturing	81	-0.4227	1.0045
Electricity, Gas, Steam and Air conditioning supply	7	-0.4013	0.4282
Construction	25	-0.4199	0.7066
Wholesale and Retail trade	7	-0.2810	1.2879
Transport and Storage	6	-0.9120	0.6812
Accommodation and Food Service Activities	2	0.0125	0.9872
Information and Communication	51	-0.1523	1.2827
Financial and Insurance Activities	15	1.7780	6.0703
Education	2	2.5742	4.0788
Human Health and Social Work Activities	1	0.4143	-
Arts, Entertainment and Recreation	4	-0.8477	0.2146
Total	**208**		

AGRICULTURE, FORESTRY AND FISHING SECTOR

Table 4 shows quarterly average BHAR for the companies in the Agriculture sector. The companies in the sector provided positive returns for a period of nine months from the listing of the shares of the respective companies. The BHAR was negative for rest of the period of analysis. The sample size in this sector was three. Two companies out of the three showed a negative BHAR at the end of three years from the date of listing. The company that provided positive returns in the long run was Kaveri Seed Company Ltd.

TABLE 4: QUARTERLY MEAN BHAR FOR AGRICULTURE, FORESTRY AND FISHING SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	0.0876	0.4054
6 mths	0.0714	0.5160
9 mths	0.0275	0.6495
12 mths	-0.1246	0.3671
15 mths	-0.1521	0.3632
18 mths	-0.1511	0.3541
21 mths	-0.0622	0.3679
24 mths	-0.1298	0.3537
27 mths	-0.2068	0.5590
30 mths	-0.2089	0.6065
33 mths	-0.2681	0.6719
36 mths	-0.2171	0.6773

MINING AND QUARRYING SECTOR

The Mining and Quarrying sector showed negative returns for the first two quarters of the analysis. The average BHAR was positive till the end of thirty months from the listing of the shares of the respective companies but the average BHAR was negative at the end of three years from the date of listing of the respective companies. At the end of three years the BHAR was positive for two companies namely Petronet LNG Ltd. and Cairn India Ltd. and the BHAR was negative for other two companies namely Indraprastha Gas Ltd. and Oriental Trimex Ltd. This high variability in the returns within the mining and quarrying sector is shown by a high standard deviation.

TABLE 5: QUARTERLY MEAN BHAR FOR MINING AND QUARRYING SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.0110	0.4377
6 mths	-0.0772	0.4980
9 mths	0.0722	0.6183
12 mths	0.2002	1.0519
15 mths	0.2711	0.9408
18 mths	0.5371	1.4514
21 mths	0.5152	1.6038
24 mths	0.2742	1.1254
27 mths	0.0414	0.9706
30 mths	0.0363	1.0021
33 mths	-0.0426	1.0361
36 mths	-0.2143	1.0277

MANUFACTURING SECTOR

The average BHAR for the companies under this sector was found to be negative throughout the period of analysis with a high standard deviation showing a high variability of returns within the sector. The sample size for long run analysis in this sector was 81. The number of companies that provided positive BHAR at the end of three years was 18 which accounted for 9% of the total number of companies studied under this sector. There were five companies offering a BHAR of more than one in the long run. These were Divi's Laboratories Ltd. (Pharmaceuticals), Maruti Udyog Ltd. (Automobiles), Bharati Shipyard Ltd. (Machinery and Equipment), Everest Kanto Cylinders Ltd. (Packaging) and Page Industries Ltd. (Textile)

TABLE 6: QUARTERLY MEAN BHAR FOR MANUFACTURING SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.1092	0.3758
6 mths	-0.0713	0.6833
9 mths	-0.0950	0.8227
12 mths	-0.1107	0.8415
15 mths	-0.1891	0.7524
18 mths	-0.1885	0.8938
21 mths	-0.2373	0.8666
24 mths	-0.2812	0.8677
27 mths	-0.3533	0.8442
30 mths	-0.3629	1.0163
33 mths	-0.3471	1.0718
36 mths	-0.4227	1.0045

TABLE 7: MEAN BHAR FOR THE SUB SECTORS IN THE MANUFACTURING SECTOR AT THE END OF THREE YEARS

Sub Sector	No. of companies	Mean BHAR	Standard Deviation
Automobiles	4	0.0900	0.9630
Cement	3	-0.3773	0.3135
Chemicals	5	-0.2104	0.2708
Coke and Refined Petroleum Products	1	0.6563	-
Computer Hardware	2	-0.7648	0.4759
Food Products and Beverages	2	-0.2367	0.5225
Ironand Steel	6	-0.7294	0.6382
Jewellery	2	-0.5552	0.0972
Machinery and Equipment	11	-0.2276	1.0103
Packaging	6	0.0064	1.1351
Paper Products	4	-0.8451	0.0887
Pharmaceuticals	9	-0.2431	2.0763
Sugar	3	-0.2007	0.8355
Textiles	15	-0.8501	0.8541
Tiles	4	-0.8427	0.1819
Miscellaneous	4	-0.2051	0.6928
Total	**81**		

Amongst the various sub sectors under Manufacturing sector, Automobiles Sub-sector showed positive BHAR at the end of three years from the listing of the shares of the respective companies. In the Automobiles sector there was only one company namely Maruti Udyog Ltd., out of four companies, that showed a positive BHAR. Coke and Petroleum products sub-sector also showed a positive BHAR but there was only one company studied under this sector that was Reliance Petroleum Ltd. All other sectors showed a negative BHAR in the long run. Although the mean BHAR was positive for Packaging sub-sector, it was very low at 0.0064. The variability in the returns within the Machinery and Equipment, Packaging and Pharmaceuticals sub-sectors of Manufacturing sector is shown by high standard deviation for these sub-sectors.

ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY SECTOR

TABLE 8: QUARTERLY MEAN BHAR FOR ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.0433	0.1429
6 mths	-0.1938	0.2073
9 mths	-0.1905	0.1847
12 mths	-0.2181	0.2539
15 mths	-0.1644	0.3401
18 mths	-0.1897	0.3860
21 mths	-0.1913	0.4930
24 mths	-0.3620	0.4397
27 mths	-0.3380	0.4091
30 mths	-0.2989	0.4113
33 mths	-0.3514	0.3346
36 mths	-0.4013	0.4282

Table 8 shows that the average BHAR for the companies under this sector was negative throughout the period of analysis. The sample size for this sector was seven. There was only one company namely National Thermal Power Corporation of India which showed a positive BHAR at the end of three years from the listing of its shares.

CONSTRUCTION SECTOR

TABLE 9: QUARTERLY MEAN BHAR FOR CONSTRUCTION SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	0.0417	0.9006
6 mths	-0.1677	0.3172
9 mths	-0.1495	0.4806
12 mths	-0.1192	0.7009
15 mths	-0.0752	0.9842
18 mths	-0.1512	0.7240
21 mths	-0.1478	0.8094
24 mths	-0.1464	0.7561
27 mths	-0.3234	0.4640
30 mths	-0.3375	0.5196
33 mths	-0.3695	0.7642
36 mths	-0.4199	0.7066

The average BHAR for the construction sector was positive for the first quarter of analysis and negative for the rest of the quarters. The number of companies studied under this sector for the long run was twenty five. Twenty two out of twenty five companies (88% of the sample size) showed negative BHAR at the end of three years from the listing of the shares of the respective companies. There was only one company namely GMR Infrastructure Ltd. that showed a BHAR of more than one. The other two companies that showed positive BHAR at the end of three years of listing of their shares were Lanco Infratech Ltd. and Supreme Infrastructure Ltd.

WHOLESALE AND RETAIL TRADE SECTOR

TABLE 10: QUARTERLY MEAN BHAR FOR WHOLESALE AND RETAIL TRADE SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	0.0007	0.4094
6 mths	-0.0100	0.3570
9 mths	0.1487	0.6389
12 mths	-0.0808	0.6377
15 mths	-0.1589	0.6292
18 mths	-0.1498	0.6356
21 mths	-0.3009	0.5839
24 mths	-0.2616	0.6404
27 mths	-0.1452	1.0966
30 mths	0.0440	1.8287
33 mths	-0.0113	1.7488
36 mths	-0.2810	1.2879

The companies under this sector showed average positive BHAR for the first and the third quarter of analysis. The average BHAR was negative for rest of the period of analysis. The number of companies studied for the long run analysis under this sector was seven. Two out of seven companies (29% of the total number of companies studied under this sector) showed a positive BHAR at the end of three years from the listing of their shares. The companies that showed positive BHAR in the long run were Provogue (India) Ltd. which showed a BHAR of more than two and Redington (India) Ltd.

TRANSPORT AND STORAGE SECTOR

TABLE 11: QUARTERLY MEAN BHAR FOR TRANSPORT AND STORAGE SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	0.0099	0.1149
6 mths	0.1748	0.3421
9 mths	0.0977	0.5459
12 mths	-0.1463	0.5665
15 mths	-0.2948	0.5205
18 mths	-0.3102	0.8694
21 mths	-0.4919	0.5415
24 mths	-0.5539	0.4442
27 mths	-0.5378	0.5051
30 mths	-0.7217	0.6731
33 mths	-0.8709	0.9085
36 mths	-0.9120	0.6812

The average BHAR was found to be positive in the first three quarters for the transport and storage sector. The average BHAR was negative for rest of the period of analysis. The number of companies studied for long run in this sector was six. All the companies in this sector showed a negative BHAR at the end of three years of listing of their shares.

ACCOMMODATION AND FOOD SERVICE ACTIVITIES SECTOR

TABLE 12: QUARTERLY MEAN BHAR FOR ACCOMMODATION SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.2592	0.0047
6 mths	0.1557	0.5347
9 mths	0.0461	0.4921
12 mths	0.1990	0.5477
15 mths	0.0426	0.5392
18 mths	-0.3854	0.3099
21 mths	-0.6772	0.7485
24 mths	-0.5602	0.7386
27 mths	-0.5977	0.6637
30 mths	-0.5837	0.5860
33 mths	-0.0615	0.8941
36 mths	0.0125	0.9872

There were only two companies analysed in this sector. The average BHAR was found to be negative in the first quarter and positive for next quarters till the end of fifteen months from the listing of the shares of the companies. The BHAR was negative till the end of thirty three months from listing and positive at the end of three years from the listing of the shares. The BHAR was positive for Bhagwati Banquets and Hotels Ltd. and negative for Royal Orchid Hotels Ltd. at the end of three years from the listing of their shares.

INFORMATION AND COMMUNICATION SECTOR

TABLE 13: QUARTERLY MEAN BHAR FOR INFORMATION AND COMMUNICATION SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.0264	0.2941
6 mths	-0.0307	0.4279
9 mths	-0.0458	0.5270
12 mths	-0.0172	0.5923
15 mths	-0.0016	0.6965
18 mths	-0.0143	0.7869
21 mths	0.0212	0.8088
24 mths	-0.0226	0.9563
27 mths	-0.0893	1.0298
30 mths	-0.1326	1.2790
33 mths	-0.1769	1.1817
36 mths	-0.1523	1.2827

The average BHAR was negative throughout the period of analysis. The sample size for long run analysis in this sector was 51 companies. The number of companies that showed negative BHAR at the end of three years from their respective date of listing was 34. There were seven companies in this sector that showed a BHAR of more than one. The following Table 13 shows the average BHAR for the sub sectors in the Information and Communication Sector.

TABLE 14: MEAN BHAR FOR SUB-SECTORS IN INFORMATION AND COMMUNICATION SECTOR AT THE END OF THREE YEARS

Sub-sectors	No. of companies	Mean BHAR	Standard deviation
Computer Software	24	-0.4963	0.8108
Entertainment/Multimedia	14	-0.1666	1.3820
IT enabled Services	4	-0.1677	1.1335
Newspaper Publishing	4	0.8977	2.3256
Telecommunication- Services	4	0.8838	1.8854
Web Portal	1	0.0178	
Total	51		

The Table 14 shows that the Newspaper Publishing companies and Telecommunication Service Provider companies showed an average positive BHAR in the long run. There was one company, namely Info Edge (India) Ltd. running the business of web portals, which also showed a positive BHAR in the long run. There was one company namely I-Flex Solutions Ltd. under the Computer Software sector that offered a BHAR of more than one in the long run. Under the Entertainment and Multimedia Sector there were three companies showing a BHAR of more than one. These were NDTV Ltd., UTV Communications Ltd. and Shree Ashtavinayak Cine

vision Ltd. There was one company each under the IT enabled services sector, Newspaper Publishing Sector and the Telecommunications-Services Sector offering a BHAR of more than one in the long run. These were eClerx Ltd., Deccan Chronicles Ltd. and Bharti Televentures Ltd. respectively.

FINANCIAL AND INSURANCE ACTIVITIES SECTOR

TABLE 15: QUARTERLY MEAN BHAR FOR FINANCIAL AND INSURANCE ACTIVITIES SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	0.1998	0.6480
6 mths	0.1869	0.9516
9 mths	0.3555	1.5693
12 mths	0.3780	1.8960
15 mths	0.3257	1.7767
18 mths	0.6456	2.3907
21 mths	0.6983	2.5401
24 mths	1.3473	4.2794
27 mths	2.0438	6.8455
30 mths	1.8777	5.0777
33 mths	2.1493	6.4407
36 mths	1.7780	6.0703

The average BHAR was found to be positive throughout the period of analysis but the standard deviation is showing a high variability in the returns. The BHAR was not only positive but showed an increase as compared to the earlier quarters of the study. The sample size for long run analysis in this sector was 15 companies. The number of companies that showed a positive BHAR at the end of three years was six and amongst these companies two companies offered a BHAR of more than five. The BHAR for the Indiabulls Ltd., at the end of three years, was as high as 22.68 and for India Infoline Ltd. the BHAR at the end of three years was 6.64. Both these companies were engaged in the business of Finance and Investments. The following Table shows average BHAR for the subsectors under the Financial and Insurance Activities Sector at the end of three years from the listing of the shares of the respective companies.

TABLE 16: MEAN BHAR FOR SUB-SECTORS IN FINANCIAL AND INSURANCE ACTIVITIES SECTOR AT THE END OF THREE YEARS

Subsector	No. of companies	Mean BHAR	Standard Deviation
Banking	4	0.1259	0.4329
Finance and Investments	9	2.8520	7.8134
Term Lending Institution	2	0.2492	0.9765
Total	15		

The Table 16 shows that the highest positive long run returns were offered by the Finance and Investments Sector, with a high standard deviation showing high variability in the returns. There were only two companies offering positive BHAR at the end of three years namely India Bulls Financial Service Ltd. and India Infoline Ltd. and all other companies showed a negative BHAR at the end of three years from their respective dates of listing. Under the Banking sector one out of the four companies showed a negative BHAR at the end of three years from listing and the name of the company was Development Credit Bank Ltd. All other companies showed a positive BHAR in the long run. There were two companies studied under the Term lending institutions sector and one out of the two offered a positive BHAR. The company showing a positive BHAR was Power Finance Corporation of India Ltd. and the company showing a negative BHAR in the long run was Infra-structure Development Finance Ltd.

EDUCATION SECTOR

TABLE 17: QUARTERLY MEAN BHAR FOR EDUCATION SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.1750	0.5293
6 mths	0.2185	0.1304
9 mths	0.5372	0.7502
12 mths	0.9837	1.6700
15 mths	1.5412	2.4951
18 mths	3.5787	5.6317
21 mths	4.5648	7.1251
24 mths	4.9147	7.5781
27 mths	6.0289	9.2230
30 mths	4.7719	7.4202
33 mths	3.2041	5.3866
36 mths	2.5742	4.0788

The average BHAR was positive throughout the period of analysis. There were only two companies analysed for long run performance in this sector. One of the two companies namely Educomp Ltd. showed a positive BHAR of more than five at the end of three years from the listing of its shares while the other company Everonn Ltd. showed a negative BHAR at the end of three years from the listing of its shares. This variability in long run returns is shown by a high standard deviation.

HUMAN HEALTH AND SOCIAL SERVICE ACTIVITIES SECTOR

There was only one company analysed for the long run performance under this sector. The company named Fortis Healthcare Ltd. showed negative BHAR till the end of fifteen months from its date of listing and positive BHAR for rest of the period of analysis as shown in Table 18. The BHAR at the end of three years for the company was 0.4143

TABLE 18: QUARTERLY MEAN BHAR FOR ARTS, ENTERTAINMENT AND RECREATION SECTOR

Quarters ending on	Mean BHAR	Standard Deviation
3 mths	-0.0610	0.0273
6 mths	-0.2337	0.0308
9 mths	-0.4783	0.1573
12 mths	-0.4436	0.2691
15 mths	-0.4834	0.2233
18 mths	-0.6476	0.1465
21 mths	-0.8777	0.4051
24 mths	-0.7196	0.2116
27 mths	-0.8928	0.1404
30 mths	-0.9155	0.1124
33 mths	-0.8431	0.2126
36 mths	-0.8477	0.2146

The average BHAR was found to be negative throughout the period of analysis. There were four companies analysed for long run performance under this sector and all the companies showed a negative BHAR at the end of three years from the listing of their shares.

REGRESSION ANALYSIS

The analysis further showed there was no influence of offer size, offer price, premium on issue and the age of the company on the long run performance of the IPOs which is reflected by BHAR (Buy and Hold Abnormal Returns) at the end of 36 months from the IPO.

TABLE 19: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.131[a]	.017	-.002	1.98132
a. Predictors: (Constant), Age, Premium, Offer Size, Offer Price				

TABLE 20: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.906	4	3.476	.886	.473[a]
	Residual	796.904	203	3.926		
	Total	810.810	207			
a. Predictors: (Constant), Age, Premium, Offer Size, Offer Price						
b. Dependent Variable: BHAAR of 36 months						

TABLE 21: COEFFICIENTS[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.161	.278		.578	.564
	Offer Size	4.677E-5	.000	.024	.332	.740
	Offer Price	-.001	.001	-.139	-1.607	.110
	Premium	.001	.003	.038	.443	.658
	Age	-.005	.011	-.033	-.470	.639
a. Dependent Variable: BHAAR of 36 months						

FINDINGS

The long-run returns shown by BHAR (Buy and Hold Abnormal Returns) were found to be negative at the end of all the quarters of analysis. At the end of three years the mean BHAR for all the companies together was found to be -0.17. 75% of the sample companies showed negative returns at the end of three years from their respective dates of listing. 8% of the companies studied, showed a BHAR of more than one. The average BHAR was positive in four sectors which are Education sector, Financial and Insurance activities sector, Human Health and Social Welfare Activities Sector and Accommodation and Food Service Activities Sector. All other sectors showed a negative BHAR in the long run.

In the Manufacturing sector, the Automobiles Sector showed positive BHAR at the end of three years from the listing of the shares of the respective companies. Coke and Refined Petroleum Products sector also showed positive BHAR but there was only one company studied under this sub-sector namely Reliance Petroleum Ltd. In the Information and Communication sector, Entertainment/Multimedia companies and Telecommunication Service Provider companies showed a positive BHAR in the long run. In the Financial and Insurance activities sector, the highest positive long run returns were offered by the Finance and Investments Sector.

RECOMMENDATIONS

The study shows that in the long run the average buy and hold abnormal returns are found to be negative (-0.17) with 75% of the sample companies showing negative returns at the end of three years from their respective dates of listing. The huge listing gains which fade away in the long run, question the price determined by the book-building mechanism. In the fixed price issue method, the price for the issue is fixed by the issuers in consultation with the merchant bankers. In the book-building method instead of a fixed price there is a price band which too is fixed by the issuers in consultation with the merchant bankers. The investors have to bid within this price band. The price so determined after the bidding process lies within this price band fixed by the issuers prior to the issue. So, if the price band so fixed is high the price determined after bidding will also be high leading to huge initial gains to those who get subscription in the IPO. The oversubscription hype accompanied by limited allotments to small investors leads to huge post listing demand and results in high prices for the IPOs on listing. Those who get fascinated by these initial returns and buy the shares on the listing day and hold them in the long run suffer losses due to negative returns provided by the IPOs in the long run. Thus the less informed small investors get deceived by the huge initial returns. There is a need to safeguard the interest of the small investors through changes in the policy framework.

From the investor point of view, it is suggested that he should not get carried away by the high offer prices and premiums on issue as they do not guarantee huge gains both in the long run and the short run. The analysis further showed that there was no influence of offer size, offer price, premium on issue and the age of the company on the long run performance of the IPOs which is reflected by BHAR (Buy and Hold Abnormal Returns) at the end of 36 months from the IPO. Thus big offer sizes characterized by high offer prices and high premium on issue should not be seen as an indicator of positive returns.

CONCLUSIONS

The book-building process of price discovery was introduced as an efficient way to discover the issue price. The facts shown by the study help to conclude that the investors need to be cautious while making investments in the IPOs for a long run and carefully analyse the fundamentals of the companies making the IPO. Furthermore, they can also refer to the credit ratings given to the IPOs which have been made mandatory and take his decisions in an informative manner. The retail investor is an integral part of the Indian Capital Markets and SEBI has laid down the rules and recommendations to safeguard their interest. The investors are however, advised to study all the material facts pertaining to the issue including the risk factors before considering any investment. The book-building mechanism can achieve the requisite success provided that lead merchant bankers, Issuer Company, regulators and investors all discharge their responsibility to the best.

LIMITATIONS

The study suffers from the following limitations:

1. The study uses secondary sources for data collection, so it suffers from all the limitations of the secondary data.
2. The BHAR calculated to measure the long run returns of the offering suffers from skewness biases. The long run return of an individual security is highly skewed; whereas the long run return for a reference portfolio (due to diversification) is not. Consequently, the BHAR, the difference between the long run return of individual security and the reference portfolio, is also skewed.
3. BHAR can magnify underperformance, even if it occurs in a single period.
4. The stock prices have not been adjusted for inflation.

SCOPE FOR FURTHER RESEARCH

Further studies can explain the long run performance of IPOs with the help of some other variables such as the profitability of the company before the issue, the promoters' stake before and after the issue, issue expenses, etc.

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A STUDY ON THE ROLE OF INFORMATION TECHNOLOGY ON THE CONSUMER BUYING BEHAVIOR (WITH SPECIAL EMPHASIS ON THE CUSTOMERS OF DIBRUGARH TOWN)

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ABSTRACT

Information technology has brought about a sea change in the way customers behave in the market place. Almost everybody is living two lives today, a vibrant online life and a somewhat boring offline life. Today we are all connected in one platform or another and customer's expectations have changed over the years. There are no set times for making a purchase as we had in the past. Information technology is not just about spreading static information; it is about communicating. Customers now have 24/7 access to companies and their services. Customer-to-customer and customer –to –company dialogue have grown over the years and customers are becoming less tolerant and loyal. So societal trends driven by the Information technology revolution are changing customer behavior and demand and will continue to do so. To keep up with –and benefit from- the Information technology revolution, organizations need to understand its impact on customer behavior. In a world where physical and virtual environments are rapidly converging, companies need to meet customer needs anytime and anywhere. In this paper an attempt has been made to the study the driving factors behind customers' preference for information technology in their purchase and also to throw light on the trends in customer buying behavior in this era of information technology. The information and data required for the study are collected through a well-structured questionnaire from 60 respondents selected on random basis. The outcome of the study would show the shift in the power from the hands of the marketers to the consumers. The statement "customer is king" has never been experienced by companies like in the Information technology era.

KEYWORDS

sea change, tolerant, static, virtual environment.

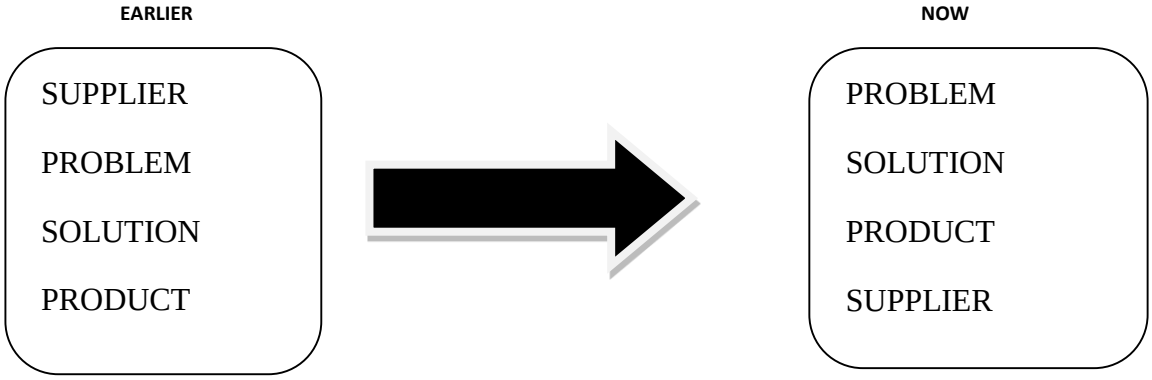
INTRODUCTION

Information technology is quickly altering the way people go about in buying goods and services. The first major impact of information technology, as we think of it today, was the facilitation of commercial transactions electronically, usually using technology like Electronic Data Interchange (EDI) Introduced in the late 1970s) to send commercial documents like purchase orders or invoices electronically. Later, with the development of the internet, the effect of information technology on consumer behavior could be seen in the purchase of goods and services over the World Wide Web via secure servers with e-shopping carts and with electronic pay services, like credit card payment authorizations. In the business-to consumer segment, sales through the web have been increasing radically over the last few years. Customers, not only from developed countries but also from developing countries are adopting new shopping channel. IT has significant roles to play not only in businesses but also in daily activities of individuals. In the era of IT, consumer behavior is the way of interacting with an online market, communicating with the business and approaching towards decisions, which are influenced by the presentation of the marketers. In the words of Dennis et al. (2004) and Harris & Dennis (2008) the study of e-consumer behavior is getting importance because of abundance of online shopping. The convenience and lesser costs of making transactions using information technology have given rise in customers bargaining power and intense global competition. Just think back ten years ago or even 5 years, how were businesses reaching their customers? How were customers reaching them?, Compare that to how communication is passing between the two parties now and who is driving it. Technology has placed the power in the customers' hands literally with the internet enabled smart phone and tablets. Days are gone when we had a definite shopping time and as soon as the marketer shuts the shutter of his or her shop we had to wait for the next day to get the product or place an order. Today with the emergence of information technology. Customers now have 24/7 access to companies and their services. Customer-to-customer and customer –to –company dialogue have grown over the years and customers are becoming less tolerant and loyal. So societal trends driven by the Information technology revolution are changing customer behavior and demand and will continue to do so. To keep up with –and benefit from- the Information technology revolution, organizations need to understand its impact on customer behavior.

TRANSITION IN THE CONSUMER BEHAVIOUR IN THE ERA OF INFORMATION TECHNOLOGY

Information technology has led to a transition in the behaviour exhibited in the market place by the consumers.

FIG. 1



Earlier the consumer first goes to the retailer (supplier) because of his/her lucrative advertisements, then he/she explains the problem to the sales guy and the sales person comes up with 2/3 brands that suits his/her requirements and finally the consumer makes the choice out of those brands. So what is going on is that the consumer has to trust the salesperson in their purpose and have to experience the product personally before forming an opinion about the product. But due to emergence of information technology, the earlier sequence has seen a transition. Now the consumer starts with his/ her problem by say googling the problem, then he or she reads the review, descriptions and social information provided by experts and consumers like them. On the basis of the information gathered the consumer chooses the brand that best befits their needs and feelings and finally he/she decide from where to buy it based on a mix of price, convenience and services.

INFORMATION TECHNOLOGY AND THE CONSUMER

Information technology has fundamentally changed consumers' buying behaviour and purchasing decisions especially in the following three ways:

- **CONNECTIVITY**: We are all connected in one platform or another through our network of friends. We also own more than one device that keeps us updated. This means that we thrive on being active and informed online. Information technology advancements fuel the connectivity that brings together the world as one big community, from the smart phones to super-fast data. This trend is not about to change because now kids as young as 5 years know how to operate a smart phone, LinkedIn even lowered its age limit to 13years to capitalize on the technology adoption rate.
- **NEW COMMUNICATION CHANNELS**: In the past, a company provided customer service through face –to- face customer services and phone calls which had limited the customer-to-company dialogue. Then came the phase of emails as a medium of providing customer services. These communication tools had their own challenges and favored the company more; it was at sellers' discretion what information to give out. This age however, is very refreshed. Social media platforms and live chat place the seller right in front of their customer; the seller cannot sacrifice their customer to maintain your brand position. Actually, when they do not respond to a query, they actually damage their brand reputation because that information is accessible to millions of people. So the customer-to company dialogue has grown in the present era.
- **EXPECTATIONS**: In the past, as a company you set the times that you were open for business, and customers had to put up with it or stay without that particular product. Technology has totally changed that, with the introduction of e-commerce and mobile phones, customers can access products at any time. They have raised expectations on what is acceptable customer service and what is not. Also, consumers today enjoy more personalized marketing communications in contrast to mass communications in the era of IT. As a business, you have to keep up with the changed consumer behavior or be out of business.

LITERATURE REVIEW

Bhatnagar & Ghose (2004) found that time spent by consumers in surfing on the net was 9.17 minutes on automotive sites, 9.26 minutes on telecom/ Internet sites, 10.44 minutes on travel sites and 25.08 minutes on financial sites times. The more time spent by consumers in searching for information via Internet and more frequently they do so, more the information gathered online influences the purchase decision. Bhatnagar & Ghose (2004) exclaimed that gender, education, age and Internet experience influence the time consumers spend in searching for information, while search patterns may be different in retail services because of product classification. In the light of the consumers' age Wood (2002) observed that as compared to older consumers, younger adults, especially those under age 25, are more attracted in adopting new technologies, like the Internet, to find out about new products, search for product information, and compare and assessing alternatives. Reason behind this is that older consumers may perceive the benefits of Internet shopping to be less than the cost of investing in the skill needed to do it effectively, and therefore avoid shopping on the Internet. By taking gender into consideration Burke (2002) revealed that men express more interest in using different types of technology in the shopping process. They are more optimistic about using the Internet as a shopping medium. According to Burke (2002) and Li et al. (1999) education level also influences e- shopping i.e. higher educated consumers are more comfortable using non-store channels, like the Internet for shopping mainly because of the fact that education is often positively correlated with an individual's level of Internet literacy.

OBJECTIVE OF THE STUDY

To study the trends in consumer buying behavior in the era of information technology with respect to demographic variables.

METHODOLOGY

In the present study, a sample of 50 respondents from Dibrugarh town has been taken into
consideration using purposive sampling method. The sample consists of both male and female, respondents of different age group and educational qualifications are taken. The data has been collected through a well-structured questionnaire. Respondents were asked to pen down their responses on various items in the questionnaire. Cross tabulations between different variables are used.

SCOPE OF THE STUDY

The study is limited only to Dibrugarh town. It is worthy to mention that an attempt has been made to study the trends in consumer buying behavior in the era of information technology with respect to the demographic factors. In the study, three dimensions of trends in consumer buying behavior: connectivity among consumers, change in expectations of customers with respect to marketing communication and shopping time and lastly, new communication channels are considered. In case of demographic factors, only three factors are considered: gender, age and educational qualification.

SIGNIFICANCE OF THE STUDY

The study would throw light on how information technology is playing a crucial role in the consumer buying behavior. It would also highlight the trends in the consumer buying behavior with respect to connectivity, expectation and communication dimensions. Combining these dimensions with the demographic variables would show if there is any relationship between the two.

MAJOR FINDINGS OF THE STUDY

- **CONNECTIVITY OF CONSUMERS:** IT has played a crucial role in connecting the consumers in the market place. This enables the consumers in sharing information about products and thereby contributing to reduce information asymmetry that prevails in the market place. Demographic factor wise responses of sample respondents regarding the role of IT in enhancing connectivity and medium of connectivity preferred or availed are shown below:

GENDER

Out of the 50 respondents taken as a sample (of which 25 are male and 25 female respondents), responses with respect to connectivity of consumers in the era of information technology are recorded. The following table 1 highlights the responses:

TABLE 1: RESPONSES TO CONSUMER CONNECTIVITY (Gender Wise)

GENDER	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE	TOTAL
MALE	17	2	2	4	0	25
FEMALE	6	12	1	3	3	25

Source: Survey Data

Out of the 25 male respondents, 76% voted for consumer connectivity in the era of IT while 72% of the female respondents voted for the same. Also, there are 6(24%) female respondents who responded against the role of IT in enhancing connectivity as compared to the male respondents so there is a difference in the gender wise response to the role of IT in enhancing connectivity.

TABLE 2: MEDIUM OF CONNECTIVITY

Gender	Personal contact	Phone calls	Emails	Social media
Male	24%	24%	64%	80%
female	36%	36%	44%	72%

Source: Survey Data

It is clearly highlighted that male respondents are more into social media (80%) and emails (64%) as a medium of connectivity than female respondents.

AGE

Out of the 50 respondents taken as a sample (of which 6 belong to the age group 11-20,17 belong to 21-30 group, 17 belong to 31-40 group, 6 belong to 41-50 group and 4 belong to 51 and above age group), responses with respect to connectivity of consumers in the era of information technology are recorded. The following table 3 highlights the responses:

TABLE 3: RESPONSES TO CONSUMER CONNECTIVITY (Age Wise)

Age groups	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
11-20	5	1	0	0	0	6
21-30	12	4	1	0	0	17
31-40	5	7	0	2	3	17
41-50	1	1	1	3	0	6
50 and above	0	1	1	2	0	4

Source: Survey Data

Out of the 50 respondents belonging to different age groups, 100% in the age group 11-20 voted for consumer connectivity in the era of IT, while 94% in the group 21-30, 71% in the group 31-40, 33% in the group 41-50 and 25% in the group voted for the same. So there is a difference in age wise response to the role of IT in enhancing connectivity. The reason for difference can be traced to the medium of connectivity they prefer or avail of. The following table 4 highlights the same.

TABLE 4: MEDIUM OF CONNECTIVITY PREFERRED AGE WISE

AGE GROUP	PERSONAL CONTACT	PHONE CALLS	EMAILS	SOCIAL MEDIA
11-20	0%	0%	17%	100%
21-30	23%	18%	65%	94%
31-40	35%	29%	59%	76%
41-50	34%	50%	23%	33%
51-ABOVE	100%	100%	0%	25%

Source: Survey Data

It is clear that the age groups 11-20, 21-30 and 31-40 are more into social media and emails as a medium of connectivity than the age groups 41-50 and 51-above who preferred personal contact and phones calls as connectivity medium than emails and social media.

EDUCATIONAL QUALIFICATION

Out of the 50 respondents, 2 respondents are in secondary schools, 4 in higher secondary schooling, 9 are undergraduates, 22 are having a graduate degree and 13 with post graduate degrees. Their responses with respect to connectivity of consumers are recorded. The following table 5 highlights the responses:

TABLE 5: RESPONSES ON CONNECTIVITY (Educational Qualification Wise)

education	Strongly aware	Aware	neutral	Disagree	Strongly disagree	total
Secondary	2	0	0	0	0	2
Higher secondary	3	1	0	0	0	4
Undergraduate	0	3	2	3	1	9
Graduate	9	6	1	4	2	22
Post graduate	9	4	0	0	0	13

Source: Survey Data

The respondents in the secondary and higher secondary category have strongly voted for consumer connectivity in the era of IT. 33% respondents in the under-graduate category, 68% in the graduate and 100% in the post graduate category voted for the same. So there is a difference in the educational qualification wise response to the role of IT in enhancing connectivity. The reason for difference can be traced to the medium of connectivity they prefer or avail of. The following table 6 highlights the same.

TABLE 6: MEDIUM OF CONNECTIVITY PREFERRED

qualification	personal contact	phone calls	emails	social media
secondary	0%	0%	0%	100%
Higher secondary	0%	0%	25%	100%
Undergraduate	77%	89%	33%	22%
Graduate	27%	32%	59%	77%
Post graduate	15%	0%	77%	100%

Source: Survey Data

NEW COMMINATION CHANNELS

Gender: The gender wise responses regarding the growth of customer-to-company dialogue in the era of IT are tabulated below:

TABLE 7: GENDER WISE RESPONSE TO THE GROWTH OF CUSTOMER-TO-COMPANY DIALOGUE

Gender	Strongly agreed	Agreed	Neutral	Disagree	Strongly disagree
Male	8	12	3	2	25
female	8	8	0	9	25

Source: Survey Data

From the above table we can figure out that 80% of the male respondents voted for the growth of customer-to-company dialogue in the current era with only 8% who voted against it. While, 64% of the female respondents voted for the same and 36% stood against it.

TABLE 8: CUSTOMER SERVICE CHANNEL PREFERRED OR AVAILED

Gender	Personal contact	Phone calls	Emails	Social media	Live chats
Male	40%	36%	36%	48%	56%
Female	52%	56%	28%	44%	32%

Source: Survey Data

TABLE 9: FEEDBACK MEDIUM

Gender	Personal contact	phone calls	emails	Social media
Male	8%	16%	40%	48%
Female	28%	20%	36%	44%

Source: Survey Data

The above tables clearly highlight that the responses toward growth of customer-to-company dialogue in the era of IT are shaped by the customer service channel and feedback medium used to communicate. The male respondents prefer social media and live chat as service channel more than their female counterparts. Also, feedback medium used by male caters more to social media than the female respondents.

AGE

The age wise responses regarding the growth of customer-to-company in the present era are tabulated below:

TABLE 10

Age	Strongly agreed	Agreed	Neutral	Disagree	Strongly disagree	total
11-20	3	3	0	0	0	6
21-30	6	8	1	2	0	17
31-40	5	6	1	5	0	17
41-50	2	0	0	2	2	6
51-above	0	0	1	3	0	4

Source: Survey Data

From the above table 10, we can figure out that the respondents in the age group 11-20 and 21-30 are in strong agreement that IT has led to growth of customer-to-company dialogue. Whereas, 65% in the age group 31-40, 33% in the age group 41-50 and 0% in the age group 51-above voted for the same.

TABLE 11: CUSTOMER SERVICE CHANNEL PREFERRED OR AVAILED

Age groups	Personal contact	Phone calls	Emails	Social media	Live chat
11-20	0%	17%	50%	83%	83%
21-30	23%	35%	47%	76%	71%
31-40	59%	64%	23%	29%	23%
41-50	83%	50%	17%	0%	17%
51-Above	100%	50%	0%	0%	0%

TABLE 12: AGE WISE RESPONSE TO MEDIUM OF FEEDBACK

Age group	Personal contact	Phone calls	Emails	social media
11-20	0%	17%	33%	100%
21-30	18%	24%	47%	53%
31-40	29%	23%	47%	48%
41-50	33%	35%	17%	0%
51-above	25%	50%	0%	0%

SOURCE: SURVEY DATA

The above tables (11 & 12) clearly highlights that the respondents in the age group 11-20 and 21-30 have given higher preference for social media and live chat as a medium of consumer service whereas the other age group respondents preferred traditional modes of consumer service more. Also in the feedback medium table, it is clear that the age groups 11-20 and 21-30 prefer social medium as a feedback medium more than the rest of the age groups.

EDUCATIONAL QUALIFICATION

The educational qualification wise responses regarding the growth of customer-to-company in the present IT era are tabulated below:

TABLE 13: EDUCATIONAL QUALIFICATION WISE RESPONSE

Educational qualification	Strongly agree	Agree	Neutral	disagree	Strongly agree	total
Secondary	0	2	0	0	0	2
Higher secondary	3	1	0	0	0	4
undergraduate	1	2	2	4	0	9
graduate	8	10	0	4	0	22
Post graduate	4	5	1	3	0	13

Source: Survey Data

The above table highlights that the respondents in the secondary and higher secondary category have strongly voted for the growth of customer-to-company dialogue in the era of IT (almost 100%). 33% respondents in the undergraduate category, 82% in the graduate and 69% in the post graduate category voted for the same. So there is a difference in the educational qualification wise response to the role of IT in enhancing customer-to-company dialogue.

TABLE 14: CONSUMER SERVICES MEDIUM PREFERENCE

Educational qualification	Personal contact	Phone calls	Emails	Social media	Live chat
Secondary	0%	0%	50%	100%	50%
Higher secondary	0%	25%	50%	100%	100%
Undergraduate	67%	44%	11%	11%	11%
Graduate	45%	54%	32%	55%	36%
Post graduate	54%	46%	38%	54%	62%

Source: Survey Data

TABLE 15: FEEDBACK MEDIUM USED

Educational qualification	Personal contact	Phone calls	Emails	Social media
Secondary	0	0	0	100
Higher secondary	0	25	50	100
Undergraduate	22	0	11	11
Graduate	18	23	11	41
Post graduate	23	23	53	54

Source: Survey Study

The above tables (14 & 15) clearly highlights that the first two categories respondents (secondary and higher secondary) have given higher preference for social media and live chat as a medium of consumer service whereas the other age group respondents preferred traditional modes of consumer service more, specially the undergraduate degree holders. Also in the feedback medium table, it is clear that the first two category respondents (secondary and higher secondary) prefer social medium as a feedback medium more than the rest of the age groups.

EXPECTATIONS

GENDER

Gender wise response for preference or availing of personalized and mass communications is tabulated below:

TABLE 16: GENDER WISE RESPONSES

GENDER	PERSONALISED COMM.	MASS COMM.
MALE	80%	24%
FEMALE	76%	32%

Source: Survey Study

The above table shows that male respondents (80%) prefer or avail more personalized marketing communications than female respondents (76%) whereas in case of mass communications, the response is otherwise. Their preference for personalized communication is seen to be dependent on their medium of connectivity, consumer service and feedback they prefer or bank upon.

EDUCATIONAL QUALIFICATION

educational qualification wise response for personalized and mass communication is tabulated below:

TABLE 17

Educational qualification	Personalized communication	Mass communication
Secondary	100%	0%
Higher secondary	100%	0%
Under graduate	55%	45%
Graduate	86%	36%
Post graduate	100%	15%

Source: Survey Data

The table above highlights that secondary and higher secondary categorized respondents showed more preference towards personalized marketing communication than mass communication. Except the undergraduate degree holders in the sample taken, all other groups showed preference for personalized communications. Their preference for personalized communication is seen to be dependent on their medium of connectivity, consumer service and feedback they prefer or bank upon.

AGE

Age wise response for preference or availing of personalized and mass communications is tabulated below:

TABLE 18

Age groups	Personalized comm.	Mass communications
11-20	100%	0%
21-30	100%	11%
31-40	82%	5%
41-50	50%	33%
51-above	15%	100%

Source: Survey Study

The above table clearly highlights that 11-20, 21-30 and 31-40 prefer more personalized marketing communications than the age groups 41-50 and 51-above. Similarly, their response to personalized or mass communication seem to be dependent on the medium of connectivity and consumer service they prefer or bank upon.

CONVENIENT SHOPPING HOURS

GENDER

Gender wise response to convenient shopping hours:

TABLE 19

Gender	Morning	Afternoon	Evening	Night
Male	28%	32%	64%	68%
Female	44%	40%	44%	48%

Source: Survey Study

The survey showed that male respondents find evening and night hours as more suitable or convenient for shopping in contrast to their female counterparts.

EDUCATIONAL QUALIFICATION

Educational qualification wise response to convenient shopping hours.

TABLE 20: EDUCATIONAL QUALIFICATION WISE RESPONSE TO CONVENIENT SHOPPING HOURS

Qualification	Morning	Afternoon	Evening	Night
secondary	0%	0%	100%	100%
Higher secondary	0%	0%	75%	100%
undergraduate	67%	55%	44%	33%
graduate	32%	45%	45%	54%
Post graduate	38%	23%	61%	62%

Source: Survey Study

The above table highlights that secondary and higher secondary respondents strongly preferred evening and night hours as convenient for shopping. Similarly, graduate and post graduate respondents also showed strong preference for the same. However, undergraduate category showed more preference for morning and afternoon hours.

TABLE 21: AGE WISE RESPONSE

Age	Morning	Afternoon	Evening	Night
11-20	0%	0%	83%	100%
21-30	17%	18%	82%	83%
31-40	53%	41%	35%	41%
41-50	50%	67%	17%	33%
51-above	75%	100%	25%	0%

Source: Survey Study

The above table clearly highlights that the age groups 11-20 and 21-30 strongly preferred evening and night hours as convenient hours for shopping. The age groups 31-40 and 41-50 also preferred morning and afternoon hours as convenient shopping hours than evening and night hours. But in cas of the age group 51-above, the preference was strong towards morning and afternoon hours of shopping.

INTERPRETATIONS

1. The percentage of male respondents voting for consumer connectivity in the era of IT more than the percentage of female respondents. This difference can be traced back to the medium of connectivity they prefer or avail of. The study highlighted that the male respondents showed greater preference towards social media connectivity and emails than the female respondents; who preferred personal contact medium more than the male respondents.
2. Similarly, respondents belonging to different age groups and educational qualifications responded differently towards consumer connectivity in the era of IT. Their responses can be traced to the medium of connectivity they prefer or avail of. Those respondents who prefer social media and emails as a connecting medium showed positive response towards consumer connectivity in the era of IT. So, the medium of connectivity preferred by the respondents has a strong influence on their perception towards to the role of IT in enhancing connectivity among the consumers.
3. Regarding the growth of customer-to-company dialogue in the era of IT, gender wise responses varied. Male respondents responded more positively towards the role of IT in the growth of customer-to-company dialogue than the female respondents. Difference in their opinions or perceptions can be linked up to the medium of customer service and feedback preferred or used by them. Male respondents showed more preference towards live chat and social media as a medium of customer service and feedback as compared to the female respondents. Similar is the case with the respondents belonging to different age groups and educational qualifications. So, the medium of customer service preferred or availed by the respondents has a strong influence on their perception towards to the role of IT in enhancing customer –to- company dialogue in the era of IT.
4. Expectations in the study cater to only two dimensions: marketing communications and shopping hours preferred. Gender wise responses differed with respect to these two dimensions. Male respondents showed more preference towards personalized marketing communications and evening and night hours as convenient shopping hours than their female counterparts. This difference can be linked up to the customer service and connectivity medium they prefer. Similar is the case with the other two demographic variables: age and educational qualifications.

CONCLUSION

We have looked at three ways that consumer behavior has changed, from connected consumers to changed expectations and new communication tools use with respect to the demographic variables: age, gender and educational qualification. The study revealed that the medium of connectivity, feedback and customer service preferred or availed by people has a strong influence on the effectiveness of information technology in their buying behavior. If people can take advantage of information technology in making various purchase decisions, the statement “customer is king” would no longer be a myth in today’s world.

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PERFORMANCE & EVALUATION OF NON BANKING COMPANIES

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ABSTRACT

NBFCs are playing an important role of complementary he banking system by increasing the accessibility of financial services, improving competition and also diversifying the whole system. NBFCs take a lead role in promoting inclusive growth in the country. NBFCs catered the need of those borrowers who were not considered suitable by the banks. Bank play their role in semi urban and rural area only for the purpose of accepting deposits of fulfilling the norms of RBI. But the NBFCs are filling the gap in semi urban and rural area which are left by banks. NBFCs have turned out to be engines of growth and are integral part of the Indian financial system, enhancing competition and diversification in the financial sector, spreading risks specifically at times of financial distress and have been increasingly recognized as complementary of banking system at competitive prices. The research on the NBFCs is going in different parts of the world to review the policies and functions of the NBFCs in the world. To look into the changes and developments in the structure, functions, regulations, progress, etc, many of the studies were already made and a few latest studies are reviewed as under.

KEYWORDS

leveraged, non banking financial companies NBFCs, niche products, tows model.

1. INTRODUCTION

Finance is an important component for ordinary people to maintain their standard of living. Non Banking financial companies (NBFCs) help the people to get rid of their financial difficulties in this context. NBFC come to rescue customers. NBFCs are essential social organizations rendering variety of services to the socio economic objective of the society. Both commercial banks & NBFCs have come to shape the economy of the country.

2. REVIEW OF LITERATURE

K. Martina Rani (2008) in her paper entitled "Impact of Financial Sector Reforms on Non-Banking Financial Companies" published in AIMS International Journal of Management, the number of reporting NBFCs and the growth rate of deposits continued to rise till the year 1997, but declined after 1998 as the regulatory framework 1998 which came as a source of excessive control to the real and genuine players in the market. The main source of NBFCs has always been the fixed deposits. The gross NPAs to the total advances were 11.4 per cent in March 1998 and it declined to 9.7 percent in September 2002.

Thilakam and Saravanan (2014) writes on "CAMEL Analysis of NBFCs in Tamil Nadu" in International Journal of Business and Administration Research Review. Financial intermediation is a crucial function of Banks, Non-Banking financial companies (NBFCs) and Development Financial Institutions (DFIs) the post reform period in India is characterized by phenomenal growth of NBFCs complementing the role of banks in mobilizing funds and making it available for investment purposes. To evaluate the soundness of NBFCs in Tamil Nadu over a decade, the authors made an attempt of CAMEL criteria for analysis of selected Companies. Based on findings the suggestions were offered to overcome the difficulties face by selected NBFCs in their development.

Shailendra Bhushan Sharma and Lokesh Goel (2012) write on "Functioning and Reforms in Non-Banking Financial Companies in India". This paper provides an exhaustive account of the functioning of and recent reforms pertaining to NBFCs in India.

Taxmann's (2013) published "Statutory Guide for Non-Banking Financial Companies" is published by Taxmann"s Publications, New Delhi. The book listed the laws relating to Non-Banking Financial Companies. The rules and laws governing the kinds of businesses undertaken by different types of NBFCs are also discussed.

Amit Kumar and Anshika Agarwal (2014) published a paper entitled Latest Trends in Non-banking Financial Institutions in Academicia: An International Multidisciplinary Research Journal. In Indian Economy, there are two major Financial Institutions, one is banking and other is Non-Banking. The Non-Banking Financial Institutions plays an important role in our economy as they provide financial services on wide range, they also work to offer enhanced equity and risk-based products, along with this they also provide short to long term finance to different sectors of the economy, and many other functions. This paper examines the latest trends in Non-Banking Financial Institutions. This paper analyzes the growth and enhanced prosperity of financial institutions in India.

3. GROWTH OF NBFCs IN INDIA

The non banking financial sector in India has recorded marked growth in recent years, in terms of the number of Non Banking Financial Companies (NBFCs) their deposit and so on. Keeping in view the growing importance of NBFCs the banking law (miscellaneous provision) act 1963 was introduced to regulate them. NBFC play major role in the direction of saving and investment in wave of rapid industrial development. NBFCs are the major intermediaries between saver and investor, it is recognized as complementary of banking system.

4. PROBLEM FACED BY NBFCs

NBFCs generally have no access to low cost funds. Banks can easily raise financial resource at low cost through deposits, saving and current account. But being NBFC cannot raise capital through deposit it usually lack the availability of low cost funds. A major problem that the NBFCs are facing today is the negative perception of public. Even fundamentally sound NBFCs are finding it difficult to raise funds and are passing through a tough times.

5. OBJECTIVES OF THE STUDY

1. To study the role of NBFCs in India.
2. To study the problem faced by the NBFCs.
3. To suggest the measures for improving the growth of NBFCs.

6. PRESENT SCENARIO

During the last decades, NBFCs have undergone wide change as at industry and have been witnessing considerable business over the last decades because of market dynamic public sentiment and regularly environment. Most NBFCs liabilities are short term fund and these funds are largely locked up assets with maturity of two years and more. Recovery of advances is very slow and inefficient. The rate at which the regulating bodies are targeting NBFCs and role played by rating agencies have harmed the industry by bringing down its number, so it is essential to take the stock of NBFCs by SWOT Analysis Method.

7. RESEARCH HYPOTHESIS

It is hypothecated that NBFCs are working under the strict control and vigilance of RBI. There have been frauds in the recent years and instances of failure of NBFCs in India. NBFC face severe competition from banking sector.

8. RESEARCH METHODOLOGY

For research purpose, I adopted the secondary data as my research methodology requires gathering relevant data through journals, newspaper, books, magazines and internet. Also self-interpretation is made with the help of collected material. Bulletin from RBI have gathered to access the problems related to NBFC and also adopted SWOT Analysis Method to know about weakness.

9. RESULT & DISCUSSION

The SWOT analysis helps to identify strategies and techniques that need to be adopted for increasing strengths and reducing weakness and to counter threats and turn them into opportunities. Internal factors are classified as strengths (S) or weaknesses (W) and external factors are classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis. In order to develop strategies for NBFCs that take into account the SWOT profile a matrix of these factors can be constructed. The SWOT matrix (also Known as TOWS Matrix) comprises:

1. Strength and Opportunities Strategy (SO) wherein strength is used to take advantage of opportunities.
2. Weakness and Opportunities Strategy (WO) wherein weakness is overcome to take advantage of opportunities.
3. Strength and Threat Strategy (ST) wherein strength is used to take care of the threats.
4. Weakness and Threat Strategy (WT) wherein attempt is made to liquidate weakness and threat.

NBFCs are essential to a country's financial system. NBFCs provide services not well suited for banks. While recovering their weakness NBFCs have to focus on their use strengths. NBFC should constantly try to search for new products and services in order to compete financial market. NBFC have to gain trust of people for the rapid growth and survival and also to compete commercial banks. From the SWOT Analysis, it is clear that NBFCs can themselves take steps to minimize their weakness and face all threats by making better use of their strengths and opportunities, identified by them. From the Swot Analysis, we can say that NBFCs can themselves take steps to minimize their weakness and also face all threats by making better use of their strengths and opportunities identified by them.

10. FINDINGS

Four questions are raised under the TOWS model:

1. To Take Advantage of Opportunities can NBFCs Use Strength? : The strengths of NBFCs can be leveraged to take advantage of opportunities (as listed in Appendix Table 1) available to them. For example, the Strength of consolidation and focused growth as indicated in the above matrix (Table 2) can be leveraged for orderly growth.
2. In order to take advantage of Opportunities how to overcome Weakness*?* : The Opportunities as listed (Appendix Table 1) offer great vista of avenues to correct some of the weaknesses of the NBFCs as listed in Appendix Table 2. For example, the weakness of high cost structure can be countered by taking advantage of the opportunity, viz. access to better and cheaper resources available in the market.
3. By using strengths threats can be handled? : As indicated in Appendix Table 1 can be eliminated/minimized by using the strength.
4. How weakness and threats can be liquidate? : Based on the strengths and potential of the opportunities listed in Appendix Table 1 the NBFCs can handle treats and weaknesses.

11. CONCLUSIONS

To conclude, the NBFCs are playing significant role in meeting financial requirements of the medium sized and small sized industries and development of Indian economy indirectly. The review made above shows that the research in NBFCs is not so accelerating towards development as many of the published research papers shows only basics of the NBFCs and still it is essential to study how to strengthen NBFCs in India.

12. SCOPE FOR FURTHER RESEARCH

The scope of NBFCs is fast growing with multiplication of financial services. Some of NBFCs are also engaged in underwriting through subsidiary unit and by offering allied financial services including stock broking, investment banking, assets management and portfolio management.

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APPENDIX

TABLE 1: THE SWOT MATRIX

POSITIVE	NEGATIVE
STRENGTHS	**WEAKNESS**
Internal to the Industry	
Capabilities & resources that can be used as a basis for developing a competitive advantage	Absence of certain strength is a weakness
Examples are given below:	Examples are given below:
• Efficient processing,	• Negative public perception
• Simple Sanction Procedure	• Spreads are getting squeezed
• Effective risk management	• Recovery receivable is so worried
• Corporate Governance	• Mismatch of asset liability
• Continually Profit	• More muscular competitors
• Structural weakness	• Lack of market capitalization
• Know your customer approach	• Accounting norms requiring provisioning against non-performing assets
• Specialization in the task of recovery	• Absence of clear vision and focus
• Expertise and experience in financing for transport sector	
OPPORTUNITIES	**THREATS**
External environmental analysis may reveal certain new opportunities for profit and growth.	Changes in the external environmental also may present threats to the industry.
Examples are given below:	Examples are given below:
• Infrastructure segment and road transport segment have good growth opportunities	• Slow Industrial growth
• Consolidation in the NBFC industry	• To be in the dependent sector
• Constrains faced by banks in penetrating the specialized vehicle finance segment leads to the scope for branch expansion	• Competition from banks and financial institutions
• Diversified into various fee based activities	• Globalization of Indian market
• IT related industries is another thrust area	• Hesitation on the part of banks to continue to finance HP and Leasing ventures
• Acting as retailer to the banks	• Introduction of rigorous regulatory and supervision system
	• Major shakeout in the NBFC sector

TABLE 2: THE TOWS MATRIX

STRENGTHS (INTERNAL)	WEAKNESS (INTERNAL)
OPPORTUNITIES (EXTERNAL)	
S-O Strategies pursue opportunities that are a good fit to the industry's strengths.	W-O Strategies overcome weaknesses to pursue opportunities.
Examples are given below:	Examples are given below:
• Consolidation and focused growth instead of dispersed activities	• To Overcome the loss of public confidence due to scan by complying with regulations and being transparent
• Asset based funding which is safe and productive	• Replacing high cast resources with varied resources available in the open market
• Fee based services to augment its revenue streams	• Overcome the mismatch between asset and liability with recourse to long term stable resources
• Specialized and customized products by understanding the needs of customers.	• Adopting the regulations and quicker compliance improves the ability to continuously renew itself to meet new challenges
• Adopting the regulations and quicker	
S-T STRATEGIES	**W-T STRATEGIES**
THREATS (EXTERNAL)	
Identifies ways to use its strengths to reduce its vulnerability to external threats	Establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.
Examples are given below:	Examples are given below:
• Price and service based competition to ward off the encroachment by banks	• Overcome poor public image by creating transparency
• Emphasis on niche products. For instance joint venture that focuses on finance and tie ups for distribution of financial services to keep the threat at bay	• Creating strong Industry associations and management
• Transforming into one-stop financial service shops with umbrella products	

mHEALTH POTENTIAL IN CHRONIC DISEASE MANAGEMENT WITH SPECIAL EMPHASIS ON DIABETES CARE

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ABSTRACT

Chronic diseases are a challenge across the globe. Ageing population with chronic disease pose a bigger challenge. Among the chronic diseases, Diabetes is the biggest challenge for Indian population. More than 70% of Indian population live in rural areas without adequate healthcare facilities[1]. Health management of ageing population suffering from chronic disease like diabetes is difficult and expensive. However, the mobiles phones have reached to the remotest part of the county offering mHealth potential to rural population and urban poor in health management and personalised care of chronic disease. The paper presents the views of 147 providers (doctors) on mHealth as an alternate in absence of healthcare access to rural and urban poor. The questionnaire based survey reveals that Diabetes is the biggest challenge among the chronic diseases and most providers (doctors) believe that mHealth offers a great potential in managing chronic diseases and mHealth may significantly help in personalised care delivery. The study also reveals that mHealth is being taken very lightly and there is a need to include mHealth in the strategy for healthcare delivery.

KEYWORDS

mHealth potential in chronic disease management, diabetes care.

INTRODUCTION

More than 70% of Indian population live in rural areas without adequate healthcare facilities[1]. This population is facing healthcare delivery challenges due to non existence of trained health workers and poor infrastructure. Citizen in urban as well as rural areas are becoming more and more aware of health issues and demand for healthcare access is increasing every day. Managing health of ageing population and patients with chronic diseases is difficult and expensive. The increasing wireless subscriber density and availability of efficient mobile based health apps may bridge the gap and provide convenience to patients and doctors both.

The mHealth is generally regarded as an area within e-health. mHealth delivers healthcare using ICT and hand held devices like mobile phones, tablets and other mobile devices[2]. Thus mobile phones are used for helping patients, providers and health workers in capturing, viewing, monitoring and anlaysing clinical conditions of the patients through mobile devices.

Mobile applications provide convenience of accessing patient information at anytime and anywhere, improve quality of healthcare, lower the cost of care and enhances health outcomes in long term. There has been tremendous technological development in mobile technology across the world and mobiles have reached to the remotest part of the world. India has progressed well in the field and mobiles and recently crossed 1 billion subscriber mark making mobile phones in the reach of over 70% of the population[3]. The latest Indian Telecom Service Performance Indicator Report suggests the number of wireless subscribers penetration increased many fold in last one decade and reached to 1049.74 million by September 2016[3]. This figure was 996.66 million in September of 2015[4]. The urban subscribers have grown from 577.82 million in September 2015[4] to 603.80 million in September 2016[3] and rural subscribers have increased from 418.84 in September 2015 [4] to 445.94 million by September 2016[3]. The growth indicates significant increase in mobile phone subscribers in urban and rural population both. The significant growth of wireless telephone density in rural as well as urban India provides an opportunity for citizens to connect with healthcare providers through mobile based apps for chronic disease management.

LITERATURE REVIEW

Non-communicable diseases pose huge challenge to developing countries, just as they do in developed countries. The incidence of diabetes is rising steadily in the developing world, and cancer and cardiovascular disease continue to be major killers. Respiratory diseases are especially prevalent in developing countries, partly because dirty fuels are used for household cooking and heating. Cardiovascular disease, diabetes, cancer, and chronic respiratory diseases account for 35 million deaths a year worldwide—80 percent of them in developing countries. Again, m-health applications can extend the reach of the health system and help patients being treated for these diseases. Because these chronic diseases often require lifelong support and management, they are well-suited for remote support using m-health applications.

Communicable diseases are not the only problem for India. Currently India is facing dual burden of both chronic non-communicable diseases like diabetes, cardiovascular disease, cancer and chronic obstructive pulmonary disease[5]. Increased longevity of average life of people and life style changes due to economic progress are contributing increase in non communicable disease[5]. Brazil is also facing similar problem and non communicable disease are the biggest cause of morbidity and mortality burden[6]. There is a significant similarities between India, China and Brazil. As an emerging economy in Brazil also chronic diseases account for 37% of deaths and include diabetes and cardiovascular diseases as the main cause of mortality[7]. Modern life style and changes in dietary choices have fueled China with increase in Chronic diseases with diabetes and cardiovascular diseases emerging as a critical public health issuer[8]. Over 330 million people in China are estimated to be suffering from hypertension and more than 100 million people are affected by Type 2 diabetes[8].

Ashok Kumar[9] in a study suggested Chronic diseases are main reasons for deaths and account for 60% of mortality in India and as per a study of Chronic diseases in India, various ailments such as diabetes, strokes and hypertension cost between 4% to 10% country's GDP reported by Delhi based Public Health Foundation of India (PHFI). Delhi has maximum diabetes patients in country, says ASSOCHAM study - August 2 2016. Assocham[10] in a study on the topic "Diabetic on the rise in India" suggests that due to lifestyle, junk food and erratic eating habits are the main reasons for increase in diabetese patients in India. The study suggests 42.5% residents of Delhi suffer from Diabetese and among them women are more prone to diabetes. Delhi is followed by Mumbai, Ahmadabad, Bengaluru and Chennai. In another report by Times of India[11], diabetes is one of the most talked about diseases and India is the diabetes capital of the world with as many as 50 million people suffering from type 2 diabetes.

Self-management is essential for the care of Chronic disease for the population. With the advent of smart phones and advances in mobile phones and availability of mobile apps focused on healthcare, Hamine et al[12] in a study on Impact of mHealth Chronic Disease Management on Treatment Adherence and patient outcomes studied 107 articles and concluded short message service (SMS) was the most effective and commonly used mAdherence tool in 40.2% of studies. The study concluded there is a potential in improving adherence to chronic disease management through the use of mHealth tools[12]. Shukla & Sharma[13] in a study done in India indicated mobile phone messaging interventions may help the patient of long term illness. The study was based on the views of over 240 clinicians who suggest chronic disease management is a big challenge in India and mobile phone messaging will help patients in self management of long term illness[13].

PwC in their article indicated that the number one cause of death and disability across the globe are chronic disease. In a study on 163 diabetes patients reported 1.9% reduction in average glycated haemoglobin through mHealth tools[14]. Another study based on experience in mHealth for the management of chronic disease in 4 countries by Piette et al (2011)[15] suggest that mHealth solutions are possible and effective in a variety of mHealth apps and with patients that vary in socioeconomic level, literacy, culture and capacity for chronic disease management[15]. Cost is a big factor in attending the chronic patients which can be mitigated to a large extent by the use of mHealth applications for self management. SMS based messaging service by WelTel to monitor certain diseases in Kenya has been a

great success. WelTel's SMS communications are estimated to have raised ARV patients' adherence to their treatment regimens by a quarter[16]. This increased adherence and associated viral load suppression lowered health system costs by 1-7 percent[16].

RESEARCH PROBLEM

Chronic disease is the cause of 60% deaths in India. Many of these deaths are due to lack of awareness and poor infrastructure. A large number of people lose their lives because of unavailability of healthcare when its needed. Over 70% of population[1] in India lives in villages and deprived of any kind of access to quality healthcare. In absence of healthcare facility in the villages mobile phones may play a crucial role in dissemination of health related information to large population both in rural and urban India. As per TRAI over 70% of population subscribes to wireless phones[3]. Currently Indian government is promoting the concept of Digital India[17] under the "Digital India-Power to Empower program", and an environment of cashless economy which will also provide a boost to mobile phone penetration resulting in enhanced use of mobile phones for health. Healthcare delivery organisations use mobile phones for internal and external communications for various healthcare needs including patient appointment and scheduling, accessing EMR of patient and remote discussions for health conditions at a significantly lower cost. Though there has been significant study done on the use of mHealth and eHealth for the healthcare delivery, this study is focused on to the use of mHealth for chronic and life style disease management.

RESEARCH OBJECTIVES

The literature review on mHealth identifies a gap in the research on the use of mHealth for chronic disease management. The penetration of mobile phones in India and government's commitment to create a digital India offers opportunity to analyse the effectiveness of mHealth in chronic disease management. This study is aimed to analyse the potential of mHealth in chronic disease management. For achieving the aim following research questions are created

Research Question 1: Can mHealth help in chronic disease management?

Research Question 2: Is mHealth taken very lightly in India?

Research Question 3: Can mHealth help in personalised care delivery?

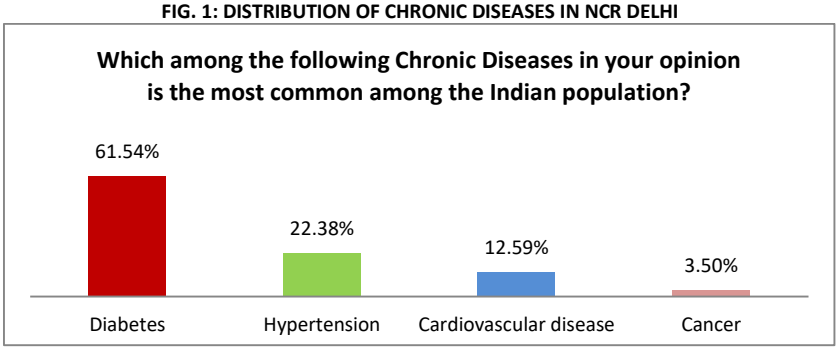
RESEARCH DESIGN

This paper is based on exploratory research with positivism philosophy. The exploratory research has been adopted to analyse and describe the phenomena that may be expected in future occurrences and research design is adopted to re-establish the already known actualities. The size of study is a crucial parameter in any research and should neither be too small nor too big. For this study, an ideal sample to represent whole population has been considered. A sample of 141 providers (doctors) from National Capital Region (NCR), India were studied to understand the concept and perception towards mHealth. The study was based on a questionnaire survey conducted between August to November 2016. Individual providers (Doctors) were contacted with set of 13 carefully designed questions with a purpose of knowing their views on Chronic Disease situation and role of mHealth in addressing the issues. Before conducting the survey of providers (doctors) readability and reliability tests were also done. The questionnaire was created based on the factors such as issues of infrastructure, population growth and increase in patients of chronic disease in last one decade. The providers contacted were general physicians, specialist in the diabetes, cardiovascular and oncology.

DATA ANALYSIS & INTERPRETATION

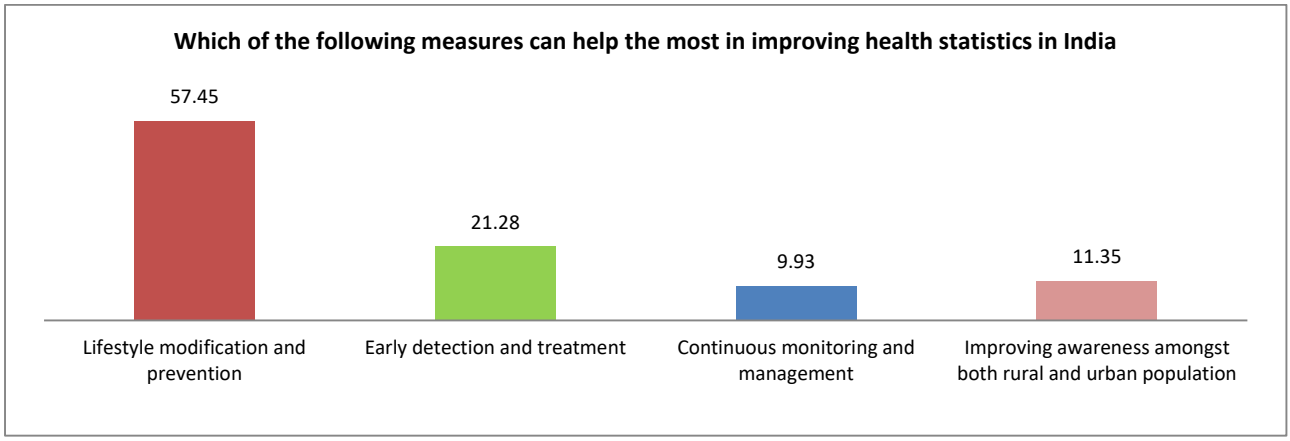
A descriptive analysis was done based on the response to questions from the providers. Although the survey was based on 13 questions, only 10 questions relevant to this paper have been considered. Answer to question "Which among Diabetes, Hypertension, Cardiovascular and Cancer Chronic Diseases in your opinion is the most common among the Indian population?", 61% doctors in National Capital Region (NCR) Delhi in India suggested diabetes is the most common chronic disease and reason of concern for India. The response is in sync with the report of Diabetes Foundation of India stating that India is the diabetes capital of the world[18]. Globally 300 million people are estimated to be affected with diabetes by 2025[18]. India alone has 50.9 million people suffering from diabetes and this figure is likely to touch 80 million by 2025[18]. National Capital Region of Delhi, India itself has about 3 million diabetes patients[18]. As per the responses from providers, the second most common chronic disease in the region is hypertension with 22% responses Fig 1 below.

FIG. 1: DISTRIBUTION OF CHRONIC DISEASES IN NCR DELHI



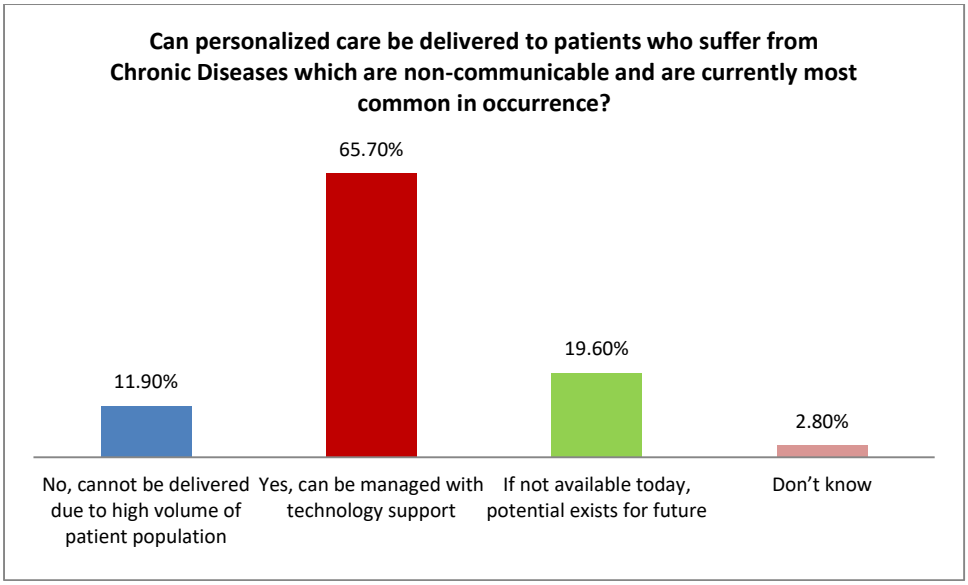
Answering another question on measures to improve health statistics in India, 57% respondents (providers) given the first choice as Lifestyle Modification and Prevention is the most important measure to be considered. India is the largest global consumer of tobacco and main preventable cause of chronic diseases and deaths in India[19]. Apart from tobacco, other lifestyle issues are unhealthy food habits and lack of exercise. 11% responses were in favour of improving awareness among the rural and urban population. Lack of awareness is one of the most important cause of unhealthy diet, smoking and other life style issues (Fig 2).

FIG. 2: MEASURES TO IMPROVE HEALTH STATISTICS IN INDIA



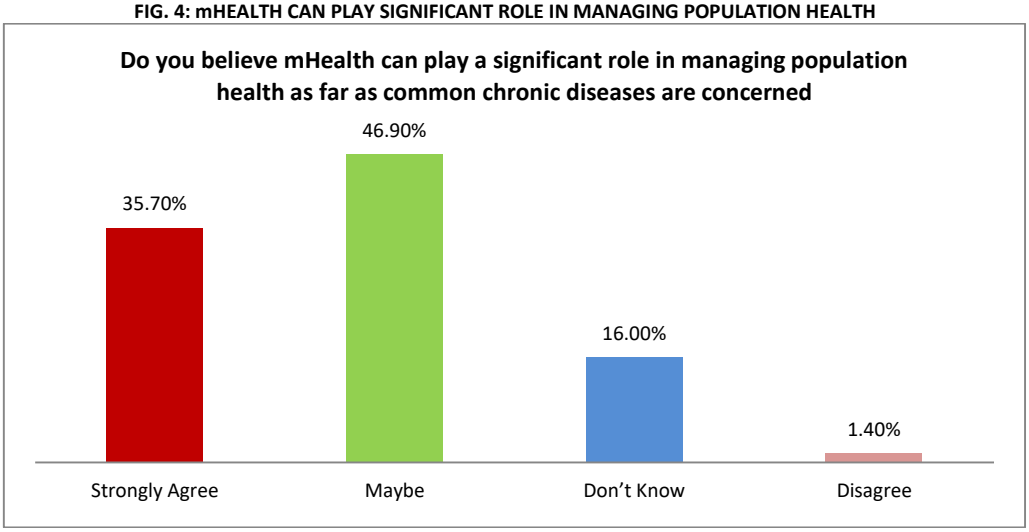
Chronic disease being highest cause of death and more than 80 million people likely to be affected in India by 2025[18], serious measures are required to tackle the challenges. In response to the question "**Can personalized care be delivered to patients who suffer from Chronic Diseases which are non-communicable and are currently most common in occurrence?", about** 65% respondents believe that personalized care can be provided to chronic patients with the use of technology. Only about 12% do not believe the personalized care for chronic patients. Further, 19% see that potential for personalized care exists. Over 70% population in India have mobile phones[3] and possess a great tool for personalized care (Fig 3).

FIG. 3: OPINION ON PERSONALIZED CARE



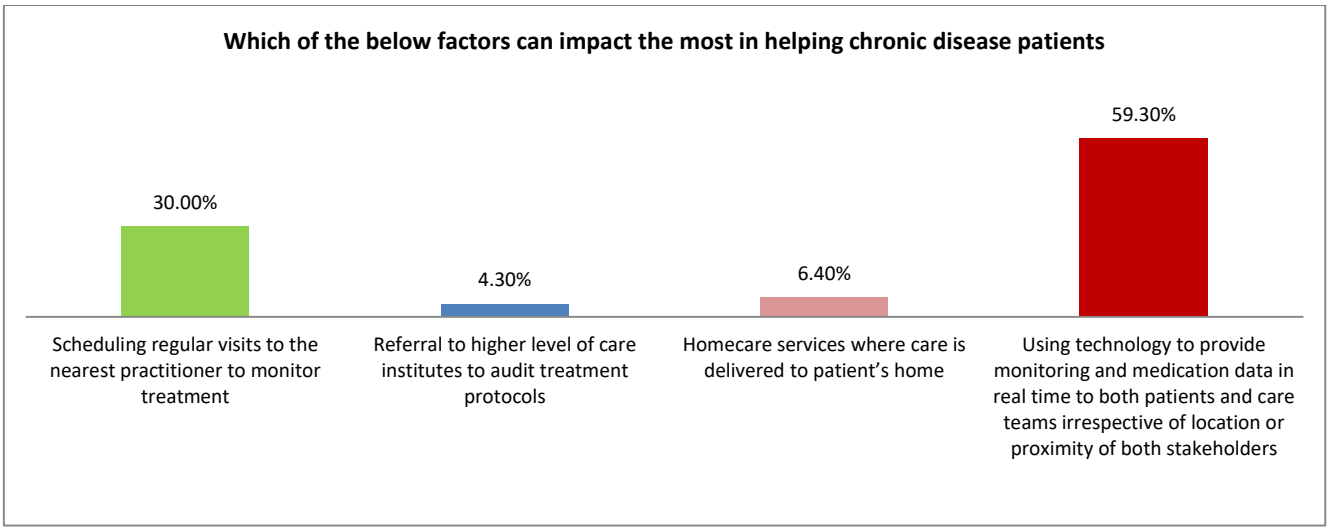
In response to another question "Do you believe mHealth can play a significant role in managing population health as far as common chronic diseases are concerned?", more than 82% respondents among the sample size of 147 providers believe mHealth may play a significant role in managing population health. While 35% strongly agree, 46% believe mHealth may play a significant role but not sure. Indian government is also incorporating mHealth as part of IT strategy. mHealth may provide access to healthcare anytime and anywhere[20], suggesting mHealth could help in managing chronic disease in the remotest part of the country, where over 70% population does not have access to healthcare facility in the vicinity but do have access to mobile phones (Fig 4).

FIG. 4: mHEALTH CAN PLAY SIGNIFICANT ROLE IN MANAGING POPULATION HEALTH



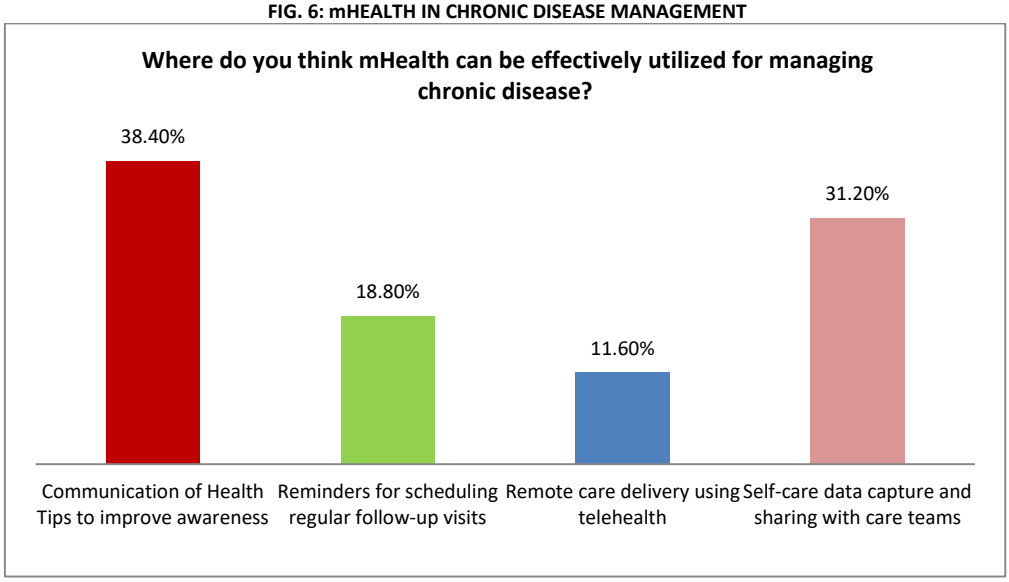
Which of the below factors can impact the most in helping chronic disease patients? Fig. 5 below indicates the responses to above question by the providers suggesting use of technology like mobile apps may help chronic disease patients. 59% respondents suggest use of technology to provide monitoring and medication data in real time to both patients and care team irrespective of location or proximity of providers or patients can impact the most in helping chronic disease patients. 30% respondents believe scheduling regular visits to the nearest practitioner to monitor treatment may help most (Fig 5).

FIG. 5: FACTORS MAY HELP CHRONIC DISEASE PATIENTS



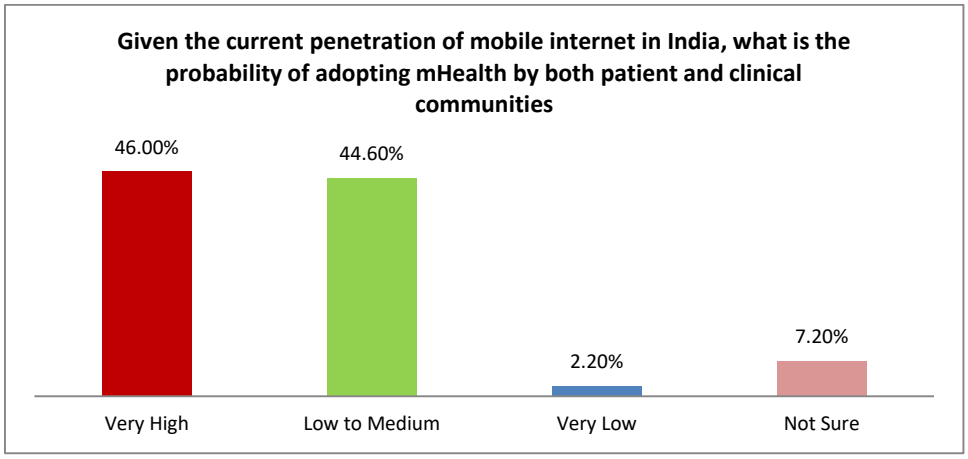
Where do you think mHealth can be effectively utilized for managing chronic disease? Awareness is a big challenge for over a billion people. Over 70% of population lives in rural areas without any healthcare and counseling facilities. Another challenge to the large number of people is to reach out to healthcare facilities for chronic disease care and management as visiting care facilities on regular basis for checkups and care progress is expensive and unviable. However, mobiles phones are in reach of most people and a great communication tool for communication and keeping in touch with care provider. Out of 147 respondents in the survey, 38% suggest that mHealth could be used for communication of health tips and improve awareness. 31% believe that mHealth could help a patient in self care data capture and sharing of the data with care teams (Fig 6).

FIG. 6: mHEALTH IN CHRONIC DISEASE MANAGEMENT



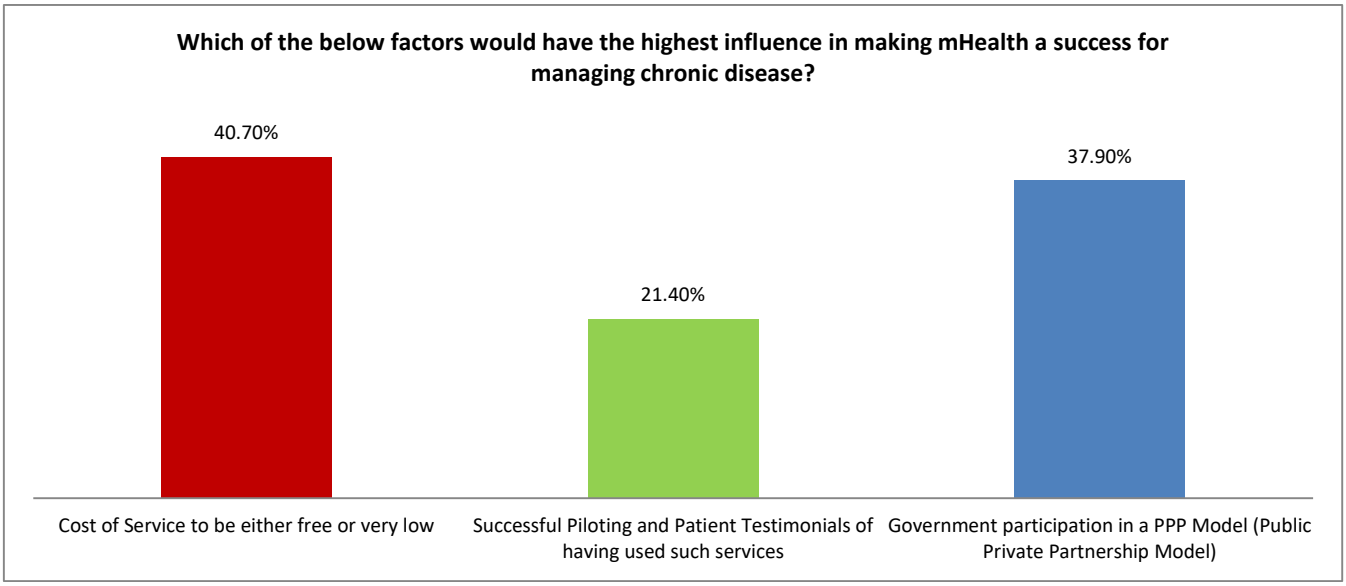
Given the current penetration of mobile internet in India, what is the probability of adopting mHealth by both patient and clinical communities? Current government is committed to promote digital concept in India and promoting use of mobiles for day to day transactions. Healthcare is not far from the use of mobiles for care delivery. In healthcare settings mobile devices are frequently used for patient care for capturing clinical data at point of care, viewing lab results or patient history etc. Mobile phones and Internet reaching to most people in the country and provides an opportunity for mHealth adoption in the country. Over 90% provider respondents support the concept and believe mHealth has great potential and could be adopted by both care providers and patients (Fig 7).

FIG. 7: mHEALTH ADOPTION BY PATIENT & CLINICIANS



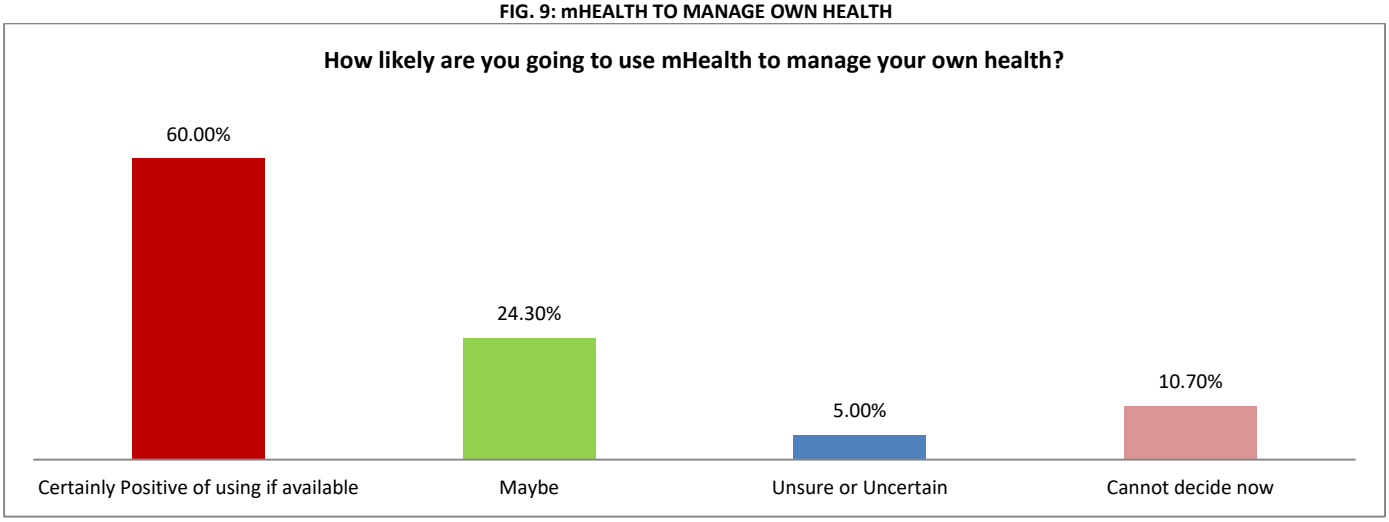
In response to the question "Which of the below factors would have the highest influence in making mHealth a success for managing chronic disease?", over 90% believe in the adoption of mHealth, but believe cost of service and government participation is necessary for the success. 40% providers suggest that for mHealth to be successful the service should be either free or available to citizens at a very low cost. Almost 40% believe government participation in PPP model is necessary for the success of mHealth. A significant number of 21% suggest successful piloting and patient testimonials of having used mHealth successfully (Fig 8).

FIG. 8: mHEALTH A SUCCESS FOR MANAGING CHRONIC DISEASE



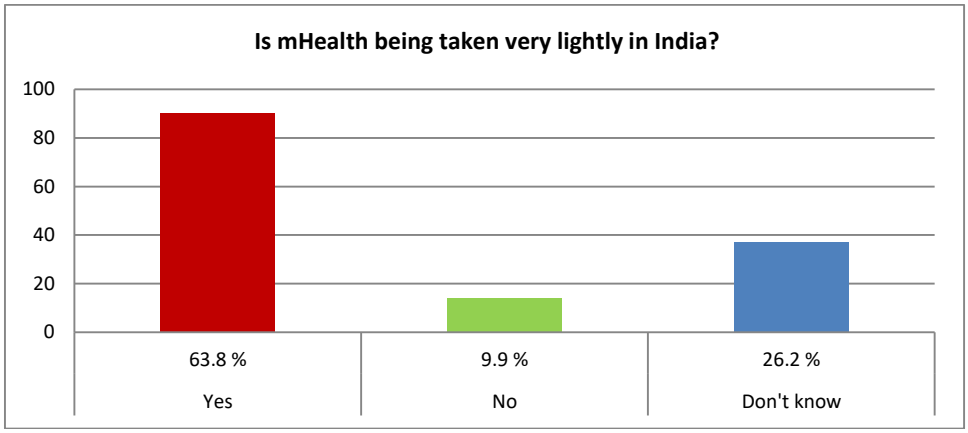
How likely are you going to use mHealth to manage your own health? Belief of clinicians is necessary for the success of mHealth. In response to this question, 60% providers confirmed its success and positively willing to use for their health if mHealth facility is available in India. Another 24% respondents may also use mHealth if facility is available but only 15% are not sure. This is a very good sign for the success of mHealth (Fig 9).

FIG. 9: mHEALTH TO MANAGE OWN HEALTH



Another crucial question asked was "Is mHealth being taken very lightly in India?" A country with over 1.25 billion population of which 70% live in rural areas without access to healthcare facilities and 60% population suffering from chronic disease in India, response to this question was an eye opener. 60% respondents believe mHealth offers a great potential to mitigate the huge challenge of providing healthcare to large population and believe mHealth is being taken very lightly in India. (Fig 10). Over 70% population have mobile phones while 70% of rural population is deprived of healthcare access, mHealth offers a great potential.

FIG. 10: OPINION ON MHEALTH BEING TAKEN LIGHTLY IN INDIA



CONCLUSION

The research questions to address the objectives of research are well answered in the analysis of the results of the survey. It is evident from the survey that diabetes is the most common chronic disease among Indians. Most doctors believe the reason for diabetes is life style and living conditions and suggest definite improvement with a better lifestyle. India has about 61% diabetes patients and number is likely to reach to 80 million patients by 2025, a big reason of concern. Hypertension is the second most common chronic disease among Indian. The survey suggests that personalised care and self management of chronic disease like diabetes and hypertension is possible and mHealth could be helpful in personalised care. In absence of adequate healthcare infrastructure for rural population and urban poor, mHealth could play a crucial role in managing chronic diseases. Almost 60% doctors believe that use of technology to provide monitoring and medication data in real time to both patients and care teams irrespective of location or proximity of both patients and providers will be of great help. Chronic disease are more due to lifestyle, living and food habits and self-management or personalised care is crucial, communication of health tips to improve awareness will be of significance. Most doctors believe mHealth has great potential specially in managing chronic disease, but recommend the service to be offered at a very low cost and government should promote the concept in India through own funding or PPP model. Most doctors are willing to use mHealth for self and believe mHealth is taken very lightly in India and its potential is not exploited.

mHealth is a new concept in India, several issues have shown their importance. As doctors, governments and their partners begin to give importance to mHealth the mode of healthcare delivery has the greatest possible impact on health outcomes—including by building their capacity to incorporate mHealth services into their operations and awareness.

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CRACKING THE GLASS CEILING: A STUDY AT INDIVIDUAL SOCIETAL AND ORGANIZATIONAL LEVEL

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ABSTRACT

Business culture is flexible in nature and by way of Globalization and technological inventions. Owing to exchange of ideas and cultures, Indian corporate sector has been formed into an entire new world in recent times. Main attribute of this changed structure is elevating contribution of females into various business processes, females have to compete a lot even after possessing the desired qualifications and traits to move forward on the success ladder. The glass ceiling causes women to be absent at top management positions compared to men, particularly at the senior level. This study addresses the barrier which creates the glass ceiling phenomenon, such as individual, societal and organizational barrier and suggested the changes required to be implemented at individual, societal and organizational level to attain balanced and diverse workforce. The secondary data has been collected from the various research, article and newspaper. On the basis of information remedial model of glass ceiling has been developed.

KEYWORDS

gender diversity, glass ceiling, senior position.

INTRODUCTION

The word "Glass ceiling" refers to an invisible barrier within a structure that restrict qualified women or minorities from achieving higher level positions at their workplace. According to a report by a leading UK management organisation most women aspiring to senior management positions believe the glass ceiling to career progression still exists. The survey of 3,000 members of the Institute of Leadership and Management (ILM) concluded 73% of women respondents believed that barriers still existed for female to obtain senior management and board-level positions in the UK. In opposition, only38% of men believed that there is a glass ceiling. Facts suggest that there are intangible barrier which restrain women to obtain leadership position. From last few years, women presence can be seen in board of directors. Moreover changing role of women with the introduction of learning played a great role in gradually participation of women in higher managerial position. But the picture does not come to an end here. It was when she has to face pressure and choose among the conflicting situation between career and domestic work. Organizational change helped women in advancing career and various development programmes have been sponsored. This helped in breaking the visible barrier but invisible barrier are still unbreakable. The gender stereotype and the opinion of male gender is still need to be change.

Presently the women working in corporate in India are expanding significantly. With the increase in number of women various employment law has been constituted. Moreover despite these laws women at senior level is hardly 3% to 6%.

The main objective of writing this paper is to explore challenges faced by working women and the barrier in their career progression. The paper also focuses on gender stereotypes, cultural biases and what an organization can do in support of women to break that glass ceiling.

LITERATURE REVIEW

According to Cotter (2001), the glass ceiling phenomenon refers to a business metaphor used to describe the way a woman can reach a certain level in a company but can never reach a higher rank. Burns (2005) also describes it as a term that refers to various barriers that prevent qualified women from advancing upwards into 59 management positions in organizations**.** Research from Grant Thornton International Business Report survey 2012; found that only 21% of senior management roles are globally held by women. This has changed from 2004 which was 19% in that year. Russia holds first position of women holding senior position followed by Botswana and Thailand. The least number of women working at senior management is in Japan with 5% followed by India 14% and UAE with 15%. Women constitute 47% of the labour force, 1/3 of all MBA degrees, and only 2% of Fortune 500 CEOs. *In 48% of Fortune 1000 companies, there are no women executives at all.* The Federal Glass Ceiling Commission issued a report summarizing its findings in 1995. The report identified three levels of glass-ceiling barriers: (1) societal barriers, such as stereotypes and prejudice associated with gender, race, and ethnicity; (2) structural barriers in organizations, including failure to recruit women and people of colour; organizational climates that could alienate these groups; and barriers that could limit their opportunities to advance; and (3) governmental barriers, including inadequate monitoring and law enforcement. An increase has been noticed in women in management at junior and middle management levels (Lyness, 2002; Powell, 1999), but at senior management or executive levels a considerable discrepancy has been found. The Glass ceiling occurs in workplace and politics is essentially a reflection of social and economic inequality. Burton & Parker (2010); Frey, James, & Eitzen, (1991) Effective leadership rewards brazenness, fierceness and sovereignty, which are usually documented as "masculine" personality. Women are projected to be cheerful, reliant and nurturing characteristics. Researchers have noted that people who are a successful manager behaves like a masculine characteristics. (Basu, 2008) The widely held belief that females are more suited to a supportive, nurturing role such as motherhood than the decision-making role of management does not the low numbers of women being promoted into senior or executive positions. Powell and Butterfield (2003), "glass ceiling could exist at different levels in different organizations or industries; the term is typically used to suggest a barrier to entry into top-level management positions. No field studies to date have investigated whether actual promotion decisions for top management positions reflect the glass ceiling phenomenon.

RESEARCH METHODOLOGY

Secondary data has been collected to develop the argument in study. Barriers that are faced by women and changes required to be made have been discuss in this paper. On the basis of information a remedial model has been developed.

INDIVIDUAL RELATED BARRIERS

The human capital theory, developed by economists such as Gary S. Becker, is a well-known theory that focuses on individual characteristics to explain differences in career outcomes, such as advancement and compensation. According to this theory, individuals with better qualifications, such as more education, job training, and relevant work experience, receive better jobs and organizational rewards because they have more to offer their organizations than do individuals who are less qualified. Although research has shown that differences in human capital can explain a portion of the gender or racial gap in career success, most studies also find that some portion of the gap cannot be explained by human capital variables. In addition, organizational research has found that comparable human capital qualifications do not always ensure that men and women managers will be equally successful in career advancement. While less research has compared minority and majority group managers, there is some evidence that human capital qualifications have a greater payoff in career advancement for Caucasian managers than for African American managers. Thus, human capital appears to be important in explaining career advancement but does not fully explain why there are relatively few numbers of women and people of colour in senior management.

Another perspective is that group differences in corporate advancement can be explained by self-selection. According to this explanation, women and people of colour may be less likely to hold senior-management positions because they have less interest or are less willing to do what is required to attain these types of

positions. For example, gender differences in corporate advancement are sometimes attributed to women's involvement with family and household responsibilities that interfere with the long work hours, travel, or relocations required for succeeding in a demanding managerial career. However, this explanation does not hold for many women and people of colour who encounter glass-ceiling barriers to their advancement but either does not have family responsibilities or are willing to meet the requirements of demanding managerial jobs regardless of family and personal responsibilities.
A different explanation for self-selection is provided by Robert Lent, Steven Brown, and Gail Hackett's social cognitive theory, which suggests that self-selection is sometimes based on awareness of external barriers rather than a lack of interest on the part of the individual. According to this theory, women and people of colour may be less confident than Caucasian men about their ability to succeed in managerial careers because they expect to encounter organizational barriers and lack of support that will limit their opportunities. Moreover, because of these external barriers, women and people of colour may decide to lower their career expectations or pursue other types of careers in which they expect to encounter fewer barriers.

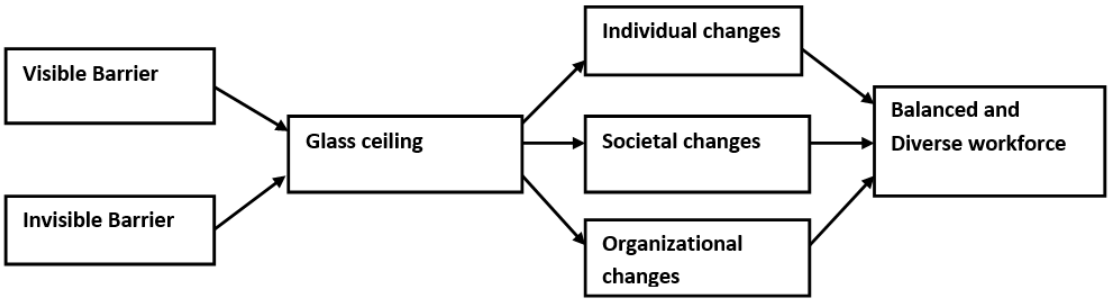
SOCIETAL-RELATED BARRIERS

Indian society is traditional and it has not come out of the chain of old traditions. This attitude was visible when women were making their educational choices. Indian women are at crossway and trying to grow in their career. Women's career progression has many important aspects i.e. family responsibility related to marital status & child care. (Anker,1997; Davidson and burke, 2004; powell and butterfield, 2003). Marriage is socially recognized union that establish rights & obligations between spouses and in-laws. After marriage husband & in-laws decisions are to be followed by women. Moderately this situation is improving, husband preferred working wife but for working women there is no support system. According to Anker (1997), working women is not able to concentrate on workplace as they bring their responsibilities and children at their workplace. Therefore, it pushes women to take break in their career, so that they can manage time to look after their children. This is a hurdle for women to acquire managerial position. Schwartz identifies that women do not focus to grow in their career as they are not the single earner of family. However, career oriented women faces many restriction from society to hold managerial position ;(Davidson and burke, 2004; powell and butterfield, 2003). Unlike male, who focuses on their office work only women have to handle office as well as home and child care responsibility. Many organisations have started various flexible working arrangements for women, such as flexi-time, job sharing and telecommuting etc. FWA may be a challenge for women to coordinate between family work and career. society expect from a women to be 'good mother' and these communications are supported by family, parents, media and community. (Beard et.al, 2010). This creates a conflicting situation for women to perform dual roles." If they do access FWAs they are seen as good mothers, but not good workers. If they do not use FWAs, they face being viewed as good workers, but lousy mother."(Beard et.al, 2010).One of fact is that when husband switch over the job women need to relocate themselves. It disturbs their career and expected from them to do this due to social norms.

ORGANIZATION-RELATED BARRIERS

Harvey and Brown (1996) define organizational culture as "a system of shared meanings, values, belief, practices, group norms of the members to produce behavioural norms with regard to the working condition of organization." For female manager there are less upward mobility within organization. Marshall (1986) has explained that an individual make distance from informal network mostly it is in the case of female and where the boss is female in organization. Therefore it is difficult for her to handle situation like strategic changes and issues as it require convincing everybody and in such conditions it becomes difficult to satisfy everyone. In this respect Marshall says "professional exchanges become easy by informal communication. More familiar and unfriendly system shows unauthenticated than formal system allows". Informal communication includes exchange of conflict, dissatisfaction and reciprocity.
Sure to happen, women do not adopt informal organizational system. In decision making they do not get support and cooperation from their colleagues and therefore they are not as popular as effective decision makers, even though if they perform well in formal groups. This does not end over here, male pressurized women to perform well thus they are more stressed. To compete with male colleagues they take extra workload to perform better. While when they are at important designation they represent womanhood so they need to be cautious.
For female manager mentoring may help them in certain situation but by the virtue of their gender, they are not considered as successful leader as men-Nieva and Gutek (1981).Various researchers has identified the importance of mentor for women, yet certain factors restrict this relationship. First of all there are very less opportunities for women to avail mentor and secondly they are more stressed about how other will interpret their relationship between male mentor and female manager.
Women also shut down growth opportunities for various reasons as it includes outside commitments and risk to perform for a particular position that require modified skills to reach to a desired levels of roles. It has been continuously noted that to match up with the social obligations, a women drops out her career and do not want to return back due to unwelcoming and dynamic culture and climate of organization.

FIG. 1: REMEDIAL MODEL OF GLASS CEILING



THE ROAD AHEAD FOR WOMEN IN CORPORATE

To motivate the women personnel to achieve success in corporate, it is require to search out effective strategies which help them to cross every hurdles. Research suggests that real growth can only be achieved by wide change with the use of sharpen approach ensuring that women are to be considered for advancement. At the top management gender diversity plays a significant role not only for women but also for organization and skilled employees for higher productivity.

INDIVIDUAL CHANGES

For women to climb the ladder of corporate requires an individual mind-set to be changed. The traditional work system has to be changed and new thoughts should be sum up. There are various support systems obtainable in the market; nevertheless male member of family should share responsibility of family. With the fast development of economy, double hand earner has become essential for luxurious living. To work for it smoothly we surely need to dropout our biases and prejudices. Couples who shares routine task are able to manage it. Shared responsibility is the single way left by which women can grow in their careers.
To grow professionally, women should build their image of confidence. It is a known fact that women do not urge for their promotions. A research in social psychology concluded that men constantly self-force their successes whereas women serve as master stroke to others. It require a modification in their trait and be more determined.

SOCIETAL CHANGES

Presently India follows strong traditions and customs and all women cannot easily handle dual responsibility. While managing dual responsibility she ends up with state line between them. Alternative solution to this situation is dropping out. She gets so stressed to be prefect on both the ground and finally discontinue from career. For the career ambitions of women family support plays an important role. She must be facilitated with better education and resources. Various research states that women faces challenges to balance among the work life and social life. To remove this barrier, stretch ability should be stimulated by the organization. Society should reinforce this cause; basically it is the society which is high-flown by any change. Due to societal changes, economy is growing fast.

ORGANIZATIONAL CHANGES

If companies in their strategic decision are not skilled enough to combine women's perspective they lose competitive edge, market share and profits. For women career advancement organization has to modify their mind set completely. It may take a time of generational transition. The commitment of company can bring a change and improve the treatment of women and its results. The need for training and development for women employ should be assessed and facilitated accordingly. Proper leadership training programmes should be conducted for middle managers. According to Kanter (1981)" even if women have formal authority, they may not necessarily be able to exercise it over reluctant subordinates". This leads to the exclusion of women managers. Herbert and yost (1978) states that it would be more beneficial to facilitate training to only those male worker who creates barriers in career growth and development of women. According to them," organizational barrier faced by women can be removed by providing training to male manager to alternate their prejudice and attitude towards women". Favourable organizational climate can be developed through training.

"The system of male as the norm causes feeling of isolation, frustration and anger among women as they work within the organizations." (Oklamon, 1994) To remove such feeling women should adopt their male worker's style, like informal relation with other employees and to collect information and get cooperation & support when needed. This will help them to access information which they cannot gain through formal network. Female role models should be encouraged to attend programs at colleges, high schools or community events and therefore to convey that gender equality is mostly important for them to cross the every hurdle.

The organizations should have planned coaching programs and mentoring. The mentor provides an honest feedback to the mentee time to time, which support her to overcome the hurdles. Hema Hattangady, vice chairman and CEO, Schneider Electric conzerv India says "Once you have a mentor who backs you, you have the confidence to move forward." Her Mentor Mr. T. Thomas, the former chairman of HLL India, was instrumental in her success. (SHRM,2009) Kalpana Morparia, former joint Managing director of ICICI bank, and currently CO of JP Morgan gives the credit of her transformation from a corporate lawyer to a corporate leader to her mentor K.V kamath, the Infosys chairman (Business Today, September 2011)

Organizational diversity should be measured and data relating to it should be collected, this data explore the position of talent enriched in organization and what steps can be taken to retain future talent thus it will help to bridge the gap and corrective action.

BALANCED AND DIVERSE WORKFORCE AND FUTURE SCOPE FOR RESEARCH

Employing more and more women is the interest of companies. Given that approximately 50% of the environmentalist population is female, it becomes important for companies to understand women as consumer. This can be analysed by a female manager. It has been proved that employee diversity enhances corporate performance. A group with people from different culture and experience can bring innovative outcomes related to any issue as compared to homogeneous group. This argument support the gender diversity in organizations. Moreover corporate effectiveness is well managed. They must keep eyes on the business planet therefore should guide the management. They should visionize the forthcoming issues and with all force should be integrated with corporate goals and to maintain the dignity of worker. While balancing the business environment they should make sure about the profit for all stakeholders like employees, investor, business partner, supplier and society at large. Thus companies hiring more women not only bring diversity but bring competitive advantage to organization. Research work in this field will develop new guideline for companies' growth and prosperity.

CONCLUSION

In the past few years' women have constantly progressing but they still lack representation at top level management. They constantly face barriers in their career growth due to inflexible work environments, stereotyping and various other barriers. Within the society and organization an amount of modification is required, this explain the reason behind low representation of women in senior management. A lot of counter attack, conflict and hardwork are to be look over with the social change. To create gender diversity in the organization, relative changes in leadership management practices and talent management are required. Gender balance can only be facilitated by strong effort. By the joint effort of employees, customer, local communities, government and other stakeholders gender equality can be promoted and gender stereotyping can be erased and sustain change for long term.

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TRADE STRATEGIES BRITAIN MUST EMBRACE FOR THE WELFARE OF DEVELOPING COUNTRIES

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ABSTRACT

Rich world trade policy plays a vital role in shaping the opportunities available in poorer countries. After Brexit, the Britain is in power to make its own policies and rules that would foster growth of its economy. Few countries like Bangladesh, St. Lucia, Belize, Seychelles, Gambia, Sri Lanka, Fiji etc. are heavily dependent on the UK and export a very narrow range of consumption products to the UK. These countries were in trade relation with the UK, which was brokered by the EU through various arrangements like EPA, GSP, GSP + etc. Since, the UK is not part of the EU anymore, it creates sense of panic to these economic vulnerable countries. Through various arrangements like Non reciprocal market access scheme, Preferential access scheme, Eliminating or substantially cutting down tariffs, aid for trade and Simplify the red tape at the UK border, the UK can assure the stance of these countries with the UK. Adopting trade policies or not altering existing policies with these small states, which would otherwise worse off these states, will work in favor of the UK to become a global leader of trade in long run.

KEYWORDS

aid for trade, free trade agreements, non reciprocal market access scheme, preferential access scheme, tariffs.

INTRODUCTION

Trade openness is a necessary condition for lasting economic development. In order to become the master of his own kingdom the Britain took a leave from the European Union to choose its own way for the economic development. After a long membership of 43 years, on 23 June 2016, the UK voted to leave the European Union (EU), popularly known as Brexit. When a country leaves a trade bloc, it regains control over trade and economic policies enabling to access opportunities lying outside the bloc, which could not have accessed without independence. However, it also faces repercussions. But the question is not just about the economy of the country leaving a trade bloc but of the developing and least developing countries who were benefitting through the various trade arrangements and were only able to trade because of the preferential treatment given to them by a trade bloc. Britain exit from the European Union has already left these pre- exit member countries in a series of doubt if they would be better off or worse off, as nothing constructive has been done to assure these countries even after nine month of the Britain exit. This paper discusses the actual and potential economic impact of Brexit on developing countries. How few developing and Least developed countries (LDCs) heavily dependent on exports to the UK, developing countries might be affected by the route in which the UK leaves. And how the UK can achieve sustainable economic growth by giving support to economic vulnerable countries.

TRADE RELATION BETWEEN THE UK AND DEVELOPING COUNTRIES

Pre –exit, the developing countries access the UK market on preferential terms, through the myriad of agreement that have been brokered by the European Commission. With the departure of Britain, would these developing countries be in a same state?

Over the past five years, the UK accounted for 4% of export from least developed countries, 2% of exports of goods from the developing countries. However, the countries like India, China and Brazil, which are also the largest developing countries, accounts for just 3% or less of export on average. These largest developing countries do not face serious disruption in the event of Brexit, while, these countries can find new opportunities in deepening links with the UK.

However, there are some countries heavily counting on the UK market. These countries mainly export a very narrow range of products (box.1.) that would not go ahead on the UK market in the absence of preferential treatment. These countries could be substantially affected by the potential trade disruptions, if are not considered in the UK trade policy.

BOX 1

Countries	Export to the UK in %	Items
Belize	25	Sugar, banana, citrus, and clothing.
Seychelles	25	Agricultural crops, coconuts, vanilla, sweet potatoes, tuna, cassava.
Mauritius	20	Cane sugar.
Fiji	15	Cane sugar.
Gambia	14	Tropical fruits, ground nut oils, coconut, brazil nuts etc.
Sri Lanka	11	Tea and spices, toys, vegetable and animal fat etc.
Bangladesh	10	Garments and textile.
St. Lucia	9	Fruits and other consumer goods.
Kenya	8	Flower, fresh fruits and vegetables.
Pakistan	7	Textile, garments and rice.
Malawi	6	Tea, sugar and tobacco.

Source: http://comtrade.un.org/.

Belize and the Seychelles, for example, the UK accounts for more than 1/4th of total export value.

Bangladesh: exports 9% of its total exports to UK, which, were duty-free under the EBA preferential regime.

Kenya's total export to the UK is 8% of its entire exports. It was eligible for standard GSP preferences (with the exception of flowers, for which it has been graduated out of the GSP on market share grounds) and an interim EPA agreement in the EU.

Pakistan, 7% of total exports is directed to the UK. The main products are various textile items and garments, and rice, which is not covered by the GSP (aside from a separate EU-Pakistan agreement for long grained brown rice).

Malawi, exports 6% of the entire export to the UK. Which were duty-free under the EBA regime.

THE UK AND THE COMMON WEALTH COUNTRIES

Considering only common wealth countries trade relation with the UK, it accounted $120 billion, approximately over the past few years, however, it significantly declined to $91 billion amid last year. The UK was the biggest importer in the EU. Around seven developing nations export more than 10% of their world export to only the UK, these countries are Botswana, Belize, Seychelles, Mauritius, St. Lucia, Sri Lanka and Bangladesh. And 24 countries export more than 30% of their total EU trade to the UK.

Many of the least developed countries, small states and sub Saharan countries aren't generating major revenues but tremendous future growth potential.

EFFECT OF BREXIT ON DEVELOPING COUNTRIES

Short term effect: Devaluation of the UK currency and Stock market fluctuation can cause losses to these countries.

Long term effect: new trade deals, negotiations, changes to aid allocation, global collaborations, changes in the remittances and migrations are to be maintained and on financial markets.

Therefore, countries (i.e. Bangladesh, Cambodia and Kenya) that export price and income sensitive goods to the UK, e.g. coffee, garments, fruits, flowers, durable consumer goods such as toys and other light manufacturing goods exposed to decline in exports both in terms of quantity and value.

Also, orientation of the UK's economy is heavily towards the production of high tech intermediate to regional value chains and the provision of service. Major imports from LDCs are final or consumer goods, which accounts nearly 70% of the total imports from LDCs. Which, increases possibility of neglecting these countries in order to achieve growth in a short span of time.

If these Economic partnership agreements (EPAs) would be concluded with the EU and rolled over to UK free trade agreements (FTAs), many LDCs would face a negative impact: Afghanistan, Bangladesh, Bhutan, Cambodia, Haiti, Laos, Myanmar, Nepal, Somalia, South Sudan, Timor-Leste and Yemen. These countries would, together, lose £288 million annually due to increase in tariffs and duties. While Generalised System of Preferences (GSP+) beneficiaries – Armenia, Bolivia, Kyrgyzstan, Mongolia and Pakistan – would lose £89 million in payable duties annually. While, many developing countries would be left out if the UK will only provide market access as part of the bilateral FTAs.

THE UK STANCE ON TRADE WITH DEVELOPING COUNTRIES

In recently published "Economic Development Strategy" by the UK Department for International Development, first of the two strategies are focusing on trade as an engine for poverty reduction and stimulating investment to spur economic growth in developing countries. It also confirms the 'aid for trade' dealing with in-country trade infrastructure. Thereby, reassuring small states, Brexit will only benefit these countries and will lead to sustainable growth of the British economy with simultaneous growth in developing countries, which are heavily reliant on trade with the UK.

HOW THE UK CAN ACHIEVE THE DEVELOPMENT OBJECTIVES?

When the UK was part of the EU Single Market and Customs Union, the UK had a little or no control over its trade policy and arrangements with developing countries. The UK now has power in his hand, being the UK important market to many developing countries. The UK can design its policy that can accomplish a twin objective of; spur the growth of developing economies and to become a global leader for trade.

1. ***Non reciprocal market access scheme***: various countries such as Canada, New Zealand, Japan, the US and Norway have similar scheme consistent with the WTO, which require the UK to allow imports from developing countries without compelling the trading partner to open up them to the US in return. Such scheme provides stability for the people in developing countries.
2. ***Preferential access scheme can provide market access to many economically vulnerable countries in a one go arrangement***: Preferential treatment should be given to the countries, which were getting preferential treatment when the UK was the part of the EU, this will not distort trade between the UK and developing countries. More countries could be added on the basis of an index of their level of income, human development indicators, economic vulnerability and economic potential for growth if aid is given. In 2010, the EU extended duty-free access to Pakistan (one of the largest lower-middle-income countries) as a flood relief measure. Researchers found that this move boosted exports from Pakistan (by more than US$800 million, or 0.36 per cent of Pakistan's GDP) and had no effect on the exports of other LDCs. This approach must cover preferences to all LDCs (who currently receive duty free access) plus the countries that currently receive duty-free access as part of EPAs and other developing economies. Rules of origin should be as flexible as possible and promote development through allowing a low requirement on local content by the exporting country as well as a high level of "cumulation," whereby exporters can count as "domestic" those inputs sourced from other countries that have the same preferential access.
3. ***Eliminating or substantially cutting down tariffs***: the EU has 12,651 different tariffs, which all vary by country group and also there is a huge variation in level of different products. This enhances the complexity in doing trade with the EU. Countries with duty-free access for all products still need to worry about rules of origin and standards. Since, the UK is no more a part of the EU, now can reduce this complexity by reducing tariffs consistently for nearly all products of developing countries. Cutting down tariffs to zero (or near to zero on few items) for all the countries would simplify the UK's trade arrangement, enabling future trade negotiations to focus on the type of trade in service that is so vital in the UK trade production.
4. ***Enhancing the effectiveness of and satisfactory implementation of the UK "aid for trade" i.e. aid to boost trade in developing countries***: Innovative policy approaches like cash on delivery, targeted at reducing the time or cost for trade, could help ensure results.
5. ***Simplify the red tape at the UK border:*** other than tariff barriers there are a lot of non tariff barriers that restrict the trade between the countries by increasing the complexity both for exporter and importer. One such non tariff barrier is check at border, which are also essential for ensuring quality and safety of products coming in a country. The UK should avoid any policy or scheme that would lower the standards for developing countries nor should raise standards, making it difficult for developing countries. Instead, the UK should focus on simplify the cumbersome and time consuming process at custom. This will save time and cost at custom and would make the UK attractive destination for trade not only to developing countries but also to rest of the world.

Apart from the measure that should be taken by the UK, developing countries should themselves be proactive in approaching the UK for the re-negotiation. Especially small markets will need to fight place in British negotiating priorities

CONCLUSION

In DFID (2017), Economic development strategy, the Prime Minister has underlined, "it is time for Britain to rediscover its role as a great, global, trading nation. This includes helping developing countries to harness the formidable power of trade for reducing poverty. We will help build productive, open and dynamic economies and create the millions of jobs needed to defeat poverty for good". Since Brexit, the UK has always come up with the statement of free and open global trade with the rest of the world and has also given priority to economic vulnerable, developing and least developing countries by stating "Focusing on trade as an engine for poverty reduction" on top of the list of economic development strategy, how much and till what extent is still a question mark, being the UK's economy orientation is mainly towards the production of high tech intermediate to regional value chains and the provision of service. If these small states do not take a proactive role and seek opportunity lying at the front, may left behind.

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IMPACT OF GOODS AND SERVICE TAX ON INDIAN ECONOMY

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ABSTRACT

This paper analysis of impact of GST on Indian economy and what changes come in the Indian economy while it is applicable on the Indian market. GST is the only tax which affects the all sectors and section of our Indian economy. The goods and service tax is aimed at creating a single, unified market that will benefit for both corporate and the economy. Goods and Service Tax is an indirect tax which the Government of India is planning to levy on all goods and services apart from those exempted by the GST law. The GST laws will put an end to multiple taxes which are levied on different products, starting from the source of manufacturing to reaching the end consumer. This GST bill bring the benefits for the Indian economy uniformity in computing tax on goods and services, elimination of double taxation, transparent pricing, double income, aiding GDP growth and discouragement of black money.

KEYWORDS

Indian economy, goods and service tax.

INTRODUCTION

Goods and Services Tax" would be a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India, to replace taxes levied by the central and state governments. Goods and Services Tax would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method. This method allows GST-registered businesses to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. Taxable goods and services are not distinguished from one another and are taxed at a single rate in a supply chain till the goods or services reach the consumer. Administrative responsibility would generally rest with a single authority to levy tax on goods and services. Exports would be zero-rated and imports would be levied the same taxes as domestic goods and services adhering to the destination principle.

The introduction of Goods and Services Tax (GST) would be a significant step in the reform of indirect taxation in India. Amalgamating several Central and State taxes into a single tax would mitigate cascading or double taxation, facilitating a common national market. The simplicity of the tax should lead to easier administration and enforcement. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%-30%, free movement of goods from one state to another without stopping at state borders for hours for payment of state tax or entry tax and reduction in paperwork to a large extent.

Goods and Service Tax will be a game changing reform for the Indian economy by creating a common Indian market and reducing the cascading effect of tax on the cost of goods and services. It will impact the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilization and reporting, leading to a complete overhaul of the current indirect tax system. GST will have a far-reaching impact on almost all the aspects of the business operations in the country, for instance, pricing of products and services, supply chain optimization, IT, accounting, and tax compliance systems.

A GST Council consisting of representatives from the Centre as well as State will be formed within 60 days of the enactment of the Bill. The Council will make recommendations to the Union and the States on model Goods & Service tax laws, rates including floor rates with bands of goods & service tax, Place of Supply rules and any other matter relating to GST as the Council may decide. Reports of Joint Committee constituted by Empowered Committee of the State Finance Ministers on business processes of payment, registration refund and return under GST have been released and put in the public domain for suggestions.

The draft model GST Law was released and put in public domain in June 2016. GST Network, an IT backbone of GST, which will facilitate online registration, tax payment and return filing, will be launched. States will frame their respective GST Legislations to enable them to implement GST. It will be in line with the Central GST Legislation.

The scope to lower fiscal deficit in fiscal 2015 is limited given large roll-over of subsidies from last fiscal and little possibilities of implementation of GST within this year. Beyond that, however, implementation of GST could facilitate a much needed correction in fiscal deficit. In the base case, it is believed that partial GST – one that excludes petroleum goods is most likely. Even with this, fiscal deficit could correct to 3.3% of GDP by fiscal 2017. On the downside, a complete failure to implement GST would result in the fiscal deficit being higher at around 4-4.2% in fiscal 2016-2017.

OBJECTIVE OF GOODS AND SERVICE TAX

The main objectives of Goods & Service Tax (GST) would be to eliminate the cascading effects of taxes on production and distribution cost of goods and services. The exclusion of cascading effects i.e. tax on tax will significantly improve the competitiveness of original goods and services in market which leads to beneficial impact to the GDP growth of the country. It is felt that GST would serve a superior reason to achieve the objective of streamlining indirect tax regime in India which can remove cascading effects in supply chain till the level of final consumers.

IMPACT

GST will be a welcome change for the economy since it is expected to simplify the indirect tax structure in India. However, it is expected to have far-reaching impact on businesses. While the Constitution Amendment Bill has not yet been passed, at this stage, the businesses should prepare for GST by undertaking GST impact assessment study and have a high-level plan for the GST transition.

A study by the National Council of Applied Economic Research (NCAER) had estimated that roll out of GST would boost the India's GDP growth by 1 percent to 2 percent. Crisil had also reported that GST is the best way to mobilise revenue and reduce the fiscal deficit. GST has been commonly accepted by more than 140 countries in the world. Looking at the magnitude, GST is going to impact all sections of the society – from small time businessmen to huge conglomerates and from a developing state to a developed state in this country. The implementation of GST will give a boost to the growth engine pursued by the government.

SALIENT FEATURES OF GOODS AND SERVICE TAX

1. GST shall have two components: one levied by the Center (referred as CGST), and the other levied by the States (referred as SGST).
2. CGST and SGST would be applicable to all transactions of goods and services made for a consideration except the exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits.
3. CGST and SGST are to be treated separately; taxes paid against the SGST shall be allowed to be taken as input tax credit (ITC) for the Central GST and could be utilized only against the payment of CGST.
4. The Center and the States would have concurrent jurisdiction for the entire value chain and for all taxpayers on the basis of thresholds for goods and services prescribed for the States and the Centre.
5. The problem related to credit accumulation on account of refund of GST should be avoided by both the Centre and the States except in the cases such as exports purchase of capital goods, input tax at higher rate than output tax etc. where, again refund/adjustment should be completed in a time bound manner.
6. Taxpayer would need to submit periodical returns, in common format as far as possible, to both the Central GST authority and to the concerned State GST authorities.
7. Each taxpayer would be allotted a PAN-linked taxpayer identification number with a total of 13/15 digits. This would bring the GST PAN-linked system in line with the prevailing PAN-based system for Income tax, facilitating data exchange and taxpayer compliance.
8. Cross utilization of ITC between the Central GST and the State GST would not be allowed except in the case of inter-State supply of goods and services under the IGST model which is explained later.

REPLACEMENT OF TAXES BY GST

CENTRAL TAXES

Central Excise Duty [including additional excise duties, excise duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955]
Service tax
Additional Customs Duty (CVD)
Special Additional Duty of Customs (SAD)
Central Sales Tax (levied by the Centre and collected by the States)
Central surcharges and cesses (relating to supply of goods and services)

STATE TAXES

Value-added tax
Octroi and Entry tax
Purchase tax
Luxury tax
Taxes on lottery, betting and gambling
State cesses and surcharges
Entertainment tax (other than the tax levied by the local bodies)
Central Sales tax (levied by the Centre and collected by states)

CHALLENGES FOR GOODS AND SERVICE TAX

GST is meant to simplify the Indian indirect tax regime by replacing a host of taxes by a single unified tax, thereby subsuming central excise, service tax, VAT, entry tax, etc. However, there is a plethora of challenges before the government for its successful implementation. Some of these are highlighted below:

GST Constitutional Amendment Bill was passed by the Lok Sabha in May 2015. However, the government faced tremendous political set-backs and failed to get it passed in the Rajya Sabha during the monsoon and the winter sessions last year.

Once this is achieved, another Herculean task would be to get the GST Bill passed by the respective state governments in state assemblies. The government would also be required to put the GST bill in the public domain and give sufficient time to all stakeholders to comprehend and give their views on the bill.

A large part of the success of GST depends on two prominent factors – 'RNR' and 'threshold limit' for GST. RNR, ie the Revenue Neutral Rate, is the rate at which there will be no revenue loss to the government after implementation of GST. Needless to mention, RNR will impact India Inc adversely, if it is unduly higher than the present tax structure. Based on the study conducted by National Institute of Public Finance and Policy (NIPFP), RNR was decided at 27 percent. However, recently the Economic Advisor Panel recommended an RNR of 15 percent to 15.5 percent, ie a lower tax rate of 12 percent and a standard tax rate of 17 percent to 19 percent.

Further, the threshold limit of turnover for dealers under GST is another bone of contention between the government and the Empowered Committee, aiming to broaden the tax base under GST.

Another factor that will impact the success of GST is the robust IT backbone connecting all state governments, trade and industry, banks and other stakeholders on a real-time basis. The government has already incorporated an SPV viz. – Goods and Services Tax Network (GSTN), which has to develop a GST portal – front-end system for trade and industry and back-end system for all government agencies. GSTN will ensure technology support for registration, return filing, tax payment, IGST settlement, MIS and other dashboards on GST portal to all the stakeholders.

GST is quite different from the existing indirect taxation system in the country. For effective implementation of GST, tax administration staff – both at central and state levels – would require to be trained properly in terms of concept, legislation and procedure. The tax administration staff would also need to change their mindset, approach and attitude towards the tax payers. And for this, they would have to 'learn, unlearn, and relearn' the GST not only in letter but in spirit too.

As per the Constitutional Amendment Bill placed in the Lok Sabha, it was proposed that states would be allowed to levy an additional 1 percent non-vatable tax on inter-state supply of goods for the initial two years, in order to compensate the states for loss of revenue while moving to GST. This was supported by a few states, while a few others criticised the same. However, recently the Empowered Committee recommended abolition of the additional tax. There is no clarity on the same yet.

The taxing events of 'manufacture under central excise', 'sale under VAT' and 'provision of service under service tax' will converge into one taxing event of 'supply' under GST, ie GST will be levied on the event of supply of goods or services. The 'Place of Supply Rules' will thus form an important factor to determine the place of provision of goods or services.

These are some of the major challenges before the government and the industry, ahead of the actual implementation of GST.

BENEFITS OF GOODS AND SERVICE TAX

1.) BENEFITS FOR CENTRAL AND STATE GOVERNMENT

- **Simple and Easy to administer: -** Multiple indirect taxes at the central and the state level are being replaced by GST. Backed with a robust end to end system, gst would be simpler and easier to administer than all other indirect taxes of the center and state levied so far.
- **Better control on leakage: -** GST will result in better compliance due to a robust infrastructure. Due to seamless transfer of input tax credit from one stage to another in the chain of value addition there is an in built mechanism in the design of GST that would incentivize tax compliance by trader.
- **Higher Revenue Efficiency:-** GST is expected to decrease the cost of collection of tax revenues of the government and will therefore lead to higher revenue efficiency.

2.) BENEFITS FOR THE CONSUMER

- **Single and transparent tax proportionate to the value of goods and services:-** Due to multiple indirect taxes being levied by the center and state with incomplete or input tax credit available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST there would be only one tax from the manufacturer to the consumer, lading to transparency of taxes paid to the final consumer.
- **Relief in overall tax burden:-**Because of efficiency gain and prevention and leakage, the overall tax burden on commodities will come down, which benefit consumers.

3.) BENEFITS FOR BUSINESS AND INDUSTRY

- **Easy Compliance:-** A robust and comprehensive it system would be the foundation of the GST regime in India. Therefore all taxpayer services such as registration, returns, payments etc. would be available to the tax payer online, which would made compliance easy and transparent.
- **Uniformity of tax rate and structure:-** GST will ensure that tax rate and structure are common across the country, thereby increasing certainty and of ease of doing business. In other word GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.
- **Removal of cascading:-** A system of seamless tax-credits throughout the value chain, and across the boundaries of states, would ensure that there is minimal cascading of taxes. This would reduce the hidden cost of doing business.
- **Improved competitiveness:-** Reduction in transaction cost of doing business is eventually lead to an improved competitiveness of the trade and industry.
- **Gain to manufacturers and Exporters:-** the subsuming of major central and state taxes in GST, complete and comprehensive set-off input goods and services and phasing out of Central sales tax(CST) would reduce the cost of locally manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedure across the country will also go a long way in reducing the compliance cost.

CONCLUSION

In the light of the empirical conclusions developed in this paper, it seems appropriate to conclude by briefly noting the policy implications of the results.

In the first place, the macroeconomic impact of a change to the introduction of the GST is significant in terms of growth effects, price effects, current account effects and the effect on the budget balance.

Secondly, in a highly developed open economy with a high and growing service sector, a change in the tax mix from income to consumption-based taxes is likely to provide a fruitful source of revenue.

Thirdly, the aggregate consumer price impact of the introduction of the GST in India on the macro-economy was both limited and temporary. Finally, despite falling outside the limited focus of this short note, we should record that some impact has also occurred in the administrative component of the compliance cost of the GST as well as a likely increase in tax revenue from the “underground” or “black” economy.

The task of fiscal consolidation for this government will not be easy. There will be little scope to cut overall expenditure, as it has already been trimmed sharply in the last 2 years. The government must instead focus on switching expenditure from unproductive subsidies towards spending on sector such as health, education and infrastructure. The only way to reduce fiscal deficit, therefore, is to raise revenues as a share of GDP. To do so, the government must implement structural tax reforms such as GST, improve tax compliance and widen tax coverage.

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