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STATEMENT OF THE PROBLEM
OBJECTIVES
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RESEARCH METHODOLOGY
RESULTS & DISCUSSION
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FAMILY AND FINANCIAL PROBLEM FACED BY WOMEN ENTREPRENEUR WITH SPECIAL REFERENCE TO UJJAIN DISTRICT

MAMTA SHARMA (PANDYA)
RESEARCH SCHOLAR
VIKRAM UNIVERSITY
UJJAIN

MAHESH SHARMA
PROFESSOR & PRINCIPAL
GOVERNMENT KALIDAS GIRL'S COLLEGE
UJJAIN

ABSTRACT
Though we are in the 21th century today, every platform announces new policies for women advancement every day, it is accepted that the success of a society or country is impossible without the partnership of women, still when it comes to the problem of women entrepreneur, the situation is the same today as it was many decades ago. The educated Indian women have to go a long way to achieve equal right and position because traditions are deep rooted in Indian society where the sociological set up has been a male dominated one. But it is well-known fact that the management quality is inborn in women because they manage their house very well. In terms of increased educational status of women and varied aspiration for better living necessitated a change in the life style of Indian women. Then, what are those reasons due to which leaving some exception. This research paper discusses some of the major problems which influence the growth of women entrepreneur units in Ujjain. For analytical purpose family and Financial problems/ obstacles/ barrier of women entrepreneur are taken into accounts.

KEYWORDS
Ujjain district, financial problem, women entrepreneur.

1. INTRODUCTION
Women entrepreneurs are not proving successful like male entrepreneur probably the main reason behind this is the various problems or liabilities of women which the male entrepreneur does not have to face. The male entrepreneurs are usually troubled by basic problems. But along with, the women entrepreneur has to struggle with various other external and internal problems.

The emergence and development of women enterprise unit has an impact on the overall enterprise development in India. In simple terms, growth implies strength and stamina and it enables a business enterprise to face, challenges, problems, opportunities. Growth also ensures the survival of the business even in adverse times. The influencing factors may have both a positive a taken into and a negative impact on the growth of women entrepreneur. Women not only face problems as entrepreneur but as women themselves. And therefore compared to men the problems of women entrepreneurs are numerous. The problems range from mobilizing various resources including problem of capital, technical, problem of land/ shed/ water/ taxes, problem of family support as well as problem of government support and the like. Hence their problems arise both from within and outside and also differ from many and similar to all, whereas for some other it is more specific and related to the line of activity of the enterprise. Some have the obstacles of the external environment; whatever be the problems there is no prescribed formula to deal with them. The problem has to be dealt with them by the entrepreneur themselves otherwise it would affect the working of the enterprise itself. Efficient and timely handling of the problem leads to their success.

2. OBJECTIVES OF THE STUDY
1. To study the family problem of women entrepreneur.
2. To study the financial problem of women entrepreneur.

3. LITERATURE REVIEW
Bakker and Schaufeli (2005), pressures from the job and family domains are often incompatible, giving rise to imbalance. Therefore, the concept of WLB along with its implications is a core issue that must be investigated as more women become entrepreneurs in Indian society. [1] Dilip Kumar (2006) has elaborated on some of the issues faced by entrepreneurial women, such as a shortage of finances, male dominance, limited mobility, a lack of education, required motherly duties and a lack of achievement motivation.[2] Nayyar et al. (2007) suggested that Poor location of unit, tough competition from larger and established units, and lack of transport facility, lack of rest and sleep and non-availability of raw material were the significant problems faced by entrepreneurs. The factors causable to these problems were; difficulty in affording own vehicle, not being popular, heavy schedule of work and long working hours [3]. Singh (2008) identify the reason and the influencing factors behind the entry of women in entrepreneurship. He explains the characteristics of their business in Indian context and also obstacles and challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneur social acceptance as women entrepreneur family responsibility, gender discrimination, missing network, low priority, given by bankers to provides loan to women entrepreneur[4]. Vatharkar (2012) examined the problems faced by women entrepreneurs in Pune district at various levels in their journey as entrepreneurs and also found the factors motivating these women to become entrepreneur. The study found that women entrepreneurs face lots of problems at start-up as well as operating stage like, role conflict, lack of motivation, lack of finance, maintaining balance between work and family life, discriminating treatment, understanding government rules and regulations, etc. Further, it is noted that these women entrepreneurs are both "willing" as well as "forced" entrepreneurs. For some of them, factor motivating to start their own enterprise is to support family financially, while for some of them it is the urge to be economically independent[5]. Parveen, 2013: Development of Rural Women Entrepreneurs by Workshop Training is being planned and it is found that workshops controlled by different NGO's helped rural women to offer financial support, business education and mentorship. The study analyze that trained rural women entrepreneurs have good business skill and abilities. Hence, they can easily entree to the different markets and start business on sustainable root. As far as untrained rural women are troubled, they have to face a lot of problem in managing their business. Another outcome of this study is that the unmarried rural women entrepreneurs that they can face another problem to take bank loans because there is a possibility of change of their living destination after marriage. So that the unmarried women entrepreneurs when getting married that have more difficulty for the business because they have to bear double responsibilities, at their home and at work. In current scenario the percentage of unemployment among qualified and educated women is increasing in rural areas, it is necessary to support and promote rural entrepreneurship as it will create more opportunities for rural societies[6]. Senthilkumar, Vasantha and Varadharajan, 2012: Male dominated society and women are not treated as one and the same partners both inside and outside four walls of the house. A study on women entrepreneurship development is managed and it is found that the Indian women enjoy unfavourable status, literacy rate of the women is low in the society, low work participation rate and our old traditions and limitations arresting to women within four walls of their houses also make their situations for the unfavourable. These factors combine to serve as non-conductive condition

for the development of women entrepreneurship in the country. The entrepreneurship development program of rural women is expectedly low in India. This shows that very limited percentages of women are involved in the total selfemployed persons in India.[7]Ramasethu (2015) studied the difficulties and issues tackled by urban working females in India and found that women undergo psychological and physical pressure, lack of suitable balance between employment and family maintenance, unfair management in the place of work, tensioned life and work place discernment. [8]

4. FAMILY PROBLEM

In India, mainly a women duty is to look after her children and manage the other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her work and family. Her total involvement in family leaves little or almost no time or energy to be diverted for the business activities. Support and approval of husbands seems to be necessary condition for women entry into business. Accordingly, the educational level and family background of husbands also influence women participation in the field of enterprise.

4.1 PROBLEM OF FAMILY TIES

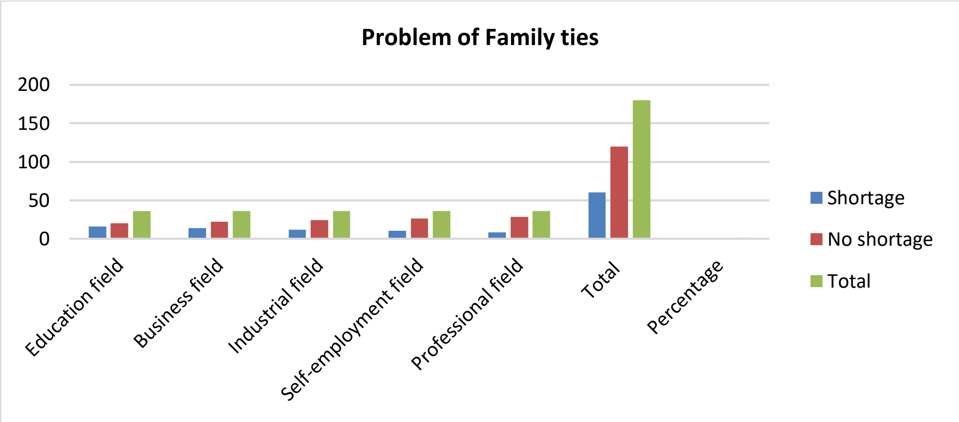
Women in India are very emotionally attached to their families. They are supposed to attend to all family work, to look after their children and other family members. The family member always thinks that the woman of the family doesn't go any were. They are over burden of the various responsibilities like extra attention to their children, husband and other member of the family. They spent their lot of time and energy to their family. It will be very difficult to handle and run such enterprise successfully. Through the survey researcher may find that there is a family ties with the family

TABLE 4.1: PROBLEM OF FAMILY TIES

Category	Educational field	Business field	Industrial field	Self-employed field	Professional field	Total	Percentage
Ties	25	22	26	20	19	112	62%
Unties	11	14	10	16	17	68	38%
Total	36	36	36	36	36	180	100%

Source: primary data

FIGURE 4.1



There are many problems to run or concentrate on your enterprise. Some of issues are created by the family in front of women. In such issues family ties between the women and their family member may be created. By the survey it may be find that there is main problem of family ties. It may be observed that the table 4.1 shows that 112 respondents out of 180 say that there is a family ties between the family and women work. The respondent said that sometime it will very typical to run the enterprise. Because family can't help in the enterprise. They give more emphasis to family ties and relationship. They said that business success also depends on the supports of the family members extended to women in the business process. And 68 respondents said that there is no issue of family and women.

4.2 PROBLEM OF FAMILY OBLIGATION

Family obligations also a barrier of women for becoming a successful entrepreneur in both developed and developing country. It has been seen that many women take one step to self-employment or industrial or business field to gain more control over their time. But to run all those fields it takes long hours, but because of family responsibility and children care are frequently seen as women duties, many business women face conflict in their work and family commitment. It is common to find women owner of an enterprise. Particularly those are mother, displaying the feeling of guilt because they do not fulfil the traditional women role. Sometimes it may see that there is conflict between the work of women entrepreneur and family obligation. The table shows that the family obligation arises or not to the women entrepreneur of Ujjain district.

TABLE 4.2: PROBLEM OF FAMILY OBLIGATION

Category	Educational field	Business field	Industrial field	Self-employed field	Professional field	Total	Percentage
Obligation	26	24	25	20	21	116	64%
No obligation	10	12	11	16	15	64	36%
Total	36	36	36	36	36	180	100%

Source: primary data

FIGURE 4.2

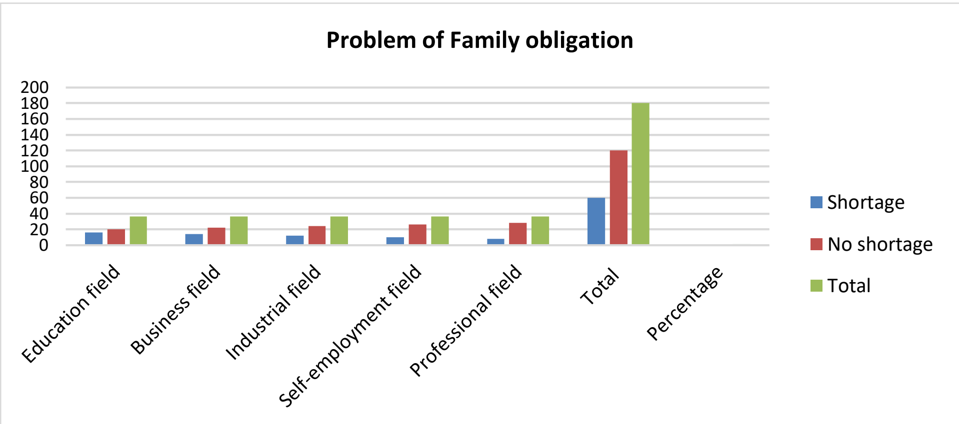


Table 4.2 shows that women entrepreneurs have a problem of family obligation. Because the family members think that the women can't take care the home and family. 116 respondent say there is a family obligation and 64 respondents said that is no obligation.

4.3: PROBLEM OF DOMINATION BY HUSBAND

Category	Educational field	Business field	Industrial field	Self-employed field	Professional field	Total	Percentage
Dominated	20	24	20	25	18	107	59%
Not Dominated	16	12	16	11	18	73	41%
	36	36	36	36	36	180	100%

Source: primary data

FIGURE 4.3

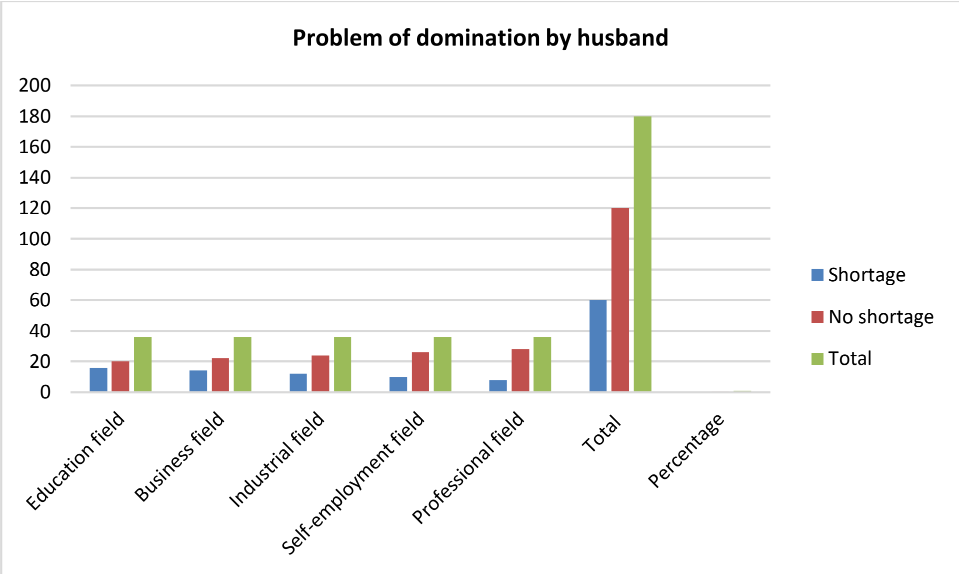


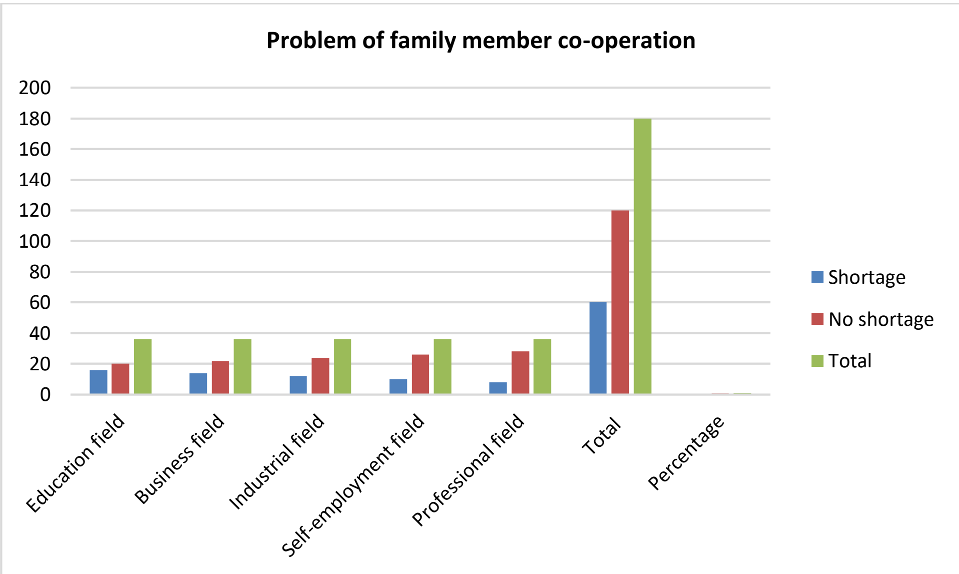
Table 4.3 shows that the women entrepreneurs have a problem of domination by husband and other family member. Out of the total respondent, 107 respondents are dominated by the husband and their family members. Most husbands create several problems in front of women entrepreneurs. They observed that they are exploited by the family members and their husband. As they become busy due to the expansion of her business, or start their enterprises it results in increased burden of household chores on her family members. And 73 respondents say that they don't dominated by their husband and family member. All are they help in their business.

TABLE 4.4: PROBLEM OF FAMILY MEMBER CO-OPERATION

Category	Educational field	Business field	Industrial field	Self-employed field	Professional field	Total	Percentage
Co-operation	11	14	16	12	17	70	39%
Non-cooperation	25	22	20	24	19	110	61%
Total	36	36	36	36	36	180	100%

Source: primary data

FIGURE 4.4



The table 4.4 show that the family member can cooperate with the women entrepreneur or not. it is one of the important obstacles. Out of the total respondents 110 of respondent says that there is lack of cooperation with the family members. They face the lack of cooperation of their family members, and 70 respondents have said that there is co-operation with their family members. They said that the family members help in the enterprises. They cooperate with them.

5. FINANCIAL PROBLEM

Finance is the foundation of business. It is a life blood of business. No business can be started without neither finance nor is its development possible. The success of business depends upon sufficient finance and its effective management.

Women entrepreneur face a series of problems right from the beginning till the enterprise functions. Being a woman itself possess various problem to a women entrepreneurs. The problem of Indian women pertains to her responsibility towards family society. Women entrepreneur suffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institution are not coming forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and more chances of failure. Usually women entrepreneur faces the problem of shortage of finance. At the time of starting as well as during operation of their business enterprises problem of getting loan and subsidy and margin money requirement, time taken to process loan etc. Availing the financial assistance to the women entrepreneur is also a big problem. Most of the entrepreneurs rely on family finance or at the maximum on partners and friends. Even among the few who sought financing from external sources it was found that it is a major problem.

Finance is a critical resource for venture creation. It is very important that women entrepreneurs have adequate knowledge and information of the various financial institution which are rendering financial incentives and many other help for the women entrepreneurs in the region. Financial problems faced by women entrepreneur are of various types like; problem of liquidity, inadequate credit, gender discrimination at the time of sanction of loans, poor loan proposal, high rate of interest, lack of fixed capital etc.

Finance can be provided by the banks and institutions extend their maximum support in the form of incentives, loan, schemes etc. Even then every women entrepreneur may not be aware of all the assistance provided by the institution. Adequate financial support accelerated the success of an enterprise. If an entrepreneur is unable to mobilize the needed finance, her dream will not come true. Finance is essential to start as well as to run a business enterprise. Most of the women entrepreneurs are facing financing problem at the time of starting as well as during of their business enterprise. So the sincere efforts taken towards women entrepreneur may not reach.

5.1 PROBLEM OF OBTAINING THE START-UP CAPITAL

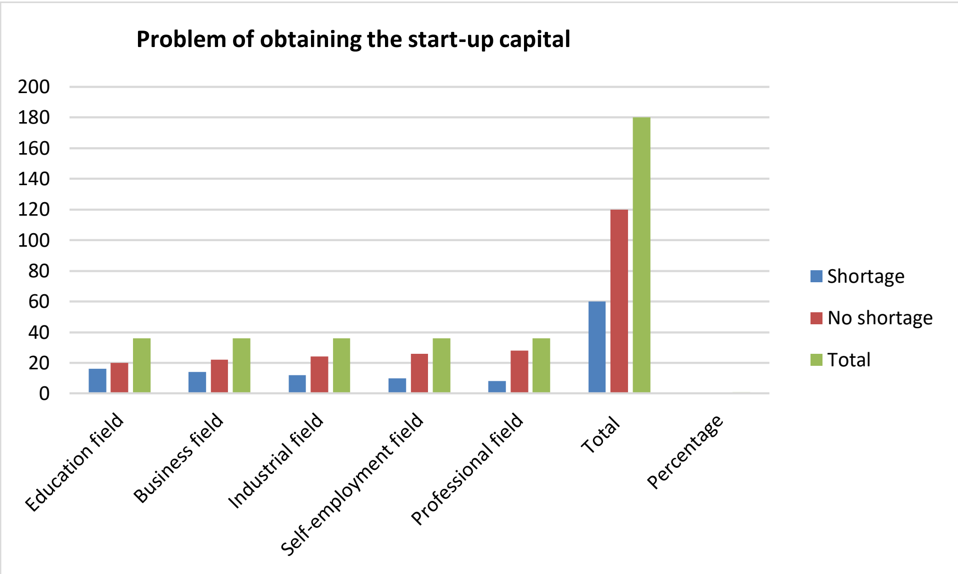
Women entrepreneur always suffer from inadequate financial resources and working capital. They lack access to external funds due to absence of property. Because women do not have property in their names. Getting sufficient money to start a business was considered to be the biggest hurdle face by women. However, fewer women saw the financing of their business as a problem- possibly because women tended to start business ventures which were more modest in nature. Below table shows the problem /obstacle in front of women entrepreneur sometime its minor or sometime it major.

TABLE 5.1: PROBLEM OF OBTAINING THE START-UP CAPITAL

Category	Education field	Business field	Industrial field	Self-employed field	Professional field	Total	Percentage
Minor obstacle	12	16	14	18	20	72	40%
Major obstacle	24	20	22	18	16	108	60%
Total	36	36	36	36	36	180	100%

Source: Primary data

FIGURE 5.1



The table 5.1 shows that according to problem obtaining the start-up capital is different in all fields. We take educational field 24 respondents have faced the problem in obtaining start- up capital and accept it as a major obstacle. And in that 12 respondent said there is no problem to obtaining the start-up capital and accept as minor obstacles. 20 respondents also faced the problem in obtaining of start-up capital in business field. Entrepreneur feels major obstacle and 16 respondents feel it is a minor obstacle. In industrial sector 22 respondent find it is a major obstacle, 14 respondent find it is a minor obstacle. In industrial sector, the entrepreneur needs more capital to invest in plant and machinery and more space for factory. In self- employment and professional sector women entrepreneur relatively feel less painful the difficulty of obtaining capital to start their enterprise. In self- employment sector there is equal ratio of obtaining the start- up capital, in which 18 respondents has feel major obstacle and 18 respondent felt minor obstacles. And in professional sector 16 respondent said that it is a major obstacle to obtaining the start- up capital and 20 respondent said that there is minor obstacle to obtaining the start-up capital.

5.2 PROBLEM OF AWARENESS OF FINANCIAL SCHEMES AND FACILITIES

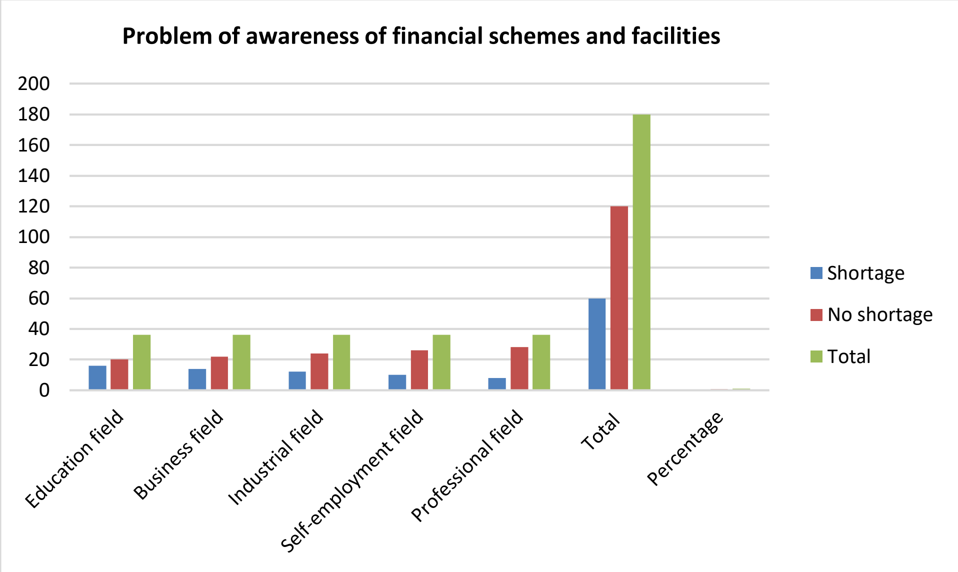
Sometime women entrepreneur doesn't have the knowledge about different financial schemes (yojana) and facilities. It is also considered as a big hindrance for them as they are unable to take the advantage of these yojana and facilities.

TABLE 5.2: PROBLEM OF AWARENESS OF FINANCIAL SCHEMES AND FACILITIES

Category	Education field	Business field	Industrial field	Self-employment field	Professional field	Total	Percentage
Awarness	10	11	09	15	19	64	35.55%
Unawarness	26	25	27	21	17	116	64.44%
Total	36	36	36	36	36	180	100%

Source: Primary data

FIGURE 5.2



With women entrepreneur it may happened that they have inadequate dissemination of information by appropriate authorities. It may be inferred from the information that various schemes offered by governments other financial institution and banks are not availed by the deserving women entrepreneur. The table 5.2 shows that 64 respondents don't consider that this lack of awareness about financial schemes (yojana) is a problem as many of them depend on their own source of finance. Activity wise information knows that 26 respondents of education sector, 25 respondents of business sector, 27 respondents of industrial sector and 21 respondents of self-employment sector and 17 respondents of professional sector are facing the problem of unawareness of financial schemes and facilities to large extents.

TABLE 5.3: PROBLEM OF ASSISTANCE FROM GOVERNMENT

Assistance from government	Education field	Business field	Industrial field	Self-employment field	Professional field	Total	Percentage
No assistance	26	25	27	21	17	116	64%
Assistance	10	11	09	15	19	64	36%
Total	36	36	36	36	36	180	100%

Source: Primary data

FIGURE 5.3

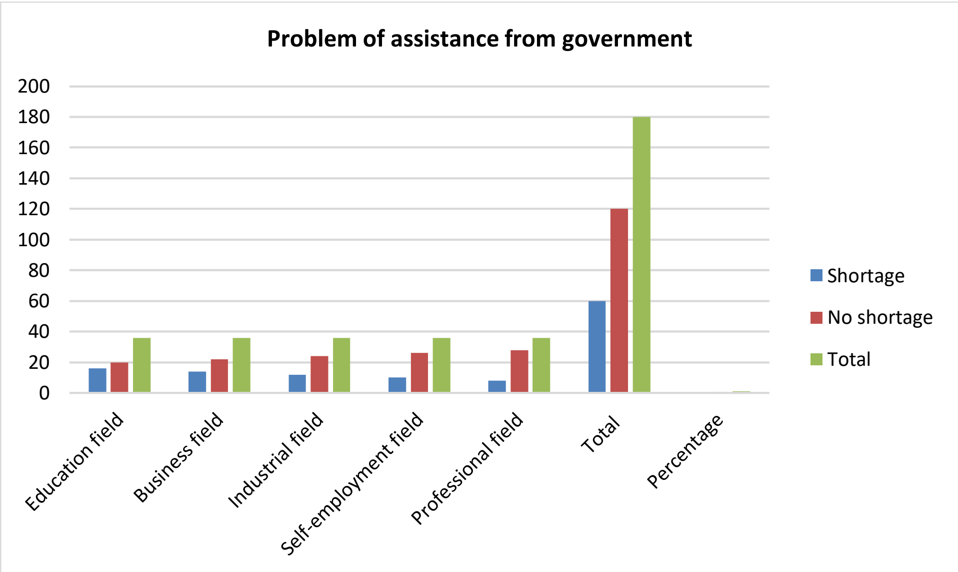


Table 5.3 shows the reveals that majority (64%) of women entrepreneur do not take any kind of assistance from the Government. During the study it was observed that (36%) of respondents take assistance for their enterprises. The policy implication foe this are that government should provide lucrative and beneficial assistance to the women entrepreneur so that they take more and more assistance. Micro and small women entrepreneur do not know where to go for the help of government assistance. They faced the problem of insufficient government assistance. But the medium entrepreneur said that they know which government office has to go for government assistance.

5.4 PROBLEM OF WORKING CAPITAL

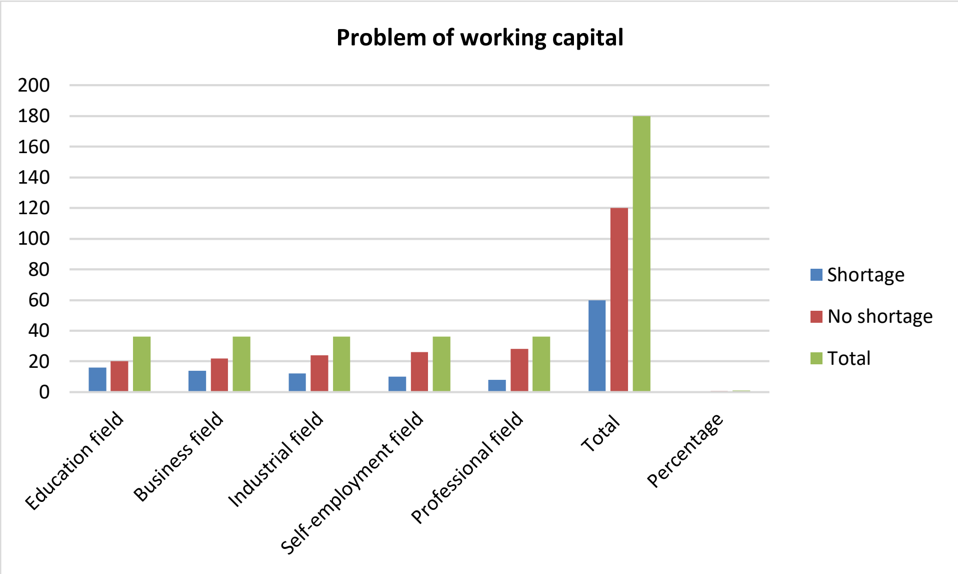
Shortage of finance is also a main problem of women entrepreneur. Women entrepreneur facing the problem of shortage of finance. Firstly, they start their enterprise than after to run properly their enterprise it's very important sometimes they have the shortage of finance. So the responses in this regard are as follow:

TABLE 5.4: PROBLEM OF WORKING CAPITAL

Category	Education field	Business field	Industrial field	Self-employment field	Professional field	Total	Percentage
Shortage	16	14	12	10	08	60	34%
No shortage	20	22	24	26	28	120	66%
Total	36	36	36	36	36	180	100%

Source: Primary data

FIGURE 5.4



The table 5.4 shows that out of 180 sample respondent surveyed 60 women entrepreneur are facing the problem of shortage of finance to a large extent and 120 respondent says finance is not posing any problem in their entrepreneur journey. In activity wise information reveals that, 16 women entrepreneur of education sector, 14 women entrepreneur of business sector, 12 women entrepreneur of Industrial sector, 10 women entrepreneur of self-employment sector and 08 women entrepreneur of professional sector are facing the problem of shortage of finance to a large extent and expressed it as their major problem. This problem is considered a minor problem by 20 respondents of education sector, 22 respondent of business sector, 24 respondent of industrial sector, 26 respondents of self-employed and 28 respondent of professional sector, finance is not a problem in any form. There is no shortage of finance in working capital.

6. CONCLUSION

It can be said that today we are in a better position where in women participation in the field of entrepreneurship is increasing at a considered rate. Effort are being taken at the economy as brought promise of equality of opportunity in all sphere to the Indian women and laws guaranteed equal right of participation. There are a number of obstacles to women owned businesses that need to be addressed. Women entrepreneur which need to be tackled in the near future, social security, lack of capital are problems of traditional thought it's hard to strive in male dominated society. The women owned enterprise, which was not able to withstand competition, has gradually become sick.

The study shown that women entrepreneurs are facing the various challenges in front of them although many women have a good potential to become for proving good entrepreneurs. Women entrepreneurs can contribute a lot for the overall economic development of India. Efforts are being taken at the economy as well as global level to enhance women involvement in the enterprise sector.So it is the requirement of time to continue with the trend on educating the women, spreading awareness and consciousness among women to shine in all the fields, making them to aware about their rights and strengths.

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A STUDY ON IMPLICATIONS OF PROPOSED GST ON SME

Dr. N. V. KAVITHA
HEAD
DEPARTMENT OF COMMERCE
ST. ANN'S COLLEGE FOR WOMEN
MEHDIPATNAM

N. SUMA REDDY
LECTURER
DEPARTMENT OF COMMERCE
ST. ANN'S COLLEGE FOR WOMEN
MEHDIPATNAM

ABSTRACT

Indirect tax collection a Complex Tax structure in India, comprising of VAT & CENVAT levied by Governments, a comprehensive law which will set into motion irreversible tax reforms and mark a paradigmatic shift in the Indian taxation system. In this context Goods and Services Tax (GST) is an ultimate replacement for present system to ease formation of unified tax market in India. GST, 'A Master stroke' to promote "Make in India" since Independence with an effort to restructure India's fragmented tax system. GST is to premeditate & sustain to augment the economic development & anticipated to flatten away wrinkles of present tax system. Implementing GST by April 2017 will bequeath stimulus to SME sector & will have positive implications in boosting the economic growth. SME's Manufacturing sector constitutes about 90% of the industrial units in India (IBEF data) recognized by the Govt. as core drivers to realize the "Make in India" vision. The startups and SME will have positive implications as this GST structure will offer taxes at lower rates with higher exemptions to new business with turnover between ₹10 to ₹50 Lakhs whereas SME's in the service sector will not have any exemption or concessions but total tax liability will diminish to 20% from present 27-31%. Unified GST Tax regime provides to create single market & positively increase growth by 2%. SME sector are exempted from paying excise duty, but liable to pay full rate of GST, if annual taxable turnover is upto ₹1.5 Crores will upsurge to stiff competition providing relief to SME in tax rates from 25% to 18%. In this context, present research paper attempts to examine the implications of GST on SME and explore Government initiatives to implement GST. SME to be watchful for associated challenges like - increase in compliance costs & alignment of IT systems with new processes. Thus for the SME, GST heaves a blend of opportunities and challenges to reconnoiter.

KEYWORDS

GST, implications on SME, opportunities, government initiatives.

INTRODUCTION

For a developing country like India, there is a need to reduce corruption, increase economic welfare and increase standard of living of the individual-the implementation of GST is profitable to both Government and public. The GST is not totally a new initiative for India and is anticipated to bring about an economic integration of Indian economy which will help consolidate and streamline the process of indirect taxation and make it easier and effective. GST implies fine tuning of shortcomings and rectification of the existing VAT system by making an attempt to improve Indian economy and the individuals therein. GST is more comprehensive, transparent and smoother in its functioning. Every state in India from commencement has switched from multi-point sales tax to Value Added Tax (VAT). "The challenges faced due to a complicated tax system on business transactions has been debated for a long time" said R Narayan, Founder and CEO, Power 2SME. This tax will be levied on manufacture, sale and consumption of goods as well as services at the Central and State government levels. "The distinction between Goods and Services will be reduced gradually, thereby making tax compliances easier," he added. GST would be payable on price actually paid or payable, termed as "transaction value", which will include packing cost, commission, and all other expenses incurred for sales. This tax will be payable at the final point of the consumption. The GST will have two components – the Central GST and the State GST, thus, empowering both the State and Central government to legislate and administer their respective taxes.

With the passage of the uniform GST in Rajya Sabha, the small and Medium Enterprises (SME) in the country are caught in a state of Flux as the General perception is that, GST may negatively impact SME as aspects like Excise exemption will disappear when GST Rolls out. "SME in the service sector enjoys no exemption or concessions. Concessions are only for the SME manufacturers. GST would be good for the industry especially manufacturing sector as the total tax incidence in every product that we manufacture in India is between 27 to 31% which is supposed to come down to 20%. Hence the feeling that SME is going to be negatively impacted by GST is a myth.

Owing to lack of infrastructure SME and Startup are unable to do stock transfer and get goods through inter-state sales and end up paying central sales tax on them. In this respect GST brings SME and Startups at par with big corporates by taxing Stock transfers as well. In this context the present research paper revolves round to study the implications of proposed GST on SME.

OBJECTIVES

1. To study the Implications of proposed GST on SME.
2. To examine the opportunities of Startups in SME.
3. To investigate GST impact on government Initiatives on SME.

RESEARCH METHODOLOGY

The research tool adopted is an exploratory research where the data is extracted from secondary sources- Journals, articles, newspapers, websites, government manual, Professional reports, magazines etc., keeping the objectives in view, descriptive type research design is executed to have more accurate information and the data is mostly extracted from secondary sources for research study.

SCOPE OF THE STUDY

The scope of this research study is confined to Positive and Negative implications of SMEs on the implementation of GST which brings economic integration in the country and boost GDP.

REVIEW OF LITERATURE

Ehtisham Ahmed and Satya Poddar (2009) studied, "Goods and Service Tax Reforms and Intergovernmental Consideration in India" and found that GST introduction will provide simplier and transparent tax system with increase in output and productivity of economy in India. But the benefits of GST are critically dependent on rational design of GST.

Dr. R. Vasanthagopal (2011) studied,"GST in India: A Big Leap in the Indirect Taxation System" and concluded that switching to seamless GST from current complicated indirect tax system in India will be a positive step in booming Indian economy. Success of GST will lead to its acceptance by more than 130 countries in world and a new preferred form of indirect tax system in Asia also.

Pinki, Supriya Kamma and Richa Verma (July 2014) studied, "Goods and Service Tax- Panacea For Indirect Tax System in India" and concluded that the new NDA government in India is positive towards implementation of GST and it is beneficial for central government, state government and as well as for consumers in long run if its implementation is backed by strong IT infrastructure.

Agogo Mawuli (May 2014) studied, "Goods and Service Tax-An Appraisal" and found that GST is not good for low-income countries and does not provide broad based growth to poor countries. If still these countries want to implement GST then the rate of GST should be less than 10% for growth.

Nitin Kumar (2014) studied, "Goods and Service Tax- A Way Forward" and concluded that implementation of GST in India help in removing economic distortion by current indirect tax system and expected to encourage unbiased tax structure which is indifferent to geographical locations.

GST ON SME's -"A MIXED BAG OF OPPORTUNITIES AND CHALLENGES TO EXPLORE"

SME's SECTOR

SMEs in the manufacturing sector-The burgeoning importance of SMEs in the manufacturing sector is due to their significant contribution to the key factors of the growing Indian economy. According to Small & Medium Business Development Chamber of India, SME play a vital role in the growth of Indian economy contributing 45 per cent of the industrial output, 40% of exports, 42 million in employment, creating one million jobs every year and producing more than 8,000 quality products for the Indian and international markets. SMEs are the biggest employment-providing sectors after agriculture, however SMEs, which constitute more than 90% of total number of industrial enterprises, are now facing a tough competition from their global counterparts due to liberalization, change in manufacturing strategies, technological changes, and turbulent and uncertain market scenario.

IMPLICATIONS OF GST ON SME's

Unified Tax regime bill passage by the parliament has a general opinion that GST may negatively impact SMEs on aspects like, excise exemption will disappear when GST rolls out and Small and Medium Enterprises (SME) in the country are held in a state of instability. However, that isn't completely true.

GST will have, progressive than undesirable impacts on Startups or SME:

- ✓ Reducing the logistic cost of the company producing non-bulk goods by 20%.
- ✓ Tax will be calculated on total basis as there will be no difference between sales & services
- ✓ Results in boosting GDP, reducing the fiscal deficit and contribute towards economic integration in the country.
- ✓ Input tax credit hurdle will be resolved with GST implementation.
- ✓ The process of paying tax will be made simpler by merging all taxes of different states and thereby eliminate the cascading effect of multiple Central & States taxes.
- ✓ Uniformity in Centralized registration process will facilitate the start of business smoothly
- ✓ Implementation of GST not only benefits new age business, but also attract more foreign investment from global market.
- ✓ Newly established business will enjoy higher exemption up to 25 lakhs which will help in reducing the tax burden.
- ✓ The liability to pay tax-will only be generated after the goods/ services reach to the customers as GST implies destination base tax system
- ✓ Wider base of SMEs: In the excise arena, the minimum exemption limit was ₹1.5 crores for the manufacturers, which has been substantially reduced to ₹20 lakhs to cover a major portion of SMEs in the GST bracket.
- ✓ Increase in customer base: Currently, SMEs restrict their trade to local purchases and sales, as they have to bear the tax burden on interstate sales for which they cannot avail the input set-off, thereby increasing their cost of production. This will no longer be the case under the new GST. Also, in the new GST regime, tax credits will be transferred irrespective of buyers' and sellers' location, which will allow the SMEs to expand beyond their local tax district.
- ✓ Dual tax rate: GST will operate as a dual tax rate (CGST & SGST) for local supplies, which will increase the intricacies of maintaining books of accounts and lead to additional audits from tax authorities.

The GST philosophy represents a shift in tax thinking, where tax incentives must be relied upon less and less to encourage particular segments of the industry. The tax rates must be low with fewer exemptions covering a larger tax base. The self-policing mechanism provided by the design of GST and the tracking of every transaction by the GSTN system will ensure a more level playing field for all units, whether big or small. Recent studies by the International Monetary Fund and World Bank have revealed that tax incentives do not confer any real benefit but merely distort the resource allocation. Expenditure switching from tax incentives to infrastructure spending could benefit small and medium units if regulatory mechanisms, loosening of the labor laws, and greater access to bank credits are made simpler which facilitates smooth conduct of business. Perhaps this new thinking in the GST may end up helping the small and medium units even more

OPPORTUNITIES OF STARTUP's IN SME's

With the launch of Prime Minister's ambitious Startup India mission India is progressing to become the next big startup nation. In the past few years, the Indian startup system has witnessed an immense growth. Despite several roadblocks, adoption of play-to-win approach by the young and enthusiastic entrepreneurs was all time high with the direct involvement of government in empowering startups which had a great impact of the entire system. Indian market in 2016 has witnessed market domination for startups, especially in the online retailing and service industry where high priced business entities have been created as environment in India for starting own venture has become conducive and a great deal of entrepreneurship opportunity India presents, more and more people are now prepared to take the leap and projected to be over 11,500 startups by 2020 which will see a sea-change in Indian Markets.

Many IIT-ians and MBA Freshers Opt for Entrepreneurship

The talented students from top colleges lining up to get placed in the startup or opted out from campus recruitment process, mostly, due to their growing interest to start their own ventures

Talent Is Inclined To Work With Startups

Challenging assignments, huge funding that brings huge compensation packages and an associated cool quotient are making startups a very lucrative place and attractive value proposition. Increasingly, a trend is being noticed where several mid-level officials are also quitting their jobs at big firms in order to work for startups.

Indian and Foreign Investors Making Huge Investments in Startups

The startup ecosystem is getting substantial support from foreign and Indian investors. In 2015, India saw almost 300+ active angels and VC/ PE players, who carried out more than 300 deals. Various VC/PE investments happened in the expansion stage. Moreover, according to a data, Indian startups raised around $6.5-billion (₹42,300 crore) billion from investors in the last year.

New opportunities in SME business

Indian business market in SME is enormous and fizzy with newer openings where an investment in any best small business opportunity promises lucrative returns and success in less time generating a prospect market for competitive advantage which benefits investors and entrepreneurs to a greater extent.

In India small business opportunity is exhilarating and pioneering with the passing of every year. Entrepreneurs who are interested to set up a SME business in India can explore many business ideas in retailing sector. However, investors planning to invest in this sector must ensure that they make a wide choice and use the resources available in the right way to reap the benefits.

IMPACT ON GOVERNMENT INITIATIVES ON SMEs

Present tax policy design for SMEs are disjointed, haphazard, non-coordinated initiatives taken by different tax agencies for different tax instruments A decision on the registration threshold is critical for micro and small business enterprises (MSEs); a low threshold will mean many millions of these tiny and small businesses will have to register for GST and be forced to comply with its onerous requirements and this is the time to come up with a comprehensive tax regime for small businesses, to really make 'Make-in-India' a success.

Some of the Government recent initiatives for SMEs which will boost the Sector and contribute towards growth of Indian economy;

- ✓ ASPIRE: A Scheme for Promoting Innovation and Rural Entrepreneurship
- ✓ Udyog Aadhaar: Ease of Registration Process through Udyog Aadhaar Memorandum (UAM)
- ✓ Digital Initiative
- ✓ Skill Mapping
- ✓ Revamped Coir Udyami Yojana (CUY) & Coir Vikas Yojana (CVY)

CONCLUSION

SMEs industrial sector is growing rapidly and have become a thrust area for future growth and witnessed sturdy growth over the past few years across various Industries like manufacturing, food processing, retail, pharmaceuticals and service sectors. GST is a radical shift where every member of the society and the business world will be affected with the smallest change in the tax chain leading to a domino effect, affecting the entire structure from the top to the bottom. However, from an SME perspective, GST will bring in many positives compared to the current systems such as easy process of availing input credit, single point tax, elimination of cascading tax system, and simpler taxation. On the other hand, Implementation of GST will lead to losing the fiscal autonomy of the State causing permanent revenue loss where the government has to compensate the losses for transition period. Despite its implications, GST being business friendly tax reform will have a double digit growth seeking to unify, integrate different tax structures to ensure transparency and efficiency by reducing the cost of the products thereby creating employment opportunities and strive to become startup capital of the world!!!

The rollout of GST will open a can of worms and Implications on SMEs across various sectors and the revolutionary tax regime will have varied acceptance from state to state. So it is better GST is implemented in a phased manner. Overall the new tax proposals under GST will have a mixed verdict. In crux, the GST effect on the entire Indian economy will have to be scrutinized in totality to reach a widely accepted conclusion.

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INDEPENDENT COMMISSIONER AND AUDITOR SWITCHING OF ASEAN ECONOMICS COMMUNITY

TOTOK BUDISANTOSO
LECTURER
UNIVERSITAS ATMA JAYA YOGYAKARTA
YOGYAKARTA

RAHMAWATI
PROFESSOR
UNIVERSITAS NEGERI SEBELAS MARET
SURAKARTA

BANDI
LECTURER
UNIVERSITAS NEGERI SEBELAS MARET
SURAKARTA

AGUNG NUR PROBOHUDONO
LECTURER
UNIVERSITAS NEGERI SEBELAS MARET
SURAKARTA

ABSTRACT

Purpose: Objectives of this research are to (1) examine factors that affect auditor switching (2) examine role of independent commissioner on factors that affect auditor switching in five countries of Association of Southeast Asian Nations (ASEAN) region.
Design/methodology/approach: This research use panel regression analysis. Auditee-related factors are audit opinion, management change, financial distress, ownership and independent commissioner. Auditor-related factor is audit firm reputation. Country-related factor is financial deepening. Research samples are manufacture companies in Indonesia, Malaysia, Singapore, Thailand and Philippine.
Findings: Audit firm reputation, foreign ownership, financial deepening, and interaction between audit firm reputation and independent commissioner affect auditor switching. Audit opinion, management change, financial distress, institutional ownership, managerial ownership, independent commissioner, interaction between audit opinion and independent commissioner, interaction between management change and independent commissioner, interaction between financial distress and independent commissioner, interaction between ownership and independent commissioner do not affect auditor switching.
Originality/value: This research will be information and extra literature to public accountant profession, regulators and scholars about role of independent commissioner as well as effect of micro-level and macro-level factors on auditor switching practices by companies, to draw up rules and ethical framework and clarify the literature on agency theory and professional ethics of auditors to face ASEAN Economics Community.

KEYWORDS
ASEAN, independent commissioner, auditor switching.

JEL CODES
O16, M42.

INTRODUCTION

Board of commissioners can be used as a measure of the implementation of corporate governance (Talley, 2009). As shareholders' representatives, board of commissioners have significant role in monitoring internal management, includes of financial reporting. One of monitoring of financial reporting by board of commissioners is giving external auditor recommendation to general meeting of shareholders. Based on auditor characteristics and internal management factors, board of commissioners will recommend auditor to general meeting of shareholders.

Effectiveness of commissioners depends on independent commissioner composition. Independent commissioners are personnel of board of commissioners who does not have significant relationship with company (including subsidiary, affiliate, and associate company), shareholders; they are not audit firm staff that do auditing process in the company as well (Man and Wong, 2013). Independent commissioner will recommend external auditor based on public interests.

External auditor provides value added in financial reporting process by improving the reliability and credibility and improve the quality of financial information. The role of auditor is prevention, detection, and reporting (Hudaib and Cooke, 2005). In order to maintain optimal service, external auditor should be independent, so he/she can provide objective opinion (Nasser et al., 2006).

Auditor faces many pressures in the audit process that can affect to auditor switching. It can be internal pressure in the form of self-interest threat (Hudaib and Cooke, 2005). This pressure, potentially, reduces the independence of auditor because client can switch to another audit firm. Other pressures come from management. Management expects the best opinion in any actual conditions faced by the company. To oversee and ensure thus opinion, management may provide intimidation. The concrete act of intimidation is threat of auditor switching (Chow and Rice, 1982).

Enron case is a picture that auditor switching is important. Accounting scandal of Enron happened because of ethics problem between management and auditor. Arthur Andersen act with no independence to let earnings manipulation and have effect on auditor switching as well (Dunner et al., 2008). It is proved by increasing of audit risk on ex-client of Arthur Andersen, not only client in US but client around the world as well (Srinidhi et al., 2012; Kealey et al., 2007; Cahan and Zhang, 2006). This case leads to formulation of business ethics standard; which are transparency of financial statement (Willits and Nicholls, 2014) and audit rotation (Nagy, 2005); as Sarbanes Oxley Act (SOX). Some countries use audit rotation of SOX as well as regulation of mandatory switching; such as Indonesia, Singapore, Thailand, Laos have regulated 5 years of audit rotation; Cambodia have regulated 3 years of audit rotation (AFA, 2014). Audit rotation leads to auditor switching.

Focus of auditor switching is auditor independence. Auditor switching will increase auditor independence (Junaedi et al., 2016; Elder et al., 2015). Increasing of auditor independence is important to provide high audit quality (Tepalagul and Lin, 2015). It is proved by increasing of audit tenure (low auditor switching) more likely to act not independently, because of strong personal relation between auditor and management, so objectivity of auditor will be lost (Junaidi et al., 2012).

Generally, there are two kinds of audit firm switching which are mandatory switching and voluntary switching (Hoyle, 1978). Mandatory switching is audit firm switching in a specified period based on government regulation, while voluntary switching based on initiative of client (Lin et al., 2009). Audit tenure regulated to prevents deep relationship, loyalty and emotional with client, so that can threaten independence, competences in evaluating audit evidence (Nasser et al., 2006). Tenure regulation depends on condition of each country such as macroeconomics factor (financial deepening).

Association of Southeast Asian Nations (ASEAN) economic community increasingly towards the establishment at the end of 2015 (AFA, 2014). The ASEAN economic community will be a powerful, competitive regional economic force with an aggregated Gross Domestic Product (GDP) of 2.5 trillion USD, as year of 2014, representing the third largest economic cooperation following the North American Free Trade Agreement (NAFTA) and the European Union (EU) (Lee and Jeong, 2016). ASEAN countries are working on improving integration through harmonization of regulations, reduction of trade barriers and the promotion of labor mobility between countries (AFA, 2014), including requirement of accounting and auditing.

Accounting and auditing profession is an essential component in the development of private sector, boost domestic investor confidence and the ability to attract foreign direct investment. It is important to increase public sector in achieving sustainable management of public finance and promoting of governance, accountability and transparency (AFA, 2014). These explanations show that role of the auditor is very important for development of ASEAN countries, including audit tenure, quality as well as auditor switching.

Generally, Indonesia and ASEAN region have a different cultural environment that influences different behaviors including in the context of business. Market discipline as the main economic models does not necessarily produce the same output with implementation in the western region. Behavior that is likely to be communal and close relation between persons affect business activities as well. Data between countries used in this study provide an opportunity to analyze the relationship of a country's financial characteristics (financial deepening) related to auditor switching.

Objective of this study is to examine effect of audit opinion, management change, audit firm reputation, financial distress, ownership, independent commissioner and country's financial deepening on auditor switching. This study will examine role of independent commissioner on effect of audit opinion, management change, audit firm reputation, financial distress, and ownership on auditor switching as well. This study will capture the phenomenon of auditor switching from aspects of corporate governance implementation, especially role of independent commissioner. Relationship between corporate governance and external audit is a central issue in agency relationship, especially in ASEAN region as the backbone of economic growth in the world.

REVIEW OF LITERATURE

Jensen and Meckling (1976) define agency theory as a contract between one or more parties (principal) that bind the other party (the agent) to carry out management of company based on interests of principal, including the delegation of decision-making authority to the agent. Principal will provide incentives for agent and pay monitoring cost (Jensen and Meckling, 1976).

Accounting has an important role in minimizing the agency cost as a result of a conflict of interest between principal and agent. The financial statements, as a result of the accounting process, which has been audited useful for reducing agency cost (Francis and Wilson, 1988). This argument provides an explanation of financial auditing can reduce agency cost as well. Auditing is one of assurance service that aims to improve the quality of information produced by the management. Value given by the audit is expected to moderate the potential conflicts of interest.

Board of commissioner have important role in minimizing the agency cost as well. Board of commissioners can be used as a measure of the implementation of corporate governance (Talley, 2009). As shareholders' representatives, board of commissioners have significant role in monitoring internal management and ensure that management will make decision consistent to principal interests.

Auditor switching is an audit firm switching by client company. It can be caused by some factors which are both of client and auditor factors. First, client-related factors, which are financial difficulties, management failure, changes in ownership and Initial Public Offering (IPO). Auditor switching can be carried out due to take over as well (Anderson et al., 1993). Based on Enron case, ex-clients of Arthur Anderson had to perform switching. They have higher skepticism in the process (Nagy, 2005). Second, auditor-related factors, which are audit fees and audit quality. In the non-profit corporation context, consideration to switching auditor is affected by the operating structure, reputation management, and audit fees (Tate, 2007).

Mandatory and voluntary auditor switching can be distinguished based on which party become concern from the issue. If auditor switching is done voluntarily, main concern is on client side. If the auditor switching is done mandatorily, main concern is on auditor side (Hudaib and Cooke, 2005). When client switch its auditors, and there are no switching rules, there will be auditor resignation or dismissal by the client. Indonesia, Singapore, Thailand, Laos have regulation of auditor switching in every 5 years; Cambodia in every 3 years; Philippine, Malaysia, Vietnam have no particular auditor switching regulation (AFA, 2014).

IMPORTANCE OF THE STUDY

This research will be information and extra literature to public accountant profession, regulators and scholars about auditor switching practices by companies, to draw up rules and ethical framework and clarify the literature on agency theory and professional ethics of auditors. The phenomenon of auditor switching can be captured more integrated and can be interpreted appropriately so investors, potential investors, and creditors can make the best economic decision.

HYPOTHESES

Auditor switching is driven by the opinion given by the auditor (Chow and Rice, 1982). Company expects to get unmodified or unqualified opinion. Dissatisfaction with another opinion received, besides unmodified or unqualified opinion, will stimulate company to switch auditor. Qualified opinion explains that company have weak corporate governance. This explanation is in line with research related to qualified opinion with implementation of corporate governance (Lin and Ming, 2009). Companies that have weak corporate governance and get qualified opinion tends to switch auditor.

H1: Audit opinion affect auditor switching

Hudaib and Cooke (2005) shows that management change affects auditor switching, to absorb new ideas in order to improve the company's expansion policy under new management. Management change of company may change policy in accounting, finance, and auditor selection. Company will seek auditor that aligned with accounting policy and reporting. If this expectation is not met, company will replace its auditor. Hudaib and Cooke (2005) found company that changes CEO and having distress may receive qualified opinion, and affect to switch auditor. Hudaib and Cooke (2005) found intimidation and close relationship giving high probability of auditor switching as well, caused by worse qualified opinion.

H2: Management change affect auditor switching

Auditor reputation can affect auditor switching. If small audit firm, with small clients, loss one of significant client, then large audit firm considered more able to maintain the independence of the auditor rather than small audit firm. The larger audit firm is usually considered to be able to maintain independence better than smaller audit firm because they usually provide a range of services to clients in large numbers, thereby reducing their dependence on specific clients. In addition, larger audit firm is generally considered as a provider of higher audit quality and enjoy a high reputation in the business environment, so it will attempt to its image (Nasser et al., 2006).

The company will seek high credibility audit firm to enhance the credibility of financial statements. Investors tend to believe accounting data generated from a reputable auditor. Company will not switch audit firm if it already has high reputation and quality.

H3: Auditor reputation affect auditor switching

Company tends to switch auditor in financial distress condition (Hudaib and Cooke, 2005). This explanation shows company that received going concern opinion and still survive tends to get another auditor firm compared to company that did not receive going concern opinion. Auditor with distress client will have shorter tenure than non-distress client. Financial distress gives tension to relationship between auditor and management as well. This tension caused by differences related to methods of accounting, dissatisfaction with the audit opinion, or dissatisfaction with performance of auditor (Schwartz and Menon, 1985). Hudaib and Cooke (2005) found company that changes CEO and having distress may receive qualified opinion, and affect to switch auditor.

H4: Financial distress affect auditor switching

Generally, businesses started from family businesses and still being core basic of business development. The consequence is owners have big interventions to company's activities. Agency theory stated that the bigger interventions of the owners (or shareholders in public companies), the bigger performance of company (Jensen and Meckling, 1976). However, even legally there is separation between owners and management, but practically both parties can affect each other. Intervention of owners can happen in auditor selection as well (Lodge, 2008). Observation of capital market practitioners shows that shareholders switching affect auditor switching (Lodge, 2008).
Institutional shareholders spend more time to do research related to company and its industry, compared to individual shareholders spend less time to monitoring related to company (Man and Wong, 2013). Institutional shareholders give more direct monitoring, as one of corporate governance mechanisms, in discipline manager (Talley, 2009). Supervision of institutional shareholders can reduce agency problems, including decision of auditor switching. Institutional shareholders determine increasing demand of audit quality (Chan et al., 2007).
Managerial ownership is one of mechanisms to reduce agency problem. Managerial ownership makes interest of manager (agent) and shareholders (principal) can be aligned. Manager will do direct monitoring on internal performance of company. Interests alignment stimulates manager to make decision aligned with shareholders interest, including auditor switching decision making.
Foreign ownership is one of corporate governance mechanisms as well that can reduce agency problem. Foreign shareholders from countries with good corporate governance implementation will implement good corporate governance implementation as well in countries with developed corporate governance (Klapper et al., 2006). Foreign shareholders will implement better oversight than local shareholders as well because foreign shareholders will face risk of reputation and legal if it does not implement good corporate governance (Klapper et al., 2006). One of good corporate governance implementation is selection of auditor.
H5a: Institutional ownership affect auditor switching
H5b: Managerial ownership affect auditor switching
H5c: Foreign ownership affect auditor switching
The penetration of financial instruments indicates the level of public awareness of any existing financial instruments. Mechanisms for financial instruments is strongly influenced by the available information, including financial information. The deeper penetration of financial instruments, more sensitive position of public companies information.
De Gregorio (1999) shows that financial deepening would increase economic growth. Economic growth can run faster for more effective if allocation of funds goes to potential sector. Company will respond to this phenomenon by making optimal policy so that the performance of the company will obtain an optimal response from the market. One of policy must be made by the company is to determined audit firm.
This explanation is in line with policy of privatization that monitoring of market will be able to improve companies performance (Megginson et al., 1994). Companies can improve efficiency because of market pressures supervisions by public/investors/creditors. Public supervisions will stimulate company to make best policies for stakeholders. External parties tend to affect policy formulation of the company (Megginson et al., 1994).
Economic growth of countries is affected by financial sector. Financial deepening as the picture supervisions of the public will encourage companies to make the best policy for the various parties related to company's business, including auditor switching policy. Existence of well public supervisions will make high audit quality demand, so company will switch auditor with more qualified auditor.
H6: Financial deepening affect auditor switching
Board of commissioners is a picture of the implementation of corporate governance (Talley, 2009). Effectiveness of commissioners depends on independent commissioner composition. Independent commissioners are personnel of board of commissioners who does not have significant relationship with company (including subsidiary, affiliate, and associate company), shareholders; they are not audit firm staff that do auditing process in the company as well (Man and Wong, 2013). Independent commissioner will give recommendation to shareholders related to selection of auditor based on public interest.
H7: Independent commissioner affect auditor switching
Based on auditor characteristics and internal management factors, board of commissioners will recommend auditor to general meeting of shareholders. Shareholders will use recommendation by independent commissioner as consideration to make decision of auditor selection.
H7a: Independent commissioner affect the relationship between audit opinion and auditor switching
H7b: Independent commissioner affect the relationship between management change and auditor switching
H7c: Independent commissioner affect the relationship between auditor reputation and auditor switching
H7d: Independent commissioner affect the relationship between financial distress and auditor switching
H7e: Independent commissioner affect the relationship between institutional ownership and auditor switching
H7f: Independent commissioner affect the relationship between managerial ownership and auditor switching
H7g: Independent commissioner affect the relationship between foreign ownership and auditor switching

RESEARCH METHODOLOGY
SOURCE OF DATA
This research is a quantitative research based on secondary data collected from various available sources and databases (OSIRIS, Thomson Reuters, Beuro Van Dijk) in year 2012-2014.
RESEARCH SAMPLE
Research sample is manufacture companies listed in stock exchange in ASEAN region. There are five ASEAN countries used in this research.

TABLE 1: SAMPLE

Companies in Each Country			Total
Indonesia	Manufacture Companies listed 2012-2014 Incomplete Data	93 (10)	83
Malaysia	Manufacture Companies listed 2012-2014	211	211
Philippine	Manufacture Companies listed 2012-2014	20	20
Singapore	Manufacture Companies listed 2012-2014	120	120
Thailand	Manufacture Companies listed 2012-2014 Using Local Language	71 (5)	66
Number of Companies			500
Number of Observations			1000

VARIABLES AND OPERATIONAL DEFINITIONS
Auditor switching, as dummy variable (1 if switch auditor, 0 otherwise), is voluntary audit firm switch (Chow and Rice, 1982). Auditor switching, as ratio variable (1/4 if auditor switching direction from big four to non big four, 2/4 if big four to non big four, 3/4 if big four to big four, 4/4 if non big four to big four), is downward or upward direction audit firm switching seen by size of audit firm. Audit opinion is opinion provides by auditor in audit report, measured as dummy variable (1 if unqualified opinion, 0 if qualified opinion). Management change is CEO change caused by general meeting of shareholders or own decision (Hudaib and Cooke, 2005; Schwartz and Menon, 1985), measured as dummy variable (1 if change CEO, 0 otherwise). Financial distress is a condition where companies face finance difficulties (Hudaib and Cooke, 2005), measured by Altman Z-Score (Z= 1.2 [Working Capital to Total Assets] + 1.4 [Retained Earnings to Total Assets] + 3.3 [Earnings Before Interest an Tax to Total Assets] + 0.6 [Market Value of Equity to Book Value of Liabilities] + 0.999 [Sales to Total Assets]). Audit firm reputation is size of audit firm, measured as dummy variable (1 if affiliate with big four, 0 otherwise). Ownership is shareholders with significant intervention (Hudaib and Cooke, 2005; Lodge, 2008), measured by percentage of institutional, managerial, foreign ownership. Independent commissioner is composition of independent commissioner,

measured by number of independent commissioners divided by total board of commissioner. Country (financial deepening) is public access to financial instrument or literacy (di Giovanni, 2005), measured by percentage of market capitalization to gross domestic products.
Control variables are leverage and size of company. Leverage is level financing composition, measured by total liability divided by total assets. Size of company seen by its asset, measured by logarithm of total assets.

REGRESSION MODEL

This research will use regression model is as follow:

ASWt+1 = β0 + β1AOt + β2MCt + β3FDt + β4BIGt + β5IOt + β6MOt + β7FOt+ β8FDPt + β9ICt + β10AOt*ICt + β11MCt*ICt + β12FDt*ICt + β13BIGt*ICt + β14IOt*ICt + β15MOt*ICt + β16FOt*ICt + β17LEVt + β18SIZEt + eWhere:

ASWt+1 : Auditor Switching (ratio) period t+1
AOt : Audit Opinion period t
MCt : Management Change period t
FDt : Financial Distress period t
BIGt : Size of Audit Firm period t
IOt : Institutional Ownership period t
MOt : Managerial Ownership period t
FOt : Foreign Ownership period t
FDPt : Country-Financial Deepening period t
ICt : Independent Commissioner period t
LEVt : Leverage period t
SIZEt : Size of Company period t

Hypotheses test will be run by panel regression. This research will choose the best panel regression as well; between common, fixed and random effect; with redundant fixed effect and hausman test.

RESULTS AND DISCUSSION

RESULTS

TABLE 2: PANEL REGRESSION

Variables	Coefficients	Significance	Notes	Sign
Constant	-0.059			
AO	-0.108	0.135	H1 Rejected	
MC	0.051	0.467	H2 Rejected	
FD	-0.000	0.857	H3 Rejected	
BIG	-0.137	0.001***	H4 Accepted	-
IO	0.130	0.185	H5a Rejected	
MO	0.132	0.425	H5b Rejected	
FO	-0.166	0.071*	H5c Accepted	-
FDP	0.055	0.000***	H6 Accepted	+
IC	0.118	0.491	H7 Rejected	
AO_IC	0.110	0.457	H7a Rejected	
MC_IC	-0.097	0.525	H7b Rejected	
FD_IC	-0.000	0.815	H7c Rejected	
BIG_IC	0.188	0.041**	H7d Accepted	+
IO_IC	-0.246	0.235	H7e Rejected	
MO_IC	-0.343	0.334	H7f Rejected	
FO_IC	0.271	0.173	H7g Rejected	
LEV	0.029	0.000***		+
SIZE	0.017	0.002***		+
Dependend Variable: ASW (ratio) F Sig. = 0.000 Adjusted R-Squared = 0.066 *** Significant in 1% ** Significant in 5% * Significant in 10%				

This research uses common effect regression as panel regression based on. redundant fixed effect and hausman test.

TABLE 3: REDUNDANT FIXED EFFECT TEST

Effect Test	Significance
Cross-section	0.3451

Based on table 3, significance value of redundant fixed effect test is 0.3451 (no significant). This result shows that common effect is better than fixed effect regression.

TABLE 4: HAUSMAN TEST

Effect Test	Significance
Cross-section random	0.0698

Based on table 4, significance value of hausman test is 0.0698 (significant in 10%). This result shows that fixed effect is better than random effect regression. This research will use common effect regression as panel regression.

ROBUSTNESS TEST

Robustness test to testing weather result of panel regression is consistent if tested by the other analytical tools. Robustness test will be applied by logistic regression, with auditor switching (dummy) variable as dependent variable. Comparison between logistic regression and panel regression are as followed:

TABLE 5: LOGISTIC AND PANEL REGRESSION

Independent Variables	Logistic Regression		Panel Regression	
	Result	Sign	Result	Sign
AO	No significant		No significant	
MC	No significant		No significant	
FD	No Significant		No significant	
BIG	Significant in 1%	-	Significant in 10%	-
IO	No Significant		Significant in 5%	+
MO	No Significant		No significant	
FO	Significant in 10%	-	Significant in 1%	-
FDP	Significant in 1%	+	No significant	
IC	No significant		No significant	
AO_IC	No significant		No significant	
MC_IC	No significant		No significant	
FD_IC	No significant		No significant	
BIG_IC	Significant in 5%	+	Significant in 10%	+
IO_IC	No significant		Significant in 5%	-
MO_IC	No significant		No significant	
FO_IC	No significant		Significant in 1%	+
LEV	Significant in 1%	+	No significant	
SIZE	Significant in 1%	+	No significant	
Dependent Variable	ASW (dummy)		ASW (ratio)	

Robustness test show that results between logistic with panel regression are consistent for variables of audit opinion, management change, financial distress, auditor reputation, managerial ownership, foreign ownership, independent commissioner, interaction between audit opinion and independent commissioner, interaction between management change and independent commissioner, interaction between financial distress and independent commissioner, interaction between auditor reputation and independent commissioner, interaction between managerial ownership and independent commissioner. Logistic and panel regression have different results for institutional ownership, financial deepening, interaction between institutional ownership and independent commissioner, interaction between foreign ownership and independent commissioner, leverage, and size.

DISCUSSIONS

AUDIT OPINION AND AUDITOR SWITCHING

Audit opinion have no effect on auditor switching. This result is not supports opinion shopping concept that explains auditor switching motivated to get unqualified opinion. Aobdia et al. (2015) stated that company will not switch auditor for better opinion compared to previous opinion. If company will switch auditor, without improving internal factors and get better opinion compared to previous opinion, it means that company gets a new low quality auditor. Company will get negative reaction by investors. If company will switch auditor to high quality one, without improving internal factors, then company will get worse opinion compared to previous opinion. Audit opinion have no correlation with auditor switching also supported by independent characteristic of auditor that evaluate financial statement objectively.

MANAGEMENT CHANGE AND AUDITOR SWITCHING

Management change have no effect on auditor switching. This result indicates that change on management is not always followed by company policy in using auditor services (Damayanti and Sudarma, 2008). Burton and Roberts (1967) stated although change on management followed by change on management policy, only a few cases followed by change on financial management policy. It shows that accounting policy and reporting by predecessor audit firm can be adjusted to new management policy by renegotiation between both of these parties (Damayanti and Sudarma, 2008).

Management change can be done because of restatement and violation of financial statement as well (Niehaus and Roth, 1999). Menon and Williams (2008) explained problem of financial statement caused by poor management performance in maintaining relationship between company and auditor. If management change followed by auditor switching, then there will be high uncertainty in financial reporting, thus increasing the cost of capital (Menon and Williams, 2008). Management is the party who will take the responsibility on financial statement problem. Concern of solving problem is management change instead of auditor switching. This explanation shows that change on management is not always followed by auditor switching.

AUDITOR REPUTATION AND AUDITOR SWITCHING

Auditor reputation have negative significant effect on auditor switching. Auditor reputation measured by audit firm size. Large audit firm (affiliated with big 4) more independent compared with the small audit firm (affiliated with non-big 4). When large audit firm lost one of the clients, it is not so influential on its revenue. If small audit firm, with small clients, loss one of significant client, then large audit firm considered more able to maintain the independence of the auditor rather than small audit firm. The larger audit firm is usually considered to be able to maintain independence better than smaller audit firm because they usually provide a range of services to clients in large numbers, thereby reducing their dependence on specific clients. In addition, larger audit firm is generally considered as a provider of higher audit quality and enjoy a high reputation in the business environment, so it will attempt to its image (Nasser et al., 2006).

The company will seek high credibility audit firm to enhance the credibility of financial statements. Investors tend to believe accounting data generated from a reputable auditor. Company will not switch audit firm if it already has high reputation and quality.

FINANCIAL DISTRESS AND AUDITOR SWITCHING

Financial distress has no effect on auditor switching. Correlation between financial distress and auditor switching related to audit quality, audit opinion, and audit fee. These factors make financial distress do not affect auditor switching. Knechel and Vanstraelen (2007) compared companies between financial distress and save condition and show that auditor independence does not decrease but does not increase as well in bankruptcy prediction. Decreasing of audit quality came from auditor's decision that did not provide going concern opinion to distress company or provide going concern opinion to company that still able to operate well. Although there is problem of audit quality related to bankruptcy prediction, company refuse to switch to higher quality auditor because of increasing of audit fee. For example, a distressed company audited by low quality auditor (e.g. Non Big 4) will refuse to switch to high quality auditor (e.g. Big 4). Elliott et al. (2013) found that Big 4 auditor fee will increase in future. Ghosh and Lustgarten (2006) found decreasing of audit fee only in the first year after auditor switching. Increasing of audit quality that followed by increasing of audit fee make a distressed company do not switch auditor.

OWNERSHIP AND AUDITOR SWITCHING

Institutional ownership and managerial ownership have no effect on auditor switching. In ownership structure, there is problem called entrenchment effect. Entrenchment is the act of controlling shareholder protected by their control right to perform abuse of power (Fan and Wong, 2002). The higher ownership (institutional/managerial ownership) is not always followed by good performance, including financial reporting performance because of abuse of control right to meet self-interests instead of public interests.

Abuse of control right includes auditor switching as well. High control right may ignore demand of high audit quality, so it is not affect auditor switching. Fan and Wong (2002) stated that credibility of accounting information will be decreased when controlling shareholders are protected by their control right. Decision making of auditor switching based on self-interest, not based on needs of high financial reporting and auditing quality.

Foreign ownership has negative significant effect on auditor switching. Foreign investors will implement better monitoring than local investors because foreign investors would face the risk of reputation and legal if they do not implement good corporate governance (Klapper et al., 2006). Jiang and Kim (2004) stated that in Asian Countries, foreign investors interest for information-rich (low asymmetric information) company because they refuse to pay more high information cost. Jiang and Kim (2004) stated that foreign investors are more sophisticated than local investors because foreign investors have wider international capital network than local investors. Low asymmetric information and sophisticated characteristic make foreign investors will not switch auditor.

FINANCIAL DEEPENING AND AUDITOR SWITCHING

Economic growth of countries is affected by financial sector. Financial sector mediates all parties that have interest in business process. In dynamics of the relationship of various stakeholders in the business, there is a phenomenon of information asymmetry. Asymmetry of information risen up with high transactional and informational costs. The phenomenon of information asymmetry can be minimized if the financial markets operate efficiently (Kularatne, 2002).

Financial deepening is a picture of the enhancement of the role and activities of financial services to the economy. The higher financial deepening showed that a growing number of financial facilities particularly access to capital market which is owned by the public, thus the greater individual access to finance and investment facilities. The greater public access to a wide range of financial instruments and investments can reduce the risk and vulnerability of one of the financial sub-sector by government regulation framework to ensure public interests. This explanation is in line with policy of privatization that monitoring of market will be able to improve companies performance (Megginson et al., 1994). Companies can improve efficiency because of market pressures supervisions by public/investors/creditors. Public supervisions will stimulate company to make best policies for stakeholders. External parties tend to affect policy formulation of the company (Megginson et al., 1994).

De Gregorio (1999) shows that financial deepening would increase economic growth. Economic growth can run faster for more effective if allocation of funds goes to potential sector. Company will respond to this phenomenon by making optimal policy so that the performance of the company will obtain an optimal response from the market. One of policy must be made by the company is to determined audit firm.

Economic growth of countries is affected by financial sector. Financial sector mediates all parties that have interest in business process. Financial deepening as the picture supervisions of the public will encourage companies to make the best policy for the various parties related to company's business, including policy of auditor switching. Existence of well public supervisions will make high demand audit quality, so company will switch auditor with more qualified auditor. This result illustrates that financial deepening affect auditor switching positively.

INDEPENDENT COMMISSIONER AND AUDITOR SWITCHING

Independent commissioners do not affect auditor switching. There are two reasons why independent commissioners do not affect auditor switching. First, the bigger composition of independent commissioner, independent commissioner will recommend auditor switching to general meeting of shareholders to increase financial reporting quality. Second, the bigger composition of independent commissioner, independent commissioner will recommend to general meeting of shareholders to keep company's auditor. These differences make effectiveness of independent commissioner do not affect auditor switching significantly.

Chen and Zhou (2007) found that the bigger composition of independent commissioner with tends to switch auditor (Andersen Audit Firm) with another high quality auditor. This result shows that the more effective independent commissioner, the more demand of high quality auditor. They will recommend auditor switching to general meeting of shareholders to increase financial reporting quality.

On the other side, Lee et al. (2004) found that the bigger composition of independent tends to keep company's auditor. The more effective independent commissioner, the less hidden audit risk (Lee et al., 2004). Independent commissioner concerns about legal responsibility and reputation more, so they will support auditor, than recommend auditor switching to general meeting of shareholders, to accomplishing their assurance duties (Lee et al., 2004).

INDEPENDENT COMMISSIONER AS MODERATING VARIABLE

Independent commissioner has no effect on the relationship between audit opinion and auditor switching. Lee et al. (2004) stated that independent commissioner, as parties who are concerned about legal liability and reputation, will support the work of auditor in completing the audit services. Independent commissioner as representer of public interest will ensure audit quality, so independent commissioner will focus on the quality of a given opinion instead of type of opinion. Independent commissioner would support implementation of objective and high quality audit, with no opinion shopping.

Independent commissioner has no effect on the relationship between management change and auditor switching. Role of independent commissioner is finding new management that matches to management condition and policy instead of finding new auditor that match to new management. Qi (2011) stated that one of the functions of commissioner, includes of independent commissioner, is screening and monitoring in replacing and looking for CEO who have quality that match to company. This explanation illustrates that role of independent commissioner in management change is decreasing changes in policy that does not match with company, including changes in accounting policies and reporting, and auditor switching. Concern of independent commissioner is management change instead of auditor switching.

Independent commissioner has no effect on the relationship between financial distress and auditor switching. Correlation between financial distress and auditor switching related to audit quality, audit opinion, and audit fee. Decreasing of audit quality came from auditor's decision that did not provide going concern opinion to distress company or provide going concern opinion to company that still able to operate well. Independent commissioner will demand for high quality auditor, followed by high audit fee (Abbott et al., 2003; Carcello et al., 2002; Yatim et al., 2006). Although there is problem of audit quality related to bankruptcy prediction, company refuse to switch to higher quality auditor because of increasing of audit fee. For example, a distressed company audited by low quality auditor (e.g. Non Big 4) will refuse to switch to high quality auditor (e.g. Big 4). Elliott et al. (2013) found that Big 4 auditor fee will increase in future. Ghosh and Lustgarten (2006) found decreasing of audit fee only in the first year after auditor switching. Increasing of audit quality that followed by increasing of audit fee make a distressed company do not switch auditor.

Independent commissioner affects the relationship between auditor reputation and auditor switching. Independent commissioner recommends auditor to improve quality and credibility of financial statement. In order to improve quality and credibility of the financial statement, independent commissioner will not switch auditor based on reputation but based on industry specialization. Beasley and Petroni (2001) found that company, with higher composition of independent commissioner, will tend to choose specialist auditor than the big 6 auditors. Specialist auditor have the ability and experience better than non-specialist auditor, in financial statement auditing. This explanation illustrates that independent commissioner does not recommend auditor based on the reputation. Independent commissioner weakens the negative effect of auditor reputation on auditor switching.

Independent commissioner has no effect on the relationship between company ownership (institutional/managerial/foreign ownership) and auditor switching. In ownership structure, there is problem called entrenchment effect. Entrenchment is the act of controlling shareholder protected by their control right to perform abuse of power (Fan and Wong, 2002). The higher ownership (institutional/managerial/foreign ownership) is not always followed by good performance, including financial reporting performance because of abuse of control right to meet self-interests instead of public interests. Entrenchment effect happened as well on auditor recommendation by independent commissioner, through audit committee. Results of research Mendez and García (2007) found that entrenchment effect happened on activity of independent commissioner below 30% ownership. Owner-manager with holdings below 30% would weaken the role of independent commissioner in monitoring, includes of financial statement monitoring, while owner with holdings above 30% ownership would support independent commissioner (Mendez and García, 2007). Auditor switching is not based on recommendation by independent commissioner but based on owner self-interest.

CONCLUSION

Objective of this research is to examine (1) factors that affect auditor switching (2) role of independent commissioner in analysis factors that affect auditor switching in five countries of Association of Southeast Asian Nations (ASEAN) region. Audit firm reputation affect auditor switching, indicates that company will not switch audit firm if it already has high reputation and quality. Financial deepening affect auditor switching, indicates that existence of well public supervisions will make high demand audit quality, so company will switch auditor with more qualified auditor. Foreign ownership affect auditor switching, indicates that low asymmetric information and sophisticated characteristic make foreign investors will not switch auditor. Independent commissioner weakens negative effect of auditor reputation on auditor switching, indicates that independent commissioner will not switch auditor based on reputation, but based on industry specialization. In the other hand, audit opinion, management change, financial distress, institutional and managerial ownership, and independent commissioner do not affect auditor switching. Independent commissioner does not affect relationship between audit opinion, management change, financial distress and ownership with auditor switching.

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WORKING CAPITAL TRENDS OF SELECT TWO AND THREE WHEELER COMPANIES IN INDIA

K. THULASIVELU
ASSOCIATE PROFESSOR
RVS INSTITUTE OF MANAGEMENT STUDIES & RESEARCH
COIMBATORE

Dr. G. SURESH
ASSOCIATE PROFESSOR
FACULTY OF MANAGEMENT
EBET GROUP OF INSTITUTIONS
KANGAYAM

ABSTRACT
The purpose of the present chapter is to examine the issues like how large is the investment in working capital and its various components, how the quality of current assets has evolved over time, and whether working capital and its various components have been utilized efficiently by the selected two and three wheeler sector in India during the period under study.

KEYWORDS
working capital trends, three wheeler companies in India.

INTRODUCTION
Working capital is the portion of an enterprise's total capital which is employed in short-term operations, i.e., current assets. A typical list of these assets in order of liquidity includes cash in hand and at bank, short-term investment, payments in advance, accounts receivables, raw materials inventory, inventory of goods in process and finished goods inventory[1]. The management of all these current assets assumes greater importance because the sum total of investment in current assets forms over one-half of an enterprise's total assets[2]. Besides, liquidity and profitability, the two desired goals of financial management are directly affected by working capital management performance. As the size of working capital increase, both the enterprise's risk and return would decrease and vice-versa[3]. Since, the current assets (working capital) affect the risk return trade off to be achieved by the enterprise, the study of structure, sources and utilization appears to be one of the important areas of investigation on working capital management.

WORKING CAPITAL TRENDS
The direction of change over a period of time is of crucial importance in financial analysis. Working capital is an important field of financial management so it is necessary for an analyst to make a study about the trend and direction of working capital. While examining the working capital management of an industry a study should also be made about the trend of the various components of the working capital movements to provide a vast base. This analysis will provide a base to judge whether the practice and prevailing policy of the management with regard to working capital is good enough or an improvement is required for managing the working capital funds. Further, any one trend by itself is not very important and, therefore, comparison of related trends should also be made by an analyst. For example, an increasing trend in the working capital coupled with a decreasing trend in sales would usually reflect an unfavourable situation. An upward trend of current assets, (like inventories, accounts receivables, cash and bank balances and other current assets) as against a downward trend of current liabilities would usually be viewed favourably.

OBJECTIVES OF THE STUDY
The study is carried out with the following specific objectives:
1. To analyse the trends of working capital in selected two and three wheeler companies in India.
2. To present summary of the study and to make suitable suggestion for improvement in the competitive business world.

RESEARCH METHODOLOGY
PERIOD OF STUDY
The period 2005-06 to 2014-15 is selected for this study of two and three wheeler companies in India. This 10 years period is chosen in order to have a fairly long, cyclically well balanced period, for which reasonably homogenous, reliable and upto-date financial data would be available. Further, the span chosen for the study is the period of the beginning of liberalization measures introduced by the Government of India. Hence, the period 2005-06 to 2014-15 is an era of growth of Indian two and three wheeler sector has got genuine economic significance of its own.
SELECTION OF SAMPLE
Keeping in view the scope of the study, it is decided to include all the companies under Indian two and three wheeler sector working before or from the year 2005-06 to 2014-15. But, owing to several constraints such as non-availability of financial statements or non-working of a company in a particular year etc., the researcher is compelled to restrict the number of sample companies to ten. Therefore, this study is expost facto based on survey method making a survey of ten companies under Indian two and three wheeler sector.
SOURCE OF DATA
The study is mainly based on secondary data. The major source of data analyzed and interpreted in this study related to all those companies selected is collected from "PROWESS" database, which is the most reliable on the empowered corporate database of Centre for Monitoring Indian Economy (CMIE). It contains a highly normalized database built on a sound understanding of disclosure in India on around hundreds of companies, which include public, private, co-operative and joint sector companies. The database provides financial statements, ratio analysis, funds flow, cash flow, product profiles, returns and risk on the stock market etc.
Besides prowess databases, relevant secondary data have also been collected from BSE Stock Exchange Official Directory, CMIE Publications, Annual Survey of Industry, Business newspapers, Reports on Currency and Finance, Libraries of various Research Institutions, through Internet etc. The study required variety of data therefore; websites like http://indiainfoline.com, www.indiastat.com and www.google.com have been comprehensively searched.

LIMITATIONS OF THE STUDY
The data used in this study have been taken only secondary sources and as such it findings depends entirely on the accuracy of such data.

LITERATURE REVIEWS

It is mandatory to review the literature available with respect to the area of the research study. Measuring the performance of the corporate sector has always been an area of controversies from the point of view of the government, shareholders, prospective inventors, creditors, employees and any other stockholders. Several studies have been undertaken to evaluate the financial performance in the corporate sector. This chapter presents some of the studies conducted by financial analysis.

Sanjay J.Bhayani (2006)[1] made an attempt to study the impact assets utilization on profitability of Indian Industry. For the purpose of study 24 Indian Industry has been selected which comprises 641 Indian firms. The results of the study indicated that fixed assets turnover and profitability has shown a positive relationship. So, it indicates that high fixed assets turnover higher profitability. Further, the results of analysis of multiple determinations make it clear that 40.70 per cent of total variation in the corporate profitability was accounted for by the joint variation in the efficiency of inventory and receivable management.

Sukhdev Singh (2006)[2] in his study made an attempt to examine the Inventory control practices in Indian Farmers Fertilizer Cooperative Limited (IFFCO) by using various financial ratios. The inventory control practices revealed that correlation between sales and inventory ranges from very high to moderate among inventory items and the correlation was significant in case of all the components of inventory except stores and spares. The growth rate of stock of raw material, work-in-progress, finished goods and total inventory was more than the ideal situation and provides clues for improvements. The stock of stores and spares requires the immediate attention of management in order to stop ruthless purchases.

Anand and Malhotra (2007)[3] in their study discussed the cash conversion efficiency, days operating cycle and days of working capital in 339 India non-financial companies for the period of three years from 2001-02 to 2003-04 for each company and for 98 industry groups. They concluded that there exists some relationship between working capital management and profitability on an aggregate basis suggest that there was a significant negative relation between cash flows from operating activities and average days of account receivables.

Ghosh (2007)[4] in his study reviewed that the four different industries namely Pharmaceutical industry, Cement Industry, National Fertilizer Limited and Textile Industry. The objectives of the study were to determine size and source of working capital with a survey made in 98 small scale textile firms of Punjab. It concluded that in addition to the own capital, bank loans were the most prominent source of working capital among most of the survey units.

Sharma (2007)[5] in his study analysis that various procedures and techniques of financial analysis adopted by the textile industry of the accounting and control of various constituents of current assets in all aspects of textile units in India for a period from 2002-2006. It may be remarked that the existing system of current assets accounting in all the textile companies selected for this study was not been satisfactory and needs improvement in all the directions immediately. Today, manufacturing units of several other industries are using modern techniques of current assets accounting and the textile industry should not lag behind.

Azhagaiah and Gejalakshmi (2007)[6] in their study makes an attempt to examine the working capital management efficiency of the Indian Textile Companies during 1995-1996 to 2005-2006. For measuring the efficiency of working capital management three - index values - performances, utilizations and efficiency indexes are calculated. Using industry norm as target – efficiency level of the individual firms, this study also tests the speed of achieving that target level of efficiency by an individual firm during the period of study. Findings of the study indicate that Indian Textile Industry as a whole performs remarkably well during the period. The liquidity is strong, performance and utilization of current assets are satisfactions and adoption of sound working capital policy has been successful.

Pradeep Singh (2008)[7] in his study made an attempt to examine the inventory and working capital management of Indian Farmers Fertilizer Co-operative Limited (IFFCO) and National Fertilizer Limited (NFL). He concluded that the overall position of the working capital of IFFCO and NFL is satisfactory. But there was a need for improvement in inventory in case of IFFCO. However, inventory was not properly utilized and maintained by IFFCO during study period. The management of NFL must try to properly utilize the inventory and try to maintain the inventory as per the requirements, so that liquidity will not be interrupted.

Kaushik Chakraborty (2008)[8] in his study to evaluate the relationship between working capital and profitability of twenty-five selected companies in the Indian pharmaceutical industry during the period 1996-97 to 2007-08. He concluded that no definite relationship between liquidity and profitability specially regarding its nature can be established from the empirical results obtained from the study. However, the consolidated position reveals that a higher liquidity position was associated with higher profitability. He suggested that efficient management of working capital is an integral part of the overall corporate strategy to improve corporate profitability.

Todkari G.U (2012)[9] in his study made an attempt to Sugar industry occupies an important position on the industrial map of the state of Maharashtra. These factories played a major role in the socio-economic development of rural areas in Maharashtra. He concluded that cogeneration and distillery project is not started in this factory which can give large profit and create more employment opportunity. He suggested that urban centers are helping to solve the problem of unemployment by providing employment in the growing industries and business.

Joshua Amakanya Ombayo, Willis Otuya and Simon Mamadi Shiamwama (2013)[10] The purpose of the study was to examine the relationship between career counseling and employee productivity, in sugar firms in Kakamega County, Kenya. The study was anchored on the theory of Career Decision Making developed by Krumboltz, 1976. The study was guided by a conceptual framework which showed the interrelationship between and among the variables as conceptualized by the author. The author recommended that Sugar firms to incorporate career counseling as an essential ingredient in their career intervention programs.

Saranraj and Stella (2014)[11] The present review was focused on impact of sugar mill effluent to environment and bioremediation. Environmental pollution has been recognized as one of the major problems of the modern world. He concluded that reuse of treated effluent that is normally discharged to the environment from sugar mill waste water treatment plants is receiving an increasing attention as a reliable water resources. The challenge is to properly incorporate the disposal of the wastes in a controlled management programme so that the applied industrial solid wastes do not contribute any problem of pollution to soil, soil microbes and environment.

ANALYSIS AND INTERPRETATION

ATUL AUTO LIMITED

The indices of working capital of Atul Auto Limited registered a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to 26.82 in the year 2010-11 and further to 330.35 in the year 2013-14. This was due to a substantial decrease in the working capital of Atul Auto Limited.

The actual and trend value of working capital of Atul Auto Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 107.23+2.35X. The trend values of working capital increased during the study period from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were significant in all year. This happened due to a increase in the current assets especially in the sundry debtors.

H_o = The differences between actual values and trend values of working capital of Atul Auto Limited are not significant.

H_1 = The differences between actual values and trend values of working capital of Atul Auto Limited are significant.

To test the significance of difference between the actual values and trend values of working capital, of the company Chi-square test was applied. Since the calculated value of chi-square test (344.28) was more than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis is rejected. Hence it is evident that there is significant difference between actual values and trend values of working capital of Atul Auto Limited

BAJAJ AUTO LIMITED

The indices of working capital of Bajaj Auto Limited registered a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to 29.15 in the year 2008-09 and further to 386.70 in the year 2013-14. This was due to a substantial decrease in the working capital of Bajaj Auto Limited.

The actual and trend values of working capital of Bajaj Auto Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 268.67+28.67X. The trend values of working capital decreased during the study period from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were not significant in any year, but the differences were positive in all the years.

H_o= The differences between actual values and trend values of working capital of Bajaj Auto Limited are not significant.

H_1= The differences between actual values and trend values of working capital of Bajaj Auto Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company, Chi-square test was applied. Since the calculated value of chi-square test (2255.48) was less than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was accepted. Hence it is evident that, there is no significant difference between actual values and trend values of working capital of Bajaj Auto Limited.

HERO MOTO CORP LIMITED

The indices of working capital of Hero Moto Corp Limited recorded a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to 80.68 in the year 2006-07 and further to 518.58, in the year 2010-11. This was due to a substantial increase in the working capital of Hero Moto Corp Limited.

The actual and trend values of working capital of Hero Moto Corp Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 89.54+4.69X. The trend values of working capital increased during the study period. The difference between actual values and trend values of working capital were not significant in any year, but the differences were positive in all the years.

H_o= The differences between actual values and trend values of working capital of Hero Moto Corp Limited are not significant.

H_1= The differences between actual values and trend values of working capital of Hero Moto Corp Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company, Chi-square test was applied. Since the calculated value of chi-square test (51.18) was more than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was rejected. Hence it is evident that, there is significant difference between actual values and trend values of working capital of Hero Moto Corp Limited.

KINETIC ENGINEERING LIMITED

The indices of working capital of Kinetic Engineering Limited registered a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to -137.30 in the year 2014-15. This happened due to a substantial decrease in the working capital of Kinetic Engineering Limited.

The actual and trend values of working capital Kinetic Engineering Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 89.22+21.56X. The trend values of working capital increased during the study period. The difference between actual values and trend values of working capital were not significant in all the years. This happened due to a steep decrease in the current assets especially in the inventory and sundry debtors.

H_o= The differences between actual values and trend values of working capital of Kinetic Engineering Limited are not significant.

H_1= The differences between actual values and trend values of working capital of Kinetic Engineering Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company Chi-square test was applied. Since the calculated value of chi-square test (431.77) was more than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was rejected. Hence it is evident that, there is a significant difference between actual values and trend values of working capital of Kinetic Engineering Limited.

LML LIMITED

The indices of working capital of LML Limited recorded a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to -1284.65 in the year 2014-15 and further to 100.00 in the year 2005-06. This was due to substantial decrease in the working capital of LML Limited.

The actual and trend value of working capital of LML Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 95.85+18.86X. The trend values of working capital increased during whole of the study period. The difference between actual values and trend values of working capital were not significant in any year, but the differences were positive in all the year. This happened due to a steep decrease in the current assets especially in the other current assets.

H_o= The differences between actual values and trend values of working capital of LML Limited are not significant.

H_1= The differences between actual values and trend values of working capital of LML Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company Chi-square test was applied. Since the calculated value of chi-square test (136.10) was more than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was rejected. Hence it is evident that, there is significant difference between actual values and trend values of working capital of LML Limited.

MAHARASHTRA SCOOTERS LIMITED

The indices of working capital of Shree Maharashtra Scooters Limited registered a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to 502.63 in the year 2008-09 and further to 7450.00 in the year 2014-15. This was due to a substantial decrease in the working capital of Maharashtra Scooters Limited.

The actual and trend values of working capital of Maharashtra Scooters Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 374.56+14.26X. The trend values of working capital decreased during the study period from 2003-04 to 2012-13. The difference between actual values and trend values of working capital were not significant in any year, but the differences were positive in all the years.

H_o= The differences between actual values and trend values of working capital of Maharashtra Scooters Limited are not significant.

H_1= The differences between actual values and trend values of working capital of Maharashtra Scooters Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company, Chi-square test was applied. Since the calculated value of chi-square test (1558.25) was less than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was accepted. Hence it is evident that, there is no significant difference between actual values and trend values of working capital of Maharashtra Scooters Limited.

MAJESTIC AUTO LIMITED

The indices of working capital of Majestic Auto Limited registered a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to 16.57 in the year 2007-08 and further to 337.41 in the year 2014-15. This was due to a substantial decrease in the working capital of Majestic Auto Limited.

The actual and trend value of working capital of Majestic Auto Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 207.23+3.35X. The trend values of working capital increased during the study period from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were significant in all year. This happened due to a increase in the current assets especially in the sundry debtors.

H_o = The differences between actual values and trend values of working capital of Majestic Auto Limited are not significant.

H_1 = The differences between actual values and trend values of working capital of Majestic Auto Limited are significant.

To test the significance of difference between the actual values and trend values of working capital, of the company Chi-square test was applied. Since the calculated value of chi-square test (334.28) was more than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis is rejected. Hence it is evident that there is significant difference between actual values and trend values of working capital of Majestic Auto Limited

SCOOTERS INDIA LIMITED

The indices of working capital of Scooters India Limited registered a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to 4.05 in the year 2008-09 and further to 150.64 in the year 2014-15. This was due to a substantial decrease in the working capital of Scooters India Limited.

The actual and trend values of working capital of Scooters India Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 248.67+22.67X. The trend values of working capital decreased during the study period from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were not significant in any year, but the differences were positive in all the years.

H_o= The differences between actual values and trend values of working capital of Scooters India Limited are not significant.

H_1= The differences between actual values and trend values of working capital of Scooters India Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company, Chi-square test was applied. Since the calculated value of chi-square test (2455.48) was less than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was accepted. Hence it is evident that, there is no significant difference between actual values and trend values of working capital of Scooters India Limited.

TVS MOTOR COMPANY LIMITED

The indices of working capital of TVS Motor Company Limited recorded a fluctuating trend throughout the period of study from 2005-06 to 2014-15 as shown in Table 1. The indices of working capital decreased to -145.05 in the year 2009-10 and further to 199.18, in the year 2013-14. This was due to a substantial increase in the working capital of TVS Motor Company Limited.

The actual and trend values of working capital of TVS Motor Company Limited was calculated by using the regression equation and the details of chi-square values during the study period. The Linear least square regression equation of Y on X is Yc= 69.54+7.69X. The trend values of working capital increased during the study period. The difference between actual values and trend values of working capital were not significant in any year, but the differences were positive in all the years.

H_o= The differences between actual values and trend values of working capital of TVS Motor Company Limited are not significant.

H_1= The differences between actual values and trend values of working capital of TVS Motor Company Limited are significant.

To test the significance of difference between the actual values and trend values of working capital of the company, Chi-square test was applied. Since the calculated value of chi-square test (41.18) was more than the table value (16.919) at 5 per cent level of significance and hence the null hypothesis was rejected. Hence it is evident that, there is significant difference between actual values and trend values of working capital of TVS Motor Company Limited.

FINDINGS AND SUGGESTIONS

This study, which is principally aimed at the working capital management of the selected two and three wheeler companies in India has examined thoroughly with all the objectives formulated. The entire hypotheses proposed in this study have been examined with appropriate tools.

1. The indices of working capital of Atul Auto Limited registered a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital was significant in Atul Auto Limited.
2. The indices of working capital of Bajaj Auto Limited registered a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were insignificant in Bajaj Auto Limited.
3. The indices of working capital of Hero Moto Corp Limited recorded a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were not significant in Hero Moto Corp Limited.
4. The indices of working capital of Kinetic Engineering Limited registered a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were insignificant in Kinetic Engineering Limited.
5. The indices of working capital of LML Limited recorded a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were not significant in Sakthi Sugars Limited.
6. The indices of working capital of Maharashtra Scooters Limited recorded a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were insignificant in Maharashtra Scooters Limited.
7. The indices of working capital of Majestic Auto Limited registered a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were significant in Majestic Auto Limited.
8. The indices of working capital of Scooter India Limited recorded a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were not significant in Scooter India Limited.
9. The indices of working capital of TVS Motor Company Limited recorded a fluctuating trend throughout the period under study from 2005-06 to 2014-15. The difference between actual values and trend values of working capital were insignificant in TVS Motor Company Limited.

SUGGESTIONS AND RECOMMENDATIONS

The important suggestions and recommendations to improve the two and three wheelers sector in India

- ✓ Continuous technological upgrading and assimilation of latest technology is essential for the two and three wheeler sector. The induction of advanced technology has helped the industry immensely to conserve energy and fuel and to save materials substantially and reduce the cost.
- ✓ In order to increase the profitability of the companies, it is suggested to control the cost of goods sold and operating expenses.
- ✓ The management should try to adopt cost reduction techniques in their companies to get over this critical situation.
- ✓ Improper planning and delays in implementation of projects lead to rise in their cost. So properly planning should be made.
- ✓ To regularize and optimize the use of cash balance proper techniques may be adopted for planning and control of cash. The investments in inventories should be reduced and need to introduce a system of prompt collection of debts.
- ✓ The government should minimize the subsidy and encourage the cement companies to tap capital market.

CONCLUSION

The enlistment of Indian economy cannot be done with the assessment of two and three wheeler sector based on its financial performances. A study on working capital performance analysis is very much essential to the present globalized economic environment. Appropriate trend analysis of financial performance helps the firms to increase their earning capacity and changes the retained earning process by modifying various revenue ratios. Under this circumstance the present management policies are all reviewed to strengthen country's economic development by way of more productions and increasing the consumptions of automobile products.

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ANNEXURE

TABLE 1: WORKING CAPITAL TRENDS OF TWO AND THREE WHEELERS COMPANIES IN INDIA

Year	ATUL AUTO LIMITED		Bajaj Auto Limited		Hero Moto Corp Limited		Kinetic Engineering Limited		LML Limited	
	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)
2005-06	10.74	100.00	-399.54	100.00	-860.34	100.00	50.62	100.00	41.16	100.00
2006-07	19.29	179.61	-313.35	78.43	-694.09	80.68	39.79	78.61	-139.97	-340.06
2007-08	18.39	171.23	-238.56	59.71	-1013.33	117.78	91.99	181.73	-166.55	-404.64
2008-09	15.13	140.88	-116.48	29.15	-1183.76	137.59	35.37	69.87	-191.42	-465.06
2009-10	11.69	108.85	-1275.71	319.29	-2101.58	244.27	25.71	50.79	-201.89	-490.50
2010-11	2.88	26.82	-1349.6	337.79	-4461.58	518.58	21.54	42.55	-305.77	-742.88
2011-12	14.73	137.15	-573.47	143.53	-2289.6	266.13	25.15	49.68	-346.33	-841.42
2012-13	21.35	198.79	-744.81	186.42	-1593.26	185.19	-1.54	-3.04	-403.09	-979.32
2013-14	35.48	330.35	-1545.04	386.70	-1752.77	203.73	-31.91	-63.04	-460.11	-1117.86
2014-15	33.32	310.24	-892.08	223.28	-818.08	95.09	-69.5	-137.30	-528.76	-1284.65

TABLE 1 (*Contd……*)

Year	Maharashtra Scooters Limited		Majestic Auto Limited		Scooters India Limited		TVS Motor Company Limited	
	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)	Working Capital (Rs. in Crores)	Indices (2005-06 = 100)
2005-06	-0.38	100.00	18.23	100.00	78.1	100.00	-80.29	100.00
2006-07	-11.26	2963.16	7.15	39.22	54.07	69.23	36.64	-45.63
2007-08	-14.51	3818.42	3.02	16.57	28.86	36.95	53.14	-66.19
2008-09	-1.91	502.63	3.63	19.91	3.15	4.03	126.73	-157.84
2009-10	-6.68	1757.89	22.58	123.86	5.07	6.49	116.46	-145.05
2010-11	-16.5	4342.11	20.29	111.30	16.45	21.06	58.00	-72.24
2011-12	7.81	-2055.26	21.93	120.30	13.74	17.59	-17.13	21.34
2012-13	9.06	-2384.21	23.92	131.21	36.01	46.11	-81.81	101.89
2013-14	-17.48	4600.00	37.8	207.35	91.82	117.57	-159.92	199.18
2014-15	-28.31	7450.00	61.51	337.41	117.65	150.64	84.38	-105.09

Sources: Computed Annual Reports of the Respective units

ANALYSIS OF FACTORS AFFECTING THE SALARY OF FRESH GRADUATES IN WORKPLACE: THE TOURISM INDUSTRY IN TAIWAN

CHUNG-TE TING
ASSOCIATE PROFESSOR
DEPARTMENT OF TOURISM, FOOD & BEVERAGE MANAGEMENT
CHANG JUNG CHRISTIAN UNIVERSITY
TAIWAN

YU-SHENG HUANG
ASST. PROFESSOR
DEPARTMENT OF TOURISM, FOOD & BEVERAGE MANAGEMENT
CHANG JUNG CHRISTIAN UNIVERSITY
TAIWAN

YING-YEN LIU
Ph.D. STUDENT
GRADUATE SCHOOL OF BUSINESS AND OPERATIONS MANAGEMENT
CHANG JUNG CHRISTIAN UNIVERSITY
TAIWAN

CHENG-KUAN CHO
MASTER
GRADUATE SCHOOL OF BUSINESS AND OPERATIONS MANAGEMENT
CHANG JUNG CHRISTIAN UNIVERSITY
TAIWAN

ABSTRACT
Recruiting talented people can increase company output and performance. For fresh graduates in workplace, those with strong workplace competitiveness can receive good pay. This study aims to explore the factors affecting manufacturers in their recruitment of fresh graduates and the influencing degree of these factors on the salary of the recruits. We consider the tourism industry in southern Taiwan as the study area. In this research, hedonic price method is adopted to estimate characteristic salary factors of fresh graduates in workplace in the tourism industry. Results show that personality traits, foreign language aptitude, information competency, professional competence in workplace, hands-on background, serving as a class or community cadres, age, graduate school, and place of birth show significant effects on the salary of social fresh graduates. The biggest difference in the implied characteristic salary is due to different colleges, followed by foreign language aptitude, information competency, and professional competence in workplace.

KEYWORDS
fresh graduate in workplace, hedonic price method, tourism industry.

INTRODUCTION
The most important goal of an organization is to maximize benefits and increase industrial performance. For example, enterprise transformation strategy, employee incentive system, and multi-sidedness can increase the competitive edge of an enterprise or organization. However, for many enterprises, the most crucial factor is the talent. The contributions and additional value of talents to enterprises or organizations cannot be measured and calculated by money. Related studies have found that talent is an important factor of organizational performance and success (Becker & Gerhart, 1996; Huselid, Jackson & Schuler, 1997; Collins, & Clark, 2003; Robbins & Joudge, 2013). Recruiting qualified personnel under reasonable salary system and enterprise performance goal is important.

“Fresh graduate” represents a person’s term of service for less than one year. The term was later widely interpreted as the population initially entering into a new career. In this study, “fresh graduate” is defined as social fresh people initially entering into a career for one to three years, including adults who just graduated from senior high school, colleges and universities, and research institutions and worked for one to three years (inclusive) and are still currently employed. When an enterprise recruits a fresh graduate, personal competitive power in workplace should be considered. For example, Becker (1975) believes that educational status is positively related to salary. In addition, Becker (1975) and Spense (1973) report that fresh graduates with professional qualifications can receive high compensation. Grin and Vaillancourt (1997) prove that workers with linguistic competence are likely to obtain employment opportunities. Oh and Berry (2009) reveal that personality traits are correlated to work performance. In recent years, hedonic price theory for estimating implied price has been applied to various industries, including land, real estate, health medicine, agricultural products, aviation, hotel, foodstuff, and manufacturing industry, and even disaster prevention and control (Sinclair et al., 1990). In this study, factors influencing the salary of fresh graduates are classified into four, namely, personality trait, working attitude, employability, and basic personal data to further examine the implied hedonic price of these factors.

This study aims to determine the implied characteristic salary of fresh graduates in workplace and its degree of influence with hedonic price method. The study looks into the tourism industry in southern Taiwan as an example.

RESEARCH METHODOLOGY
THEORETICAL MODEL OF HEDONIC PRICE METHOD
Hedonic price method, which is an empirical research method for estimating goods, can verify variation in prices according to differences in features between goods and commodities. That is, particular otherness of goods or commodities is used to validate the price effects value of characteristics or attributes (Monty &

Skidmore, 2003). Hedonic consumption theory, as raised by Lancaster (1966), mainly aims to study the effect of the feature attribute of goods on consumer demand. Lancaster's theory model is as follows:

$Z_i = \sum_{j=1}^{n} \quad V_{ij}\ Q_j\ i = 1,2,3,\cdots,n,$

where Z_i: after n kinds of goods are consumed

V_{ij}: content of i kind of feature contained in per unit of j goods

Q_j: quantity of j kinds of goods consumed

After the above model is converted, the function model of hedonic price (Berndt & Khaled, 1979) is

$P_j^{(\theta)} = \beta_0 + \sum_{i=1}^{k} \quad \beta_i Z_i^{(\lambda)} + \varepsilon,$

where $P_j^{(\theta)}$: price of j goods

$Z_i^{(\lambda)}$: i hedonic price affecting goods

β_i: implied price coefficient of i feature (Z_i)

ε: residual term

Moreover, θ and λ in the equation are conversion parameters of dependent and independent variables, respectively. $P_j^{(\theta)}$and $Z_i^{(\lambda)}$can be represented as

$$P_j^{(\theta)} = \begin{cases} (\mathrm{P}_j^{\theta} - 1)\frac{}{\theta} \ \text{when}\theta \neq 0 \\ \ln \mathrm{P_j} \ \text{when } \theta = 0 \end{cases},$$

$$Z_i^{(\lambda)} = \begin{cases} (Z_i^{(\lambda)} - 1)\frac{}{\lambda} \ \text{when}\lambda \neq 0 \\ \ln Z_i^{(\lambda)} \ \text{when } \lambda = 0 \end{cases}.$$

In the above formula, θ and λ will produce different function models, including linear, semi-logarithmic (divided by taking the logarithms of the dependent and independent variables), double-logarithmic, reciprocal (divided by taking the logarithms of dependent and independent variables), and double-reciprocal. Thrane (2007) and Bello and Moruf (2010) claim that the semi-logarithmic function model is the most suitable, and, thus, this study employs this model.

THEORETICAL MODEL SETTING AND VARIABLE DESCRIPTION

Factors affecting salary are divided into four, which are personality traits, working attitude, employability, and basic personal data of fresh graduates.

Personality traits are divided into four categories, namely, extroverted, caring, stable, and trusting, as measurement items by referring to the personality trait scale of Costa and McCrea (1992). Fresh graduates with extroverted personality traits show good social skills, are loquacious and active, extroverted, fond of group interaction, firm, positive, brave, and full of vigor in their work. Fresh graduates who show caring personality traits are considerate, empathetic, helpful, polite, gregarious, gentle, warm, and generous in their work. Fresh graduates with stable-type personality traits are steady and quiet, make others feel safe, calm and confident, well thought out, not envious of others, non-emotional, and relaxed. Fresh graduates with trusting-type personality traits are conscientious and responsible, reliable and careful, steady, careful in considering, methodical, organized, untiring, systematic, well thought out, and efficient in their work.

Based on the working attitude scale of Kanungo (1982) and Dessler (1980), working attitude is divided into three categories, namely, teamwork, moral norm, and dedicated and responsible. These categories are the measurement items in the present study. Fresh graduates with teamwork-type work attitude show team spirit, identity of enterprise culture, and collaborative skills. Fresh graduates with moral norm work attitude have work discipline, professional ethics, and work specification. Fresh graduates with dedicated and responsible work attitude have dedication, responsibility, initiative, and enthusiasm.

In terms of employability, foreign language aptitude and information and professional competence in the workplace are used as measurement items of workplace competitiveness. Regarding basic personal data, the measurement items include working experience, school marks, joining in contest or not, serving as school cadres, educational degree, gender, marriage, age, working years, and residence of fresh graduates.

The theoretical model of the characteristic salary of fresh graduates is expressed as follows:

$$W_i = W_i \begin{Bmatrix} PT, JA, LA, CP, PC, EDU_{1,2}, GPA, CC, GA, SEX, MAR, \\ AGE,\ EXP_{1,2}, RA \end{Bmatrix} \qquad (1)$$

where W_i refers to characteristic salary function of a fresh graduate in workplace, PT refers to personality traits, JA refers to working attitude, *LA* refers to foreign language aptitude, *CP* refers to information competence, PC refers to professional competence, GPA refers to school marks, GA refers to joining in contest or not, CC refers to serving as school cadres or not, EDU_1 refers to education, EDU_2 refers to graduate school (national and private), SEX refers to gender, MAR refers to marriage, AGE refers to age, EXP_1 refers to having working experience or not in school (internships and part-time jobs), EXP_2 refers to working years (internships and part-time jobs), and RA refers to place of birth.

RESULTS & DISCUSSION

SAMPLE CHARACTERISTIC ANALYSIS

New employees in the tourism industry in southern Taiwan were interviewed. Three hundred questionnaires were issued, of which 265 were recovered. The valid questionnaires were 196, after the invalid ones were removed. The recovery rate was 65%.

The sample data revealed that for gender, males and females accounted for 39.8% and 60.2%, respectively. For marriage status, unmarried employees accounted for 85.2% and married employees accounted for 14.8%. In terms of age, the interviewees were limited to be within 1 to 3 job years and below 30 years old. Interviewees aged from 18 to 22 accounted for 27%; 23 to 27, 37.8%; 28 to 30, 35.2%. In terms of job years, 72 had job years from 1 to 12 months (36.7%); 22 people, from 13 to 24 months (11.2%); 102 people, 25 months and more (52%). The interviewees with job years of more than 25 months accounted for the largest proportion, followed by respondents with 1 to 12 months. In terms of place of birth, those born in northern areas accounted for 3.6%; middle areas, 10.2%; southern areas, 80.6%; eastern areas, 4.1%; off-island areas, 1.5%. For the first-month salary, fresh graduates with NTD 22,000 and below accounted for 34.2%; NTD 22,001 to 30,000, 56.1%; NTD 30,001 to 40,000, 8.2%; NTD 40,001 to 55,000, for 1.5%. Their average monthly salary was NTD 24,729.59.

For foreign language aptitude, interviewees without certificates accounted for 25%; with primary certificates, 50%; with intermediate certificates, 19.4%; with high intermediate certificates, 3.6%; with high-level certificates, 1%. In terms of information competence, interviewees without information certificates accounted for 76%; with primary certificates, 17.4%; with intermediate certificates, 6.6%. For tourism and catering, interviewees without professional certificates accounted for 62.8%; with primary certificates, 32.1%; with intermediate certificates, 4.6%; with high-level certificates, 0.5%.

For performance at school and educational levels, interviewees who graduated from general and vocational high school accounted for 4.1%; from universities and junior colleges, 83.2%; with postgraduate qualifications, 12.8%. Interviewees who graduated from national universities accounted for 26%, and those from private colleges and general and vocational high schools accounted for 74%. For school marks and ranking, interviewees among the top 10% of the class accounted for 8.7%; top 10% to 25%, 15.3%; top 50%, 37.2%; top 50% to 75%, 33.7%; top 75%, 5.1%. Interviewees participating in contests accounted for 31.1%, and those who did not participate in any contest accounted for 68.9%. Interviewees who served as class or community cadres accounted for 65.3%, and those who did not serve as cadres accounted for 34.7%.

EMPIRICAL MODEL SETTING AND RESULTS

Dependent and independent variables are converted to parameters, which are distinguished as θ and λ based on the differences between dependent and independent variables. A dependent variable, salary is set as W_i. Personality traits, working attitude, employability, and population statistics are independent variables. Semi-logarithmic function model is adopted in this study, and thus, the empirical model of hedonic price is as follows:

$lnW_i = (c \ + c_1PT \ + c_2JA \ + c_3LA + c_4CP + c_5PC + c_6EXP_1 + c_7EXP_2 + c_8GPA + c_9CC + c_{10}GA + c_{11}EDU_1 + c_{12}EDU_2 + c_{13}SEX + c_{14}MAR + c_{15}AGE + c_{16}RA)$ (2)

To calculate Box-Cox transformation, the ordinary least square method (OLS) is adopted. Table 1 shows the empirical result. Personality traits, foreign language aptitude, information competence, professional ability in workplace, job years, serving as class cadres or community cadres, age, graduated colleges are positively significant, whereas the place of birth is negatively significant. These factors are important considerations for manufacturers in recruiting talent.

TABLE 1: OLS ESTIMATION RESULT OF FRESH GRADUATES

Symbols	Name of variable	Coefficient	Standard deviation	*t* statistics	*P*-value
C	Intercept	9.716	0.133	72.979***	0.000
PT	Personality traits	0.014	0.008	1.711*	0.089
JA	Working attitude	-0.013	0.009	-1.447	0.150
LA	Foreign language aptitude	0.059	0.017	3.444***	0.001
CP	Information competence	0.053	0.025	2.142**	0.034
PC	Professional ability in workplace	0.045	0.024	1.842*	0.067
EXP_1	Having working experience or not	-0.040	0.030	-1.308	0.192
EXP_2	Job years	0.003	0.001	2.755***	0.006
GPA	School marks	-0.008	0.012	-0.696	0.487
CC	Serving as class cadres or community cadres	0.053	0.031	1.708*	0.089
GA	Participating into contest in and outside school	0.035	0.031	1.100	0.273
EDU_1	Educational degree	0.009	0.038	0.225	0.822
EDU_2	Graduate school	0.067	0.032	2.061**	0.041
SEX	Gender	0.033	0.028	1.176	0.241
MAR	Marriage	0.044	0.042	1.035	0.302
AGE	Age	0.008	0.004	1.871*	0.063
RA	Place of birth	-0.065	0.035	-1.857*	0.065

Notes: *significant at the level of 0.10, **significant at the level of 0.05, ***significant at the level of 0.01

To obtain implied characteristic salary, this study converted estimated coefficients. That is, applying Eq. (2) to differentiate. Taking the foreign language aptitude (LA) as an example, the implied characteristic salary of LA is equal to salary multiplied by estimated coefficient of this feature: $\frac{\partial W_i}{\partial LA} = W_i \times a_l$. Therefore, the average monthly salary of the sample is 24,729.59 yuan, according to coefficient of LA estimated in Table 1 (0.059). Hence, the implied characteristic salary of LA can be calculated as 24,729.59×0.059=1,459.05. The salary will be increased by 1,459.05 yuan if one level of foreign language aptitude is increased. All implied characteristics of the salary are shown in Table 2.

Table 2 shows that in terms of significant variables, the variable graduate school will have the largest difference in implied characteristic salary. Manufacturers will take graduate schools as the most important consideration in recruiting talents. The second important items are foreign language aptitude, information competence, and professional ability in workplace. The place of birth is worth noting. This study shows the salaries of new employees born in other places are higher than those born locally. Perhaps the reason is that the employer subsidized accommodation, and employees are willing to work overtime, resulting in higher salaries.

TABLE 2: IMPLIED CHARACTERISTIC SALARY OF FRESH GRADUATES IN WORKPLACE

Symbol	Name of variable	coefficients	Implied characteristic salary
PT	Personality traits	0.014*	346.21
JA	Working attitude	-0.013	-321.48
LA	Foreign language certificate	0.059***	1,459.05
CP	Information competence certificate	0.053**	1,310.67
PC	Professional ability in workplace	0.045*	1,112.83
EXP_1	Having working experience or not	-0.040	-989.18
EXP_2	Job years	0.003***	74.19
GPA	School marks	-0.008	-197.84
CC	Serving as class cadres or community cadres	0.053*	1,310.67
GA	Participating into contest in and outside school	0.035	865.54
SEX	Gender	0.033	816.08
MAR	Marriage	0.044	1088.10
AGE	Age	0.008*	197.84
EDU_1	Educational degree	0.009	222.57
EDU_2	Graduate school	0.067**	1,656.88
RA	Place of birth	-0.065*	-1,607.42

Notes: *significant at the level of 0.10, **significant at the level of 0.05, ***significant at the level of 0.01

CONCLUSIONS

This study aims to explore the factors affecting salaries of fresh graduates in the tourism industry. The implied characteristic salary of fresh graduates is measured with hedonic price method. Personality traits, foreign language aptitude, information competence, professional ability in workplace, job years, serving as class or community cadres, age, graduate school, and place of birth are the first considerations of manufacturers in recruiting fresh graduates. The variable graduated school has the largest difference in implied characteristic salary. The second important items are foreign language aptitude, information competence, and professional ability in workplace. Therefore, students who have not yet entered the workforce must pay more attention to these items, as these skills could help them obtain higher starting salaries. The school curriculum must meet the needs of the workplace. For example, the general curriculum helps to improve student personality and working attitude. Increasing the proportion of foreign language and information courses could improve the basic skills of students, and students should be encouraged to obtain professional certificates. Moreover, working experience is an important consideration, as internship or part-time jobs of students increase their salaries.

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SCHEMES FOR FINANCIAL ASSISTANCE OF STRENGTHENING EDUCATION IN HUMAN VALUES - WITH SPECIAL REFERENCE TO GUJARAT STATE

BIJALBEN M SHAH
ASST. PROFESSOR
PARUL INSTITUTE OF MANAGEMENT AND RESEARCH
PARUL UNIVERSITY

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

ABSTRACT
Education not only improves the standard of living of people but also provides opportunities of progress. Individual opportunities of individual development and progress are not available to illiterate persons, as being available to literate persons. The concept of the Human Development was adopted for the first time by UNDP in 1990. Since then, countries all over the World have significantly improved their Human Development status. With the aim to raise the Human Development Index (HDI), the State Government has taken into account numerous problems faced by the people residing in different geographical areas across the State and is working towards addressing their deprived condition. The Government has launched various schemes to improve the condition of the people and subsequently increase the HDI of the State. ***Objective of the study is-*** *to study different schemes of government to improve education for human development- to make analysis on the effects of government's schemes of education for improving standard of living of the people of any nation. -To identify due to education, other sectors like Health, Employment, Child Development, Women's development etc. are also developed. In view of multiple benefits of the education, the investment made in this sector, are having capacity of giving manifold compensation.*

KEYWORDS
education development, human development.

INTRODUCTION
Education is more than just reading, writing, and arithmetic. It is one of the most important investments a country can make in its people and its future. It is the most basic insurance against poverty and critical for reducing inequality. It represents opportunity. At all ages, it empowers people with the knowledge, skills and confidence they need to shape a better future. Most importantly, education helps us expand our world. It shapes our ideas, develops our ability to express them, and gives us the power to exercise choice. Education also helps us acquire the necessary skills and tools to better our lives in terms of economic opportunities, health, and other amenities of life.

The concept of the Human Development was adopted for the first time by UNDP in 1990. Since then, countries all over the World have significantly improved their Human Development status. The 12th Five Year Plan also lays emphasis on the role of education and states that education is the most important lever for social, economic and political transformation. Accordingly, recognizing the importance of education in national development, the Twelth Five Year Plan places an unprecedented focus on the expansion of education, on significantly improving the quality of education and on ensuring that educational opportunities are available to all segments of the society.

FEATURES OF EDUCATION
- Process of learning and knowing,
- Not restricted to our school,
- Continues through our life,
- Events happening around us educate us,
- Existence of human beings is fruitless without education,
- An educated person has the ability to change the world,
- Assured of making the right moves.

SIGNIFICANCE OF EDUCATION IN OUR LIFE
- Makes Better Citizens,
- Education makes a worthy contribution to our lives,
- Making us responsible citizens,
- We get to know our history culture and values through education,
- Education opens our mind and expands our horizon,
- It enables us to understand our duties as a citizen,
- An educated person is a better citizen.

ENSURES A PRODUCTIVE FUTURE
- One who receives good education gets a secure future,
- Our productivity is increased by acquiring new skills and talents,
- With right training and education, we find most competitive jobs,
- We achieve heights in life.
- Education enables us to take the right decisions and prevents losses.

OPENS NEW VISTAS
- Education, opens wide range for us,
- An educated person understands a different point of view than uneducated,
- Education broadens our mental setting,
- Greater enlightenment – leads to - the ultimate goal of every human in life.

WIDER RANGE OF AWARENESS

- the lack of awareness is bringing disappointment everywhere,
- Education spreads awareness,
- Informs about our rights and the services that we can access,
- It teaches us to differentiate between right and wrong,
- Right education gives us the right answers.

HUMAN DEVELOPMENT IN GUJARAT

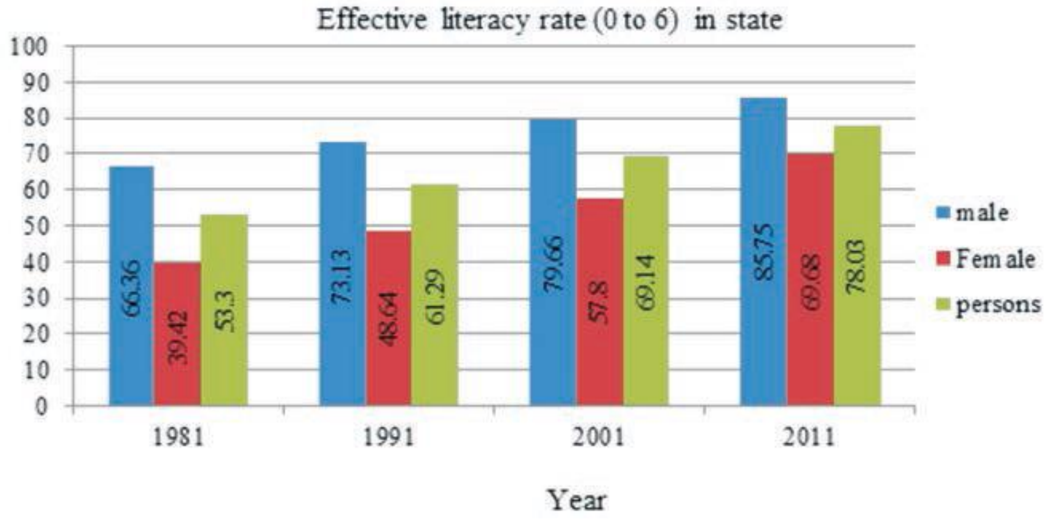
Gujarat aims at becoming a model state on all fronts of Human Development. Together we shall create a state, which would stand out for its achievements in agriculture, infrastructure, industry, and last but not the least, human development. This should make Gujarat a benchmark for development not only for all other states in India but also for other developing countries. The State Government has taken various efforts to raise living standard of people by providing basic facilities. Further, Gujarat Government has put in force the strategy of increasing Human Development Index through the wellbeing of the people, particularly welfare of weaker sections of the State. In addition to the rapid development of the State, it is to be ensured that the process of development may result in **"Inclusive Growth"** based on comprehensive development. Since last few years, the State is making an attempt to increase the Human Development Index by increasing the provision of social sectors like Health, Education, Water Supply, Sanitation, Housing, Women and Child Development, Welfare of Backward class, Labour and Employment etc. and started many new schemes/ programs

As per the Human Development Index value of all the States shown in **"India Human Development Report-2011"** Published by Planning Commission of the Government of India, Gujarat State has been ranked 11. The Human Development index figure of Gujarat was 0.466 during the year 1999-2000, which was increased to 0.527 during the year 2007-08. It shows the growth of 13 percent during the period. Against the year 1999-2000 the Income, Health and Education sector of Human Development Index there was increase of 15 percent, and 13 percent during the year 2007-08 respectively. As per the "India Human Development Report" published by the Planning Commission, Government of India, while comparing Human Development Index value of 10 bigger States of India with the Gujarat, State has been ranked at six (6) during the years 1991, 2001 and 2011.

EDUCATION DEVELOPMENT IN GUJARAT

The Government of Gujarat is endeavouring to achieve the objectives of total literacy by Strengthening various programmes/schemes of Primary Education, Secondary and Higher Secondary Education, Higher Education and Technical Education. The State Government has started various programmes as **Sarva Shiksha Abhiyan, Kasturba Gandhi Balika Vidyalay, Vidya Deep Insurance, Vidya Laxmi Bond, Distribution of Cost free Text Book, Kanya Kelavani Mahotsav and Gunotsav Programme,** etc. to improve qualities of education. It is necessary to lay emphasis on education for improving standard of living of the people of any nation. Due to education, other sectors like Health, Employment, Child Development, Women's development etc. are also developed. In view of multiple benefits of the education, the investment made in this sector, are having capacity of giving manifold compensation. Education not only improves the standard of living of people but also provides opportunities of progress. Individual opportunities of individual development and progress are not available to illiterate persons, as being available to literate persons. The State Government has given priority to Primary Education. Primary Education is the foundation of pyramid of education. It is the responsibility of State Government to give free and compulsory education to all the children of 6 to 14 years age group. More emphasis is given on admission and retention schemes of Primary Education. Moreover, various commendable efforts are made by the State Government in this direction. The works regarding appointment of Vidya-Sahayaks, filling vacant posts of teachers, improvement of the quality of the teachers, starting new schools and providing facilities, training to teachers, etc. have been carried out. Guardian Education Board, Mother Education Board and village Educational Committee have been constituted in whole State. People's participation has increased by the programmes like 'Shala-Praveshotsava', 'Kanya Kelvani Mahotsava'. Further incentive schemes like, 'Sarva Siksha Abhiyan', 'Kasturba Gandhi Balika Vidyalaya', 'Vidyadeep Insurance Scheme', Vidyalaxmi Bonds', 'Distribution of Books free of Cost', 'Vanche Gujarat', 'I.C.T@ School' have been implemented successfully. In the State, to improve the physical facilities and environment in the school; schemes like special helping schools and seasonal hostels for the children of Agaria and others, model schools, computerization project, compound wall have been started.

CHART 1: EFFECTIVE LITERACY RATE OF THE STATE (EXCLUDING THE CHILDREN OF 0-6 AGE GROUP)



Under the attempt of universalization of elementary education, it is proposed to cover children who were never registered and who were dropouts under formal education and alternative school education system. In present period, it is necessary to supervise all children, by preparing systematic computerized database of each child getting formal education and getting education in alternative school. This individual computerized database information can be effective utilized at multiple levels for knowing the educational progress of the child. Information about the individual identity of the child and educational progress of the child will be available through this individual computerized database. The system will be proved important for monitoring and controlling educational process. Storage, retrieval and analysis of the information can be made through this computerized database information. For the purpose, Central Computerized Database Information Centre has been established at State as well as District Level.

Under the tenth Five Year Plan, a scheme of providing sanitation facilities to girls of standard 5 to 7 in higher primary schools was started. Due to the implementation of the scheme retention rate of girls has been increased. Physical Facilities: Facility of drinking water was provided in 43168 schools, 41268 boys toilet, 42430 girls toilet, 40671 common toilets, 36373 ramps facility and 20502 computer laboratory was provided in the year 2013-14. Total 144864 Vidhya Sahayaks are in place upto 2013-14.

OBJECTIVES OF THE STUDY

1. To understand the importance of education for human development.
2. To study different schemes of government to improve education for human development in Gujarat
3. To make analysis on the effects of government's schemes of education for improving standard of living of the people of any nation.
4. To identify due to education, other sectors like Health, Employment, Child Development, Women's development etc. are also developed. In view of multiple benefits of the education, the investment made in this sector, are having capacity of giving manifold compensation.

RESEARCH METHODOLOGY

SOURCES OF DATA COLLECTION

Data collected from secondary source like published articles, journals, human development report of Gujarat government

LIMITATIONS OF THE STUDY

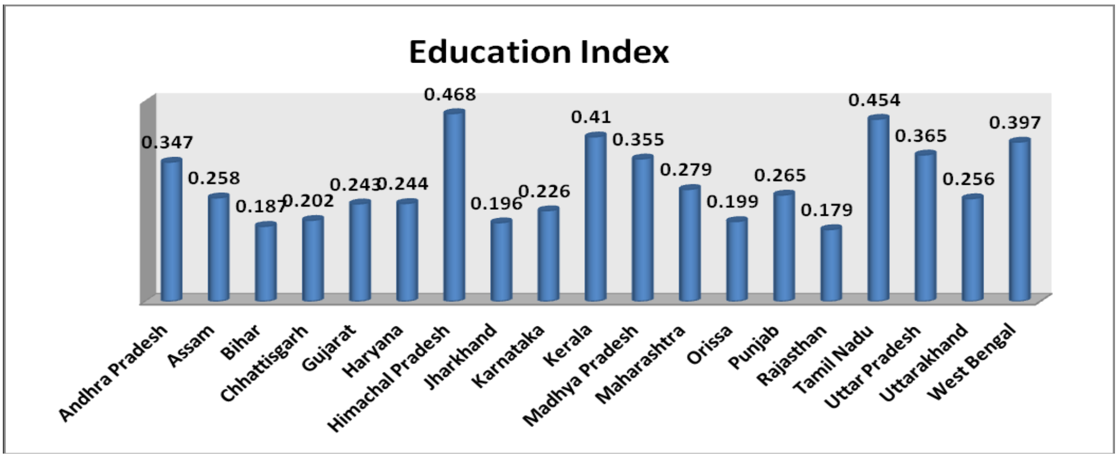
1. Time constrain is the limitation of the study.
2. Researcher has taken only education aspects in human development.
3. Research study can be done at national level but in this paper research area is only Gujarat.

LITERATURE REVIEW

- UNDP I (1990) in the First Global Human Development report concluded that people are the real wealth of a nation. Human Development is all about "process of enlarging people's choices". It mainly focused on building of human capabilities, enhancement of freedom and process of achieving outcomes. The Report treats human beings primarily as inputs in production process. Education, skill formation and health are means for enhancing quality of human capital. Further, the report also addressed how the economic growth translates into human development. The report strongly recommends the restructuring of budgetary expenditures, including military expenditures, and creating an international economic and financial environment conducive to human development
- Pradhan ii (2007) in his paper Human Development: A Case Study identified status of human development in India at the global level as well as state level. The study followed two methods namely the UNDP, Human Development Index and the Alternative Composite Human Development Index (ACDI). The HDI reflects that a state has high human development, if its value is closer to one and has low human development, if its value is closer to zero. On the contrary, ACDI indicates that a state has high human development, if its score is closer to zero and has low human development, if its score is close to one. He calls for government intervention to improve the status of human development and convergence of regional variations in human development between the states.
- Rajarshi iii (2005) in his study made an effort to trace the trends in regional issues related to human development in India over the period 1971 to 2001. He developed two alternative measurement of human development. The Social Development Index (SDI) has two indices Education Development Index and Medical Development Index, while human development index constitutes income capability. Highest intra-state disparities were observed in Rajasthan, Uttar Pradesh and Madhya Pradesh and lowest disparities were recorded in Maharashtra, Punjab, Gujarat, Tamil Nadu and Karnataka. Government policy and the development of infrastructure have been identified as the significant factors in bridging such regional disparities

ANALYSIS

CHART 2: EDUCATION INDEX

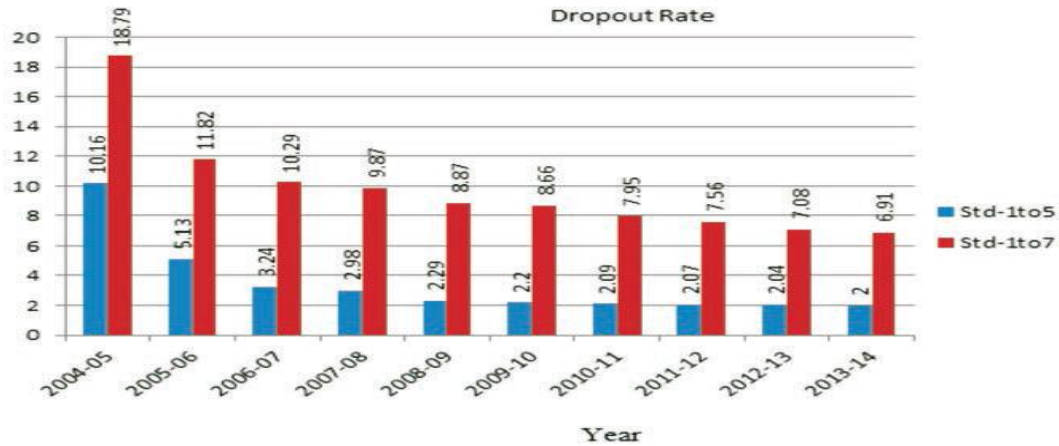


Interpretation

After perusal of the data obtained from UNDP report of HDI 2011 on education index, it is clear that Himachal Pradesh has taken highest rank followed by Tamil Nadu and Kerala. Assam, Jharkhand, Bihar and Rajasthan have taken consistently lowest rank. Whereas Punjab, Orissa, Uttarakhand then Maharashtra and Gujarat has a moderate rank in education Index.

DROPOUT RATE

CHART 3



From the above chart data reveals that the rate of drop-outs in standard 1 to 5 and standard 1 to 7, which was 10.16% and 18.79% respectively during 2004-05, was brought down successfully of about 2.00% and 6.91% respectively at the end of the year 2013-14. During the year 2013-14, the dropout rate of girls in standard 1 to 5 and 1 to 7 was 2.02% and 7.28% respectively.

FINDINGS

1. From the above study it reveals that while comparing Human Development Index value of 10 bigger States of India with the Gujarat, State has been ranked at six (6) during the years 1991, 2001, 2011 and 2015
2. Due to such intensified attempts of the State Government, the rate of drop-outs in standard 1 to 5 and standard 1 to 7, which was 10.16% and 18.79% respectively during 2004-05, was brought down successfully of about 2.00% and 6.91% respectively at the end of the year 2013-14. During the year 2013-14, the dropout rate of girls in standard 1 to 5 and 1 to 7 was 2.02% and 7.28% respectively.
3. Education affects human development in innumerable ways such as teaching people how to read and write; promoting creativity and innovation; empowering people to advance their interests and protect their rights; creating awareness of being healthy and leading a better quality of life; increasing earning levels and providing better job opportunities.
4. Such a huge impact of education on human development has been rightly recognised by the entire world and this is visible from the fact that "no country has seen declines in literacy or years of schooling since 1970 (HDR, 2010)."
5. Due to education, other sectors like Health, Employment, Child Development, Women's development etc. are also developed.

SUGGESTIONS

- Construction of more schools especially in rural areas
- Training and hiring more teachers
- Investment in curriculum revision, progressive pedagogy and examination reforms to make schooling more relevant
- Public information campaigns to change attitudes about the benefits of schooling
- Programs to improve the internal efficiency and quality of secondary education –so as to increase the number and quality of graduates

CONCLUSION

Education is the most important things in modern world for any country. Modern studies suggested that female education is more important than male education for social and Economic development. Education is crucial for income generation and behavioural change. Human development is not only the goal of a human society; it is also a development paradigm to be adopted to achieve this goal. Human development cannot be achieved only by promoting health and nutrition or education and literacy or welfare of people through scattered programmes. It requires a development path or development strategy that is conducive to the development of human capabilities and opportunities. Most importantly, education helps us expand our world. It shapes our ideas, develops our ability to express them, and gives us the power to exercise choice. Education also helps us acquire the necessary skills and tools to better our lives in terms of economic opportunities, health, and other amenities of life.

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RELATIVE INFLUENCE OF SECTORS ON REGIONAL PROSPERITY - A CASE STUDY OF WEST-BENGAL

BIKASH SAHA
ASST. PROFESSOR OF ECONOMICS
BOLPUR COLLEGE
BOLPUR

ABSTRACT

By the term regional prosperity, we mean wellbeing of population of a particular area. It depends upon the availability as well as proper utilization of human and non-human resources of that particular region. In economic sense we know that, the sources of available resources are subdivided into three sectors say primary, secondary and service. Therefore, regional prosperity means an increase of population's living standards through ultimate as well as sustainable utilization of three sectors. But it is reality that, due to natural or geographical disparity among regions, all sectors may not perform equally for economic growth. This is the room to take necessary decision about economic planning for future. Domestic product is one of the most pivotal factors of national prosperity. The growth of domestic product implies the growth of national income. Rise in national income increases the investment possibility of the nation which in turn increases employment as well as per-capita income. Thus, the generation of employment opportunity for all and creation of socio-economic infrastructure may increase the well-beings of population without plentiful problem of income distribution. Therefore, we need to emphasis on domestic production. However, we know that, our economy is subdivided into three sectors like primary/agriculture, secondary/industrial sector and service sector. In planning for higher domestic product, we must have to choose the sector which will have most influence on it. In this study, I have tried to analyze a comparative influence of three sectors of West-Bengal. For this I have used a time series data of period 2005-6 to 2013-14 on sectoral growth rate and the growth rate of Net State Domestic Product)NSDP .(Mainly secondary sources have been used. For the purpose of data analysis, I have calculated the elasticities of growth rate of NSDP with respect to sector's growth. Further, I have also run a multiple regression to compare the multiplier effect of sectors on domestic product. The result of my study shows that the service sector which include education, health, commerce and communication have the most pivotal influence on NSDP of West-Bengal.

KEYWORDS

regional prosperity, domestic product, sectoral growth, multiplier effect, elasticity of growth rate of NSDP, rural infrastructure and economic wellbeing.

INTRODUCTION

West Bengal is situated in eastern India and shares its borders with Jharkhand, Bihar, Odisha, Sikkim and Assam. The state also shares international borders with Bangladesh, Bhutan and Nepal. The Bay of Bengal is in the south of the state.

West Bengal is India's sixth largest economy, and recorded a gross state domestic product (GSDP) of US$ 140.56 billion in 2015-16. The state's GSDP expanded at a compound annual growth rate (CAGR) of 10.57 per cent from 2004-05 to 2015-16. Agriculture is the chief occupation in the state and contributed 18.8 per cent to the GSDP in 2014-15. West Bengal is the largest producer of rice in India. Rice production for the state totaled 16.1 million tonnes in FY 2015-16. West Bengal is also the largest fish producing state in India. During 2015-16, the state produced a total of 1.63 million tonnes of fish in comparison with a produce of 1.61 million tonnes during 2014-15. As of June 2016, West Bengal had a total installed power generation capacity of 9,988.4 megawatt (MW).

The State Domestic Product)SDP (at factor cost is regarded as the most important single economic indicator to measure the growth and pattern of economic development of a state. The structure of a state economy and its performance by economic activity can be looked upon by the estimates of its Gross/Net State Domestic Product by different sectors. The per-capita income is a useful measure of the prosperity of an economy. True, it cannot accurately capture some vital aspects of human welfare like the health and education standards of the society, nor does it take environmental degradation into account, but it is still believed to be the best single parameter of a region's welfare. This indicator is now frequently used by the Planning Commission) PC (and Finance Commission)FC (for devolution of a part of plan resources and distribution of proceeds of central taxes to different states. Considering this ground reality, in this study, I am going to see the relative influences of three sectors on NSDP of our state economy. This seems to be highly effectual to plan for immediate needs.

LITERATURE REVIEW

ECONOMY OF WEST BENGAL

A state in eastern India, is primarily dependent on agriculture and medium-sized industry, although services and heavy industries play an increasingly significant role in the economy of the state. A significant part of the state is economically backward, namely, large parts of six northern districts of Cooch Behar, Darjeeling, Jalpaiguri, Malda, North Dinajpur and South Dinajpur; three western districts of Purulia, Bankura, Birbhum; and the Sundarbans area. Years after independence, West Bengal was still dependent on the central government for meeting its demands for food; food production remained stagnant and the Green Revolution bypassed the state. However, there has been a significant spurt in food production since the 1980s, and the state is now one of the few Indian states with a surplus in food production. It is one of the most important food producing states in India, producing nearly 20 %of the rice and 33 %of the potato yield, although accounting for only 15 %of the population of India.) W.B HDR, 2004(The state's total financial debt stood at ₹1,918 billion (US$30 billion)as of 2011(*Economic Times 2011.*

In 2009–10, the tertiary sector of the economy (service industries)was the largest contributor to the gross domestic product of the state, contributing 57.8 %of the state domestic product compared to 24 %from primary sector (agriculture, forestry, mining)and 18.2 %from secondary sector (industrial and manufacturing .(In 2009-10, the tertiary sector contributed 57.8 per cent to the state's GSDP at current prices, followed by primary sector (24.0 per cent) and secondary sector (18.2 per cent(. At a Compound Annual Growth Rate (CAGR)of 15.2 per cent, the tertiary sector has been the fastest growing among the three sectors from 2004-05 to 2009-10. The growth has been driven by trade, hotels, real estate, finance, insurance, transport, communications and other services. The primary sector grew at a CAGR of 12.7 per cent between 2004-05 and 2009-10. The secondary sector grew at a CAGR of 11.5 per cent between 2004-05 and 2009-10. It was driven by manufacturing, construction and electricity, gas and water supply. The per capita NSDP increased at an average rate of 11.6 per cent between 2004-05 and 2009-10. (West-Bengal, 2011)

NATIONAL PICTURE

India, the fourth largest economy after Japan, is emerging very fast as a global economy. It is the second most populous country in the world after China whereas China is the most populous country with the second largest economy in the world. At the time of Indian independence, the speed of economic growth was slow but now the economy is growing substantially due to changes in economic structure in the country. A series of economic reforms is taking place aimed at deregulating the country, and stimulating foreign investment has moved India into the front ranks in the Asian region. A primary reason for the surge in the economic growth rate in the first two decades after independence was the high priority attached to and large public investments undertaken in higher and technical education in the country immediately after independence. Since investments in public sector and education have a long gestation period, it is likely that these effects became visible only after the 1980s. The decline in public sector investments with the gradual dilution of Nehruvian economic agenda adversely affected the total factor productivity in India.

The Indian Economic policy after independent was influenced by the colonial experience, which was seen as exploitative by Indian leaders exposed to British social democracy and the planned economy of the Soviet Union. Domestic policy tended towards protectionism, with a strong emphasis on import substitution, industrialization, economic interventionism, a large govt.-run public sector, business regulation and central planning, while trade and foreign investment policies were relatively liberal. Five-Year Plans of India resembled central planning in Soviet Union. Steel, mining, machine tools, telecommunications, insurance and power plants, among other industries, were effectively nationalized in the mid-1950s. Jawaharlal Nehru, the first prime minister of India, along with the statistician Prasanta Chandra Mahalanobis, formulated and oversaw economic policy during the initial years of the country's independence. The expected favourable outcomes from their strategy, involving the rapid development of heavy industry by both public and private sectors, and based on direct and indirect state intervention, rather than the more extreme Soviet-Style central command system.

The recent spurt of economic growth during the NDA (National Democratic Alliance) regime was even more fragile than the earlier occurrences of growth in the 1980s and mid-1990s. The growth of over 8 per cent achieved in the year 2003-4 was only a recovery and not a consistent trend. It was based on the Business Process Outsourcing (BPO)upsurge which centered on a small fraction of the economy. By extrapolating the economic growth in a narrow segment of the economy, the NDA government started indulging in the self-created fantasy of 'India shining and feel good factor', indicating that India was on the verge of explosive economic growth. The fact is that it is the explosion of IT-related services that has propelled the recent growth, and economic reforms in India cannot be a sustainable source of growth because it currently accounts for a small share of GDP and employment. So, emphasis must be given to those sectors that have linkages and have a strong economy wide growth impact.

Changes in the economic scenario have started to accelerate economic growth recently when economic reforms were introduced during the 1980s in India. Since then, India has undergone major reforms consisting of opening up the economy to more foreign trade and investment and dismantling the industrial licensing system. But the speed of reforms accelerated actually in 1990s. By introducing new reforms policy India's growth rate picked up, foreign exchange started to flow into the country at an unprecedented rate, and the information technology sector boomed making India a major player on the global scene. This has led to a worldwide interest in the Indian economy not witnessed since the time of India's independence. No doubt, Indian economy is growing however; the question does remain about what is happening to poverty and inequality in India, whether the fiscal policy being followed is sustainable, whether the information technology boom is here to stay. The answer lies in the fact that there is an unequal growth in the agriculture, industry, and service sectors. In 1979-80, the GDP was Rs. 372,373 crore at factor cost. About 40 per cent of the GDP originated in the primary sector, around 22 per cent in the manufacturing sector, and 38 per cent in the services sector. *Kumar, Naresh (2008).*

AGRICULTURE IN INDIA

India ranks second worldwide in farm output. Agriculture and allied sectors like forestry, logging and fishing accounted for 17 %of the GDP and employed 49 %of the total workforce in 2014. As the Indian economy has diversified and grown, agriculture's contribution to GDP has steadily declined from 1951 to 2011, yet it is still the country's largest employment source and a significant piece of its overall socio-economic development. Crop-yield-per-unit-area of all crops has grown since 1950, due to the special emphasis placed on agriculture in the five-year plans and steady improvements in irrigation, technology, application of modern agricultural practices and provision of agricultural credit and subsidies since the Green Revolution in India. However, international comparisons reveal the average yield in India is generally 30 %to 50 %of the highest average yield in the world. The states of Uttar Pradesh, Punjab, Haryana, Madhya Pradesh, Andhra Pradesh, Telangana, Bihar, West-Bengal, Gujarat and Maharashtra are key contributors to Indian agriculture.

India receives an average annual rainfall of 1,208 millimetres (47.6 in)and a total annual precipitation of 4000 billion cubic metres, with the total utilisable water resources, including surface and ground water, amounting to 1123 billion cubic metres. 546,820 square kilometres (211,130 sq mi) of the land area, or about 39 % of the total cultivated area, is irrigated. India's inland water resources and marine resources provide employment to nearly six million people in the fisheries sector. In 2010, India had the world's sixth-largest fishing industry. *Wikipedia*

INDUSTRY

Industry accounts for 26 %of GDP and employs 22 %of the total workforce. According to the World Bank, India's industrial manufacturing GDP output in 2015 was 6th largest in the world on current US dollar basis ($559 billion), and 9th largest on inflation-adjusted constant 2005 US dollar basis ($197.1 billion). The industrial sector underwent significant changes due to the 1991 economic reforms, which removed import restrictions, brought in foreign competition, led to the privatization of certain government-owned public-sector industries, liberalized the foreign direct investment (FDI)regime, improved infrastructure and led to an expansion in the production of fast-moving consumer goods. Post-liberalization, the Indian private sector was faced with increasing domestic and foreign competition, including the threat of cheaper Chinese imports. It has since handled the change by squeezing costs, revamping management, and relying on cheap labour and new technology. However, this has also reduced employment generation, even among smaller manufacturers who previously relied on labour-intensive processes.

SERVICE

The services sector has the largest share of India's GDP, accounting for 57 %in 2012, up from 15 %in 1950. It is the seventh largest service sector by nominal GDP, and third largest when purchasing power is taken into account. The services sector provides employment to 27 %of the work force. Information technology and business process outsourcing is among the fastest-growing sectors, having a cumulative growth rate of revenue 33.6 %between fiscal years 1997–98 and 2002–03, and contributing to 25 %of the country's total exports in 2007–08.

(…….Agriculture in India, Forestry in India, Animal husbandry in India, Fishing in India and Natural resource in India. Wikipedia)

Economic growth is the increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP, usually in per capita terms. Growth is usually calculated in *real* terms –i.e., inflation-adjusted terms –to eliminate the distorting effect of inflation on the price of goods produced. Measurement of economic growth uses national income accounting since economic growth is measured as the annual percent change of gross domestic product (GDP); it has all the advantages and drawbacks of that measure.

The "rate of economic growth "refers to the geometric annual rate of growth in GDP between the first and the last year over a period of time. Implicitly, this growth rate is the trend in the average level of GDP over the period, which implicitly ignores the fluctuations in the GDP around this trend.*….)*.Wikipedia).

Economic reforms have affected all sectors of Indian economy. Before reforms, the pace of economic growth was slow and the growth rate of gross domestic product (GDP)was imperceptibly above the population growth rate. After reforms, Indian economy has transformed relatively from stagnation to a dynamic stage due to growth in primary, secondary, and tertiary or service sectors. However, pattern of growth in agriculture, industry, and service sectors along with developments in the reforms and liberalization process shows that growth in agriculture sector has not increased substantially though other sectors, particularly service sector demonstrates the boost. Therefore, the objective of the paper is to examine the nature of growth and direction of different sectors namely agriculture, industry, and service sectors in India using regression analysis.

In this study, I shall try to find the linkages between agriculture, industry, and services sectors with NDP and also try to analyses the expected path for economic growth in West-Bengal. The regression model will be estimated on annual data for the period 2004-05 to 2013–2014. Thus, the objective of my study is **to find the relative influence of three sectors on NDP in our state economy**. I think it will be helpful for regional planning for development.

Null hypothesis of the study *:*All sectors have equal influence in net state domestic product of West-Bengal.

Data *:*Mainly I have used secondary data from Bureau of Applied Economics and Statistics, Department of Statistic & Programme implementation. Some other sources have been used for the purpose of literature survey.

For detail analysis of my study let us go through collected data in following table-1.

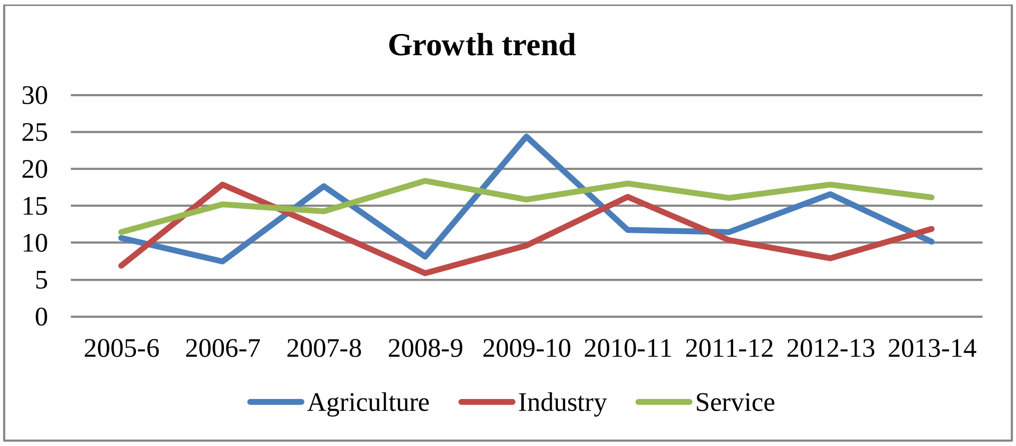
TABLE 1

Year	Agriculture & Allied (% growth)	Industry (% growth)	Service (% growth)	Per-capita NSDP (% growth)
	At current price	At current price	At current price	At current price (2004-5 to 2013-14)
2005-6	10.65	6.89	11.44	9.14
2006-7	7.48	17.85	15.23	12.55
2007-8	17.66	11.94	14.3	13.46
2008-9	8.1	5.89	18.37	12.42
2009-10	24.4	9.65	15.87	15.65
2010-11	11.76	16.24	18.04	15.12
2011-12	11.46	10.34	16.09	12.99
2012-13	16.56	7.89	17.88	12.99
2013-14	10.17	11.87	16.16	16.15

Source :Bureau of Applied Economics and Statistics, Department of Statistic & Programme implementation, Govt. of West-Bengal, August 2014.

Note that :here agriculture and allied sector includes Agriculture, Forestry & Fishery and Industry includes Mining and Quarrying, Manufacturing (registered and un-registered), Construction, Electricity, Gas & Water supply sectors. I have used only current price data for analysis.

CHART 1



In above chart, I have used only current price data and get a clear idea about the long run tendency of rate growth of three sectors in West-Bengal economy. The growth rate is more or less same in all three sectors except a sudden increase in growth rate of agriculture sector in 2009 -10. This picture however not says about expected future planning of the economy. We cannot determine the relative expected level of emphasis on sectors. If we need to do so we have to determine the relative impact of three sectors on State's per-capita net domestic product (PCNDP) .For the said purpose, we have regress the rate of growth of three sectors on PCNDP.

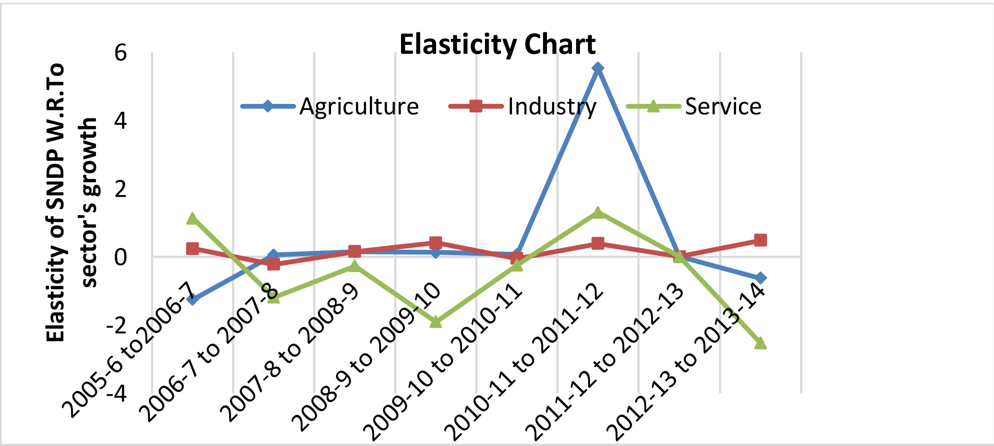
Now we shall look the sector sensitivity of SNDP in respect growth rate. The last three columns of following table represent the elasticity of SNDP with respect to Agriculture, Industry and Service sector's growth rate respectively which have termed as sector sensitivity of SNDP. To consider the sensitivity of NDP, I have used only the mod value of elasticity.

TABLE 2

Period \ Sectors	Elasticity of SNDP with respect to sector's growth rate		
	Agriculture	Industry	Service
2005-6 to2006-7	-1.253425509	0.234539962	1.126146776
2006-7 to 2007-8	0.053278438	-0.219002164	-1.187448057
2007-8 to 2008-9	0.142731913	0.152488549	-0.271475041
2008-9 to 2009-10	0.129234463	0.407388135	-1.910953301
2009-10 to 2010-11	0.065373883	-0.049591064	-0.247673032
2010-11 to 2011-12	5.522222222	0.387758945	1.303256003
2011-12 to 2012-13	0	0	0
2012-13 to 2013-14	-0.630430776	0.482249585	-2.528814652
Average*	0.974587615	0.241626897	1.071970347

*Averages have calculated by considering only mod value of elasticity.

CHART 2



In above chart –2, we see that, throughout the year the sensitivity of NDP is most frequently fluctuated in agriculture sector and this is followed by service sector. In present scenario, we see that the sensitivity of NDP w.r.t. industrial growth rate is quite lesser than the other two sectors of West-Bengal. Therefore, we may think that agriculture and service are the most influencing sectors of our state economy. From table –2, we also see that the average service sensitivity of NDP is highest which is followed by agriculture sector. This may because, our economy is nature friendly agro-based economy. Skilled manpower, communication and technology are the primary conditions for this sector's growth; secondly, our service sector includes education, health and communication. Therefore, it is obvious that service sector's growth will have more multiplier effect on NDP via agriculture and industrial sectors. This is why the service sector's sensitivity on NDP is shown higher than other.

REGRESSION ANALYSIS

From the multiple regression of independent variables (rate of growth of three sectors) on dependent variable PCNDP (table :1)we also get the similar result.

TABLE 3

R	R^2	*Anova sig.*	*Constant*	β_1	β_2	β_3
.808[a]	.654	.125[a]	.032	.475	.442	.541

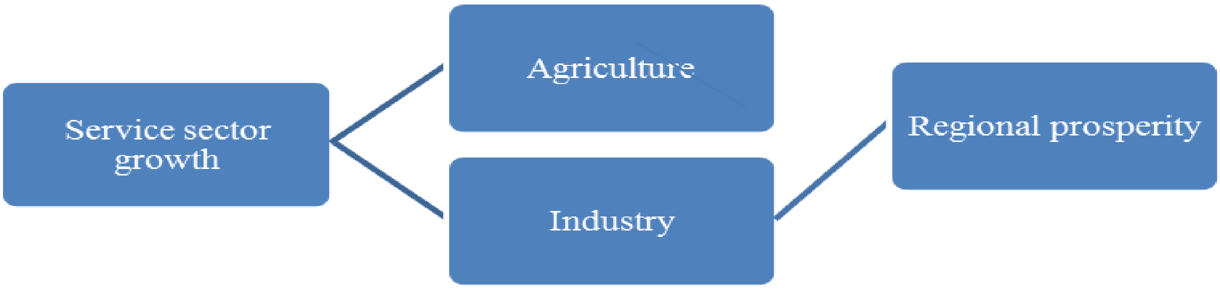
The regression equation is;

$Y = .032 + .475X_1 + .442X_2 + 541X_3$

Where, Y stands for PCNDP, X_1 stands for rate of growth of agriculture sector, X_2 stands for rate of growth of industry and X_3 stands for rate of growth of service sector. Here the Beta co-efficient of service sector is highest which is followed by agriculture sector. This implies that if we invest more in service sector, our NDP will be affected higher than that of other sectors.

From the above explanation, we may conclude that Service sector is the most influencing sector of West-Bengal economy. If we need to facilitate the SNDP rapidly, we must emphasis on services like education, health infrastructure and communication system (including village communication) .The development of these ensures a good socio-economic and virtual infrastructural setup.

FIG. 1



CONCLUSION

The results provide strong support for the long-run linkages between net domestic production and service sector's growth. The development of infrastructure, health facilities and higher communication system is generally synonymous with the growth of both rural and urban economy. The services sector influences the process of both agriculture and industrialization, and presently emerged as the dominant driver and key lever of economic growth. The development strategy needs to be rebalanced to revitalize socio-economic services in order to generate efficient labour force, proper infrastructure and technology. A high multiplier effect of it will lead our economy towards more net domestic product with high retrospective effect on other sectors.

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COMPARATIVE STUDY OF NPA (NON-PERFORMING ASSETS) IN HDFC BANK AND ALLAHABAD BANK

ANJU OTWANI
ASST. PROFESSOR
RAJEEV GANDHI COLLEGE OF COMPUTER APPLICATION & TECHNOLOGY
BHARHUT NAGAR, SATNA, MADHYA PRADESH

ABSTRACT

Banking Sector is one of the important pillars of the Financial Sector, which plays a vital role in the functioning of an economy. They play an important role in the mobilization of deposits and disbursement of credit to various sectors of the economy. The banking system reflects the economic health of the country and finance is the life blood of trade, commerce and industry. Now banking sector can be considered as the backbone of modern business. Development of any country mainly depends upon the banking system. The purpose behind the study is to understand the working of NPA in zenith private sector and public sector, and how to reduce NPAs. For this we can exercise ratio analysis, Gross NPA ratio is used to check whether the bank's gross NPA are being raised.

KEYWORDS

gross NPA, net NPA, total advances, HDFC bank, Allahabad bank

INTRODUCTION

INTRODUCTION TO BANKING SECTOR

Bank is a financial Institution that provides banking and other financial services to their customers. A bank is generally under stood as an institution which provides fundamental banking services such as accepting deposits and providing loans. Banks are a subset of the financial services Industry.

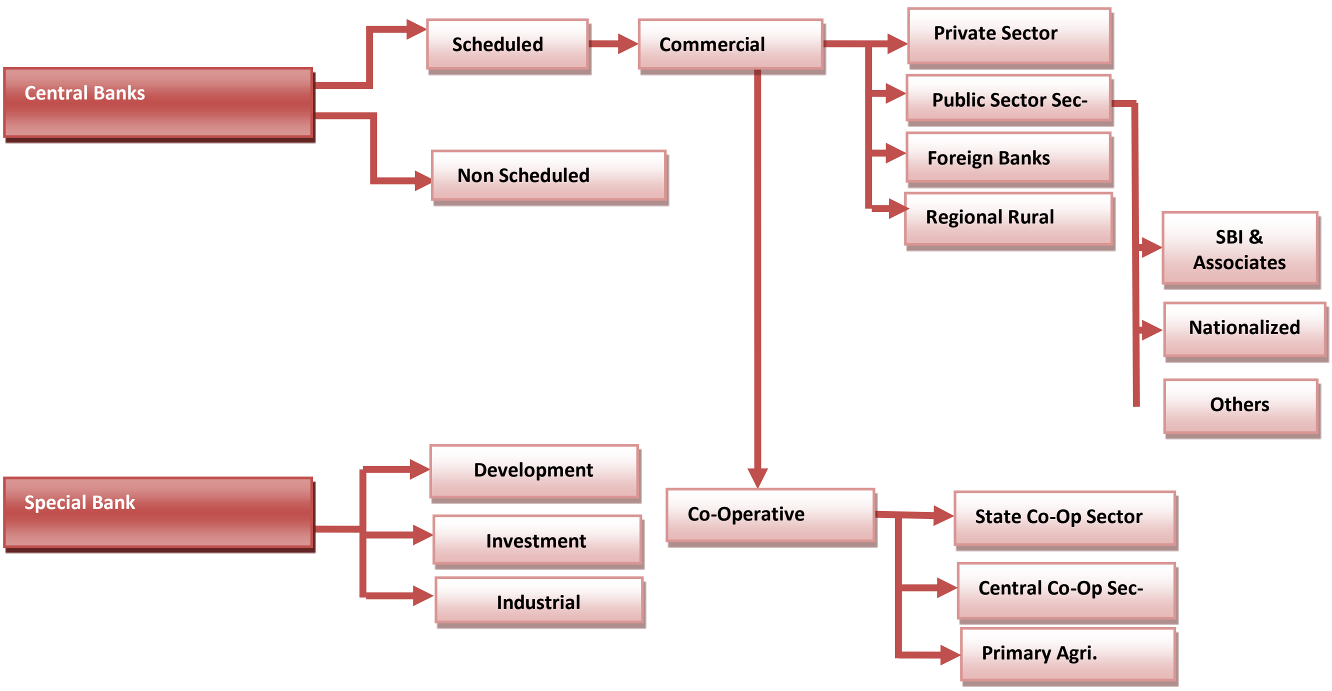
A banking system also referred as a system provided by the bank which offers cash management services to customers, reporting the transactions of their accounts and portfolios throughout the day.

SECTORS, SEGMENT & CLASSIFICATION

- Banking product segments prescribed by RBI
  - Treasury
  - Retail Banking
  - Corporate / Wholesale Banking
  - Other Banking Business
- Key Banking Sector Segments
  - Retail Banking
  - Commercial Banking
  - Investment Banking
  - Central Banks
- Key Banking Functions
  - Banking operations
  - Clearing functions
  - Asset Management
  - Wealth Management
  - Treasury & Risk Management
  - Card Insurance & management

OVERVIEW OF INDIAN BANKING SECTOR

FIG. 1



The Indian Banking Industry is passing through a phase of customer market. Banks are now utilizing the latest technologies like internet and mobile device to carry out transactions and communicate with the masses.
The Indian banking sector consists of 27 public sector banks, 30 foreign banks, and 82 regional rural banks and more than 90000 credit co-operatives.

OBJECTIVES OF THE STUDY
1. To analysis the trends of NPAs related to public and private banks in India.
2. To identify the elements responsible for NPAs.
3. Impact of NPA.
4. What type of challenges are being faced by Banks with special reference to NPA?
5. To understand the reasons for the emergence of the NPAs.
6. To know what steps are being taken by the Indian Banking sector to reduce the NPAs?

OVERVIEW OF BANK IN INDIA
HDFC BANK LTD.
HDFC Bank Limited was first amongst the banks to receive an 'In principle' approval from the Reserve Bank of India to set-up a bank in the private sector in 1994. The bank was incorporated in August 1994 with its registered office in Mumbai. HDFC bank commenced operations as a scheduled commercial bank in January 1995. HDFC Bank has 4281 branches and 12260 ATMs across 2657 cities. All the branches of the bank are linked online on a real time basis.
ALLAHABAD BANK
The oldest joint stock bank of the country, Allahabad bank was founded on April 24, 1865 by Europeans at Allahabad.
Allahabad bank is well spread out in India and recently opened first International branch at Hong Kong. currently the bank serves customers across 110 cities with 3328 branches and 221 ATMs across India including one Overseas branch in Hong Kong.

NON PERFORMING ASSETS
INTRODUCTION TO NPA
A non performing asset is defined as a credit facility in respect of which the interest and installment of bond finance principal has remained 'Past due' for a specified period of time. NPA is used by financial institutions that refer to loans that are in risk of default. When loan payment has not been made for a period of 90 days then debt is to be categorized as non performing.
Non performing Asset as a loan or an advance where;
- Installment remain over due for a period of more than 90 days in respect of a term loan,
- Interest is unpaid for a period of more than 90 days, in respect of an overdraft / cash credit (OD/ CC),
- The bill remain over due for a period of more than 90 days in case of bills purchased and discounted.
- Non submission of stock statements for 3 continuous quarters in case of cash credit facility.
- No active transactions in the account for more than 90 days.

CAUSES OF NPA
- The economic conditions of a particular area affected by natural calamities.
- Speculation is the one of the major reason behind default.
- There is a high probability of default when banks provide loans to borrowers with bad credit history.
- Borrowers divert the borrowed funds to purpose other than mentioned in loan document.
- Lack of proper pre-appraisal and follow-up.
- Under financing
- Delay in completing the project.
- Willful defaulters, fraud, mismanagement and misappropriations of funds.
- Business failure.
- Poor recovery of receivables.

LITERATURE REVIEW
- (Shrinivas, Dec 13) This paper is undertaken to study the reasons for advances becoming NPA in the Indian Commercial Bank and give appropriate suggestions to overcome the issue.
- Rajeshwari Krishnan (2002), focused on the problem of rising of non performing in bank and financial Institutions in India.
- Prashanth K. reddy (2002), an attempt is made in the paper "A comparative study of Non Performing assets in India in the Global context" examined similarities and dissimilarities, remedial measures.
- U. N. lakshman (2003), He pointed out the reasons for NPAs in Indian Bank. According to him the reasons behind NPA could be inefficient management, willful default frauds, misappropriations, business failures etc.
- Amitabh Joshi (2003), conclude a survey on "Analysis of Non Performing Assets of IFSC Ltd." The study Found that – Profitability of any financial institution are directly affected by performance of advances.

RESEARCH METHODOLOGY
Proposed study is an empirical one and is based on secondary data.
RESEARCH DESIGN
Descriptive research is used for the purpose of research.
COLLECTION OF SECONDARY DATA
The source of secondary data includes annual reports, manuals, Research paper on NPA, websites and official records of Allahabad Bank and HDFC bank.

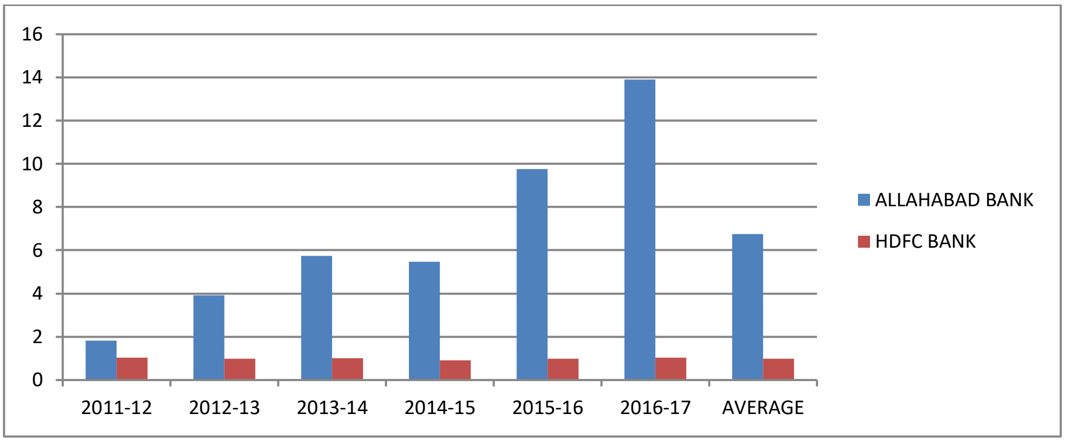
ANALYSIS
TABLE 1: RATIO OF GROSS &NET NPA TO TOTAL ADVANCES OF SIX YEARS

YEAR	ALLAHABAD BANK		HDFC BANK	
	GROSS NPA%	NET NPA%	GROSS NPA%	NET NPA%
2011-12	1.83	0.98	1.02	0.2
2012-13	3.92	3.19	0.97	0.2
2013-14	5.73	4.15	1.00	0.3
2014-15	5.46	3.99	0.9	0.2
2015-16	9.76	6.76	0.99	0.22
2016-17	13.9	8.92	1.04	0.3175
AVERAGE	6.76	4.66	0.99	0.24

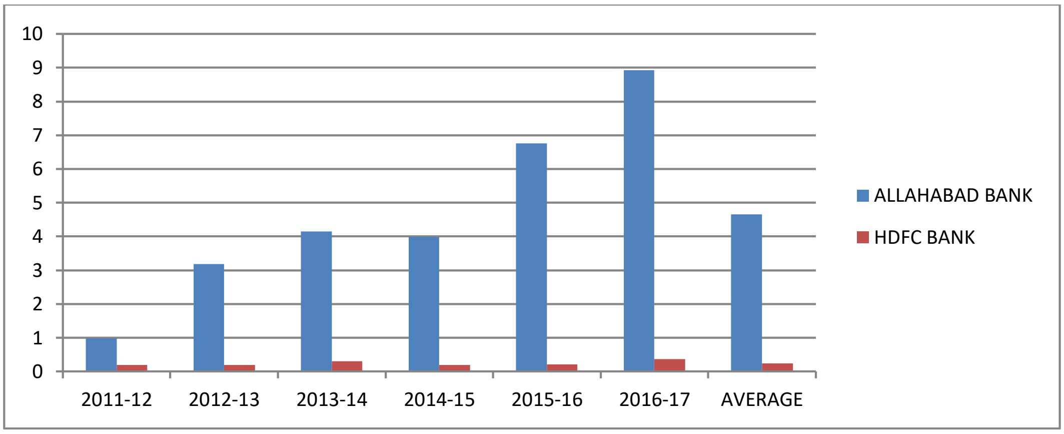
From table 1 in Allahabad bank highest gross NPA is 13.9% in 2016-17 whereas lowest is 1.83% in 2011-12 and in HDFC highest Gross NPA is 1.04% in 2016-17 and lowest is .90 in 2014-15, while average gross NPA of both the bank for 6 Years are 6.76% and 2HDFC's performance is better than the Allahabad Bank.

From table 1, in Allahabad bank highest net NPA is 8.92% in 2016-17 whereas lowest is .98% in 2011-12 and in HDFC bank highest net NPA is .32% in 2016-17 and lowest is .20% in other years respectively. while average net NPA of both the bank for six years are 4.66% and .24% respectively. According to observation HDFC's performance is better than Allahabad bank.

GRAPH 1



GRAPH 2



LIMITATIONS OF THE STUDY

- The study of non performing assets is limited to Indian banks and for a specific period.
- The study is based on secondary data.
- Non performing assets are critical so bank officers are not willing to part with all the information with them.
- Data are collected for the study from Reserve Bank of India circulars.
- The period of study is limited for six years.
- The study is limited to the extent of the availability of data.

FINDINGS AND CONCLUSION

- Gross NPA & Net NPA of Allahabad bank are increasing every year.
- Bank should follow the proper policy appraisal, supervision and follow up of advances to avoid NPAs.
- During study it was observed that the man power provided for NPA management was not adequate.

SUGGESTIONS

- To ensure that the dealing of its officers are more transparent.
- Banks need to be more conservative in granting loans to sector that have been traditionally found to be contributors of NPAs.
- All loan accounts are to be reviewed at periodical intervals and should be renewed in time wherever required.
- Selection of borrowers should be proper and follow ups required to get timely payment.
- Bank can establish farmers club for recovery camps, arranging knowledge sessions for giving information, loan waiver, scheme of government etc.

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A STUDY ON AWARENESS OF TAX PLANNING AMONGST SALARIED EMPLOYEES IN KHOPOLI CITY OF RAIGAD DISTRICT IN MAHARASHTRA

VINAYAK REVJI GANDAL
ASST. PROFESSOR
K.M.C. COLLEGE
KHOPOLI

ABSTRACT

Income tax may be defined as the annual charge levied on both earned income (wages, salaries, commission) and unearned income (dividends, interest etc.) income tax is a key source of funds that the government uses to fund its activities and serve the public. The gross total income of a person is computed under five heads of income i.e. income from salary, income from house property, income from business and profession, income from capital gain and income from other sources. The main purpose of tax planning is to minimise the tax liability of an assessee. Tax planning has a wide scope and includes tax management. The tax planning provides long term benefits to the assessee. But in actual practice many individuals do not get professional advice about tax planning. Lack of tax planning affect the investment management of a salaried employee. An attempt has been made through this paper to determine the awareness of tax planning, and tax provisions amongst the salaried employee.

KEYWORDS

tax planning, tax provision, salaried employee, individual.

INTRODUCTION

The primary responsibility of government is all round development of country. Income tax plays an important role in the development of society. Tax is compulsory charge by the government on its citizens. Paying income tax by individual is always a matter of pain and hence every individual tries to minimize their tax liability by legal means. Income tax is an annual charge on the income. Income of previous year is chargeable in the next assessment year at the rates applicable. The tax is levied on the total income of every assessee computed in accordance with the provisions of income tax act. The total income of an assessee is computed as an aggregate of all five heads of income such as salary, house property, business and profession, capital gain and other sources.

Tax planning may be defined as an arrangement of one's financial affairs by considering all provisions, exemptions, allowances in such a manner so that tax liability reduces to minimum. The objective of tax planning is to minimize tax liability and to get long term tax benefits. It is a wide concept and includes wide tax management. The tax management deals with the filing of income tax return, tax appeals etc. However, the effective tax planning can helps the assessee to avoid tax penalty, penal interest and prosecutions. Following are the characteristics of effective tax planning:

1. Arrangement of financial affairs by considering tax laws.
2. Fulfilment of legal obligations and transactions.
3. There is no intention to deceit the legal spirit behind tax laws.

REVIEW OF LITERATURE

Geeta R and Sekar M (2012) studied on E- Filing of Income Tax: Awareness and satisfaction level of individual tax payers in Coimbatore city. the researcher state that most of the individual assessee are not aware about e-filing and tax payment procedure. Lewis (1982) studied the impact of tax knowledge of an individual on completing tax return. He stated in his conclusion that there is insufficient knowledge about tax regulations amongst the individual tax payers. Sudhir Kaushik, Ankur Sharma, stated in his research that, the salaried people often falsely believe that they do not need any financial planning as their income and expenses are regular and they do not make any simple efforts to study and understand income tax issues. Ming – Lai, Wei- Khong (2009) studied An Empirical Analysis of Personal Financial Planning in an Emerging Economy. The researcher also stated in research that the lack of active involvement in personal financial planning by individuals indicates that there is a great need of awareness of financial planning. Fallan L. Gender (1999) studied Exposure to tax knowledge, and attitudes towards taxation; an experimental approach. He stated in his research that the fiscal knowledge correlates with attitudes towards taxation. He also suggested that the tax behaviour can be improved by a better understanding of tax laws. Individuals must be given better tax knowledge in order to improve tax ethics and compliance behaviour.

OBJECTIVES OF THE STUDY

The following are the objectives of present research study:

1. To study the level of tax planning awareness among assessee.
2. To study the level of efficiency and e-filling measures of individual assessee.
3. To study the tax planning measures of an assessee.

RESEARCH METHODOLOGY

PRIMARY DATA

The primary data was collected by using questionnaire technique. The questionnaire was administered on 100 respondents belonging to the salaried class individuals in Khopoli city. The sample of respondents was selected by using random sampling techniques from the population belonging to different age groups and different income level.

SECONDARY DATA

The secondary data was collected through internet, websites, research journals and published books etc.

RESULT AND DISCUSSION

1. GENDER

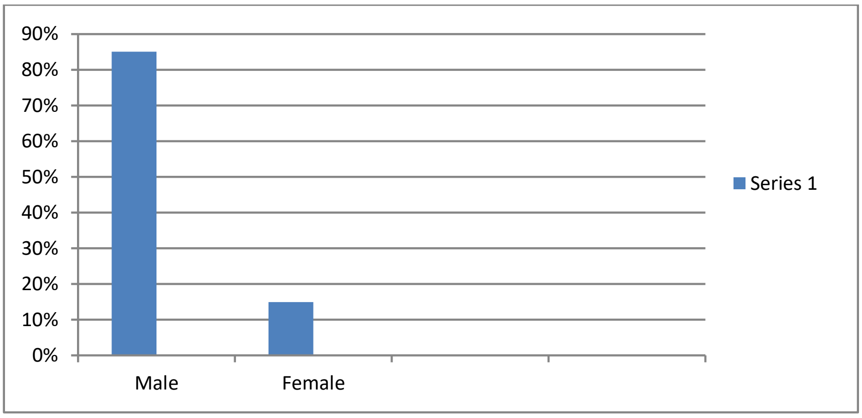
There were 100 respondents who were interviewed by administering a questionnaire. Salaried individuals between the age of 25 and 60 years were interviewed. All respondents were salaried employees.

TABLE 1: GENDER

Male	Female	Total
85	15	100

Out of 100 respondents 85% respondents were male employees and 15% respondents were female employees.

CHART 1: GENDER



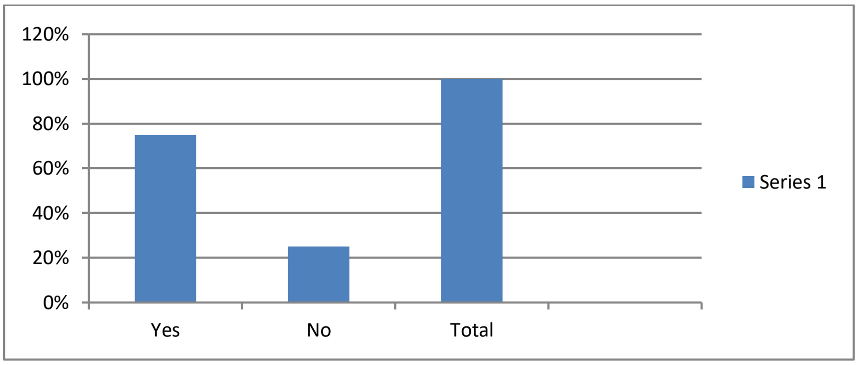
2. AWARENESS OF BASIC EXEMPTION LIMIT

TABLE 2: AWARENESS OF BASIC EXEMPTION LIMIT

Yes	No	Total
75	25	100

Out of 100 respondents 75 respondents were aware about basic income tax exemption limit and 25 respondents were not aware about basic exemption limit.

CHART 2: AWARENESS OF BASIC EXEMPTION LIMIT



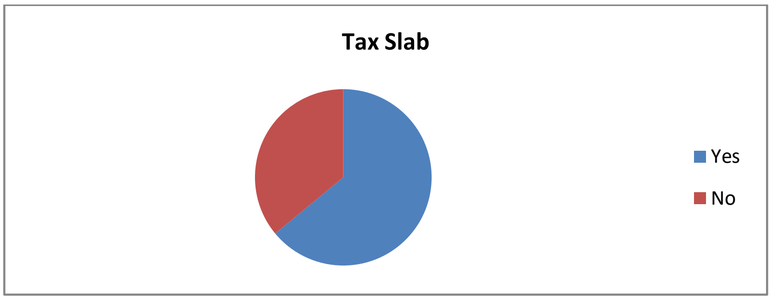
3. AWARENESS ABOUT INCOME TAX SLABS

TABLE 3: AWARENESS ABOUT INCOME TAX SLAB

Yes	No	Total
64	36	100

Out of 100 respondents 64% respondents were aware about income tax slab rate belongs to them, while 36% respondents were not aware about slab rates applicable to them.

CHART 3: AWARENESS OF TAX SLAB



4. AWARENESS ABOUT DEDUCTIONS UNDER SECTION 80 C TO 80 U

All assessee were investing according to sec 80 c to 80 u of income tax act. Some respondents were taking helps from tax consultants. Almost 80% respondents were taking help from friends, relatives for the purpose of investment such as Life insurance, PPF, National saving certificate, medical insurance, interest on home loan, tuition fees etc. 40% respondents were said that they file their return themselves and 60 respondents file return through tax consultant. 90% respondents said that they are doing tax planning and 20% said that they are taking help from others like tax consultant, friends and relatives. Near about 95% respondents were aware about the concept of Assessment year, Previous year, Income Tax, Assessee, Tax liability etc.

FINDINGS & OBSERVATIONS

Most of the respondents were aware about income tax provisions, basic exemption limit, basic concept of income tax, assessment year, previous year, tax liability etc. Majority of respondents doing their tax planning and few respondents were taking help from others like tax consultant, friends, relatives etc. majority of respondents said that tax consultant are only helpful in filing return. Few respondents said that there is need of tax planning education.

CONCLUSION

From the above analysis it is concluded that overall tax literacy level is 74.66%. This shows that people are aware about their personal tax planning. The level of tax awareness gets affected by gender, age, education and income level. It is also concluded that most of the assessee have basic knowledge about income tax provisions and tax planning. Tax planning is done with the help of tax consultant as well as friends and relatives.

LIMITATIONS

The study was limited to only 100 salaried employee engaged in industries and educational institutions located in Khopoli city. The content of the study was restricted to the awareness about basic knowledge of tax and tax planning. Further, the researcher administered simple questionnaires to the respondents and shared the results with them. Data collected was only confined to Khopoli city, but is used to reflect the situation in other parts of the state as well as the country.

SCOPE FOR FURTHER RESEARCH

This study only targeted salaried employee engaged in industries and educational institutions located in Khopoli city. To provide a better understanding of awareness about income tax nad annual tax planning amongst salaried employee, it is recommended that more research on all employers and employees should be done.

ACKNOWLEDGEMENT

Author express his sincere thanks to his colleague Dr. S.P. Panchgalle and to his friend Prof. Viswas Take for their guidance in carrying out this research paper. Author also thanks to all of the respondents who whole heartedly co-operated in answering the questionnaire.

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AN EMPIRICAL STUDY ON THE STOCK MARKET VOLATILITY WITH RESPECT TO SENSEX: WITH SPECIAL REFERENCE TO POWER SECTOR

PARUL SARASWAT
RESEARCH SCHOLAR
ACCOUNTANCY & LAW
DAYALBAGH EDUCATIONAL INSTITUTE (DEEMED UNIVERSITY)
AGRA

Dr. SANIL KUMAR
ASST. PROFESSOR
ACCOUNTANCY & LAW
DAYALBAGH EDUCATIONAL INSTITUTE (DEEMED UNIVERSITY)
AGRA

ABSTRACT

Purpose- *Objective of the Study is to Examine Volatility on the Power Sector listed in BSE Sensex.*
Research Design and Methodology *– The Research design will be descriptive & Analytical. In this paper considered only one sector i.e. power sector. For the purpose of analyzing the data a period of 5 years (i.e. 2011 to 2016) has been taken in to the consideration. The Secondary data have been collected from websites, BSE stock exchange, power sector and other sources of secondary data has been collected journal, books, Newspaper. For Achieving the objective of this paper statistical tools Regression & co-relation have been used.*
Finding and conclusion*- The Study have been found that Power Sector Volatility has Positive and Significant impact on BSE Sensex.*
Practical Implication- *This Study will helpful to the investors to predict Sensex and it will minimization of the risk and better return for the investors who invest in the capital market.*

KEYWORDS
benchmark, BSE sensex, power sector, volatility.

INTRODUCTION
India's power sector is one of the most several in the world. It is the most important sector for the purpose of economics growth. Electricity demand in the country has raised rapidly. In order to expedient access demand for electricity in the country, huge inclusion to the installed generating capacity is required. India ranks third, just behind US and China, among 40 countries with renewable energy.

ROOTS OF POWER FORMATION ARE TWO FORMS
Conventional sources- coal, lignite, natural gas, oil & hydro.
Non-Conventional sources- wind, solar, and agricultural and domestic waste.

POWER GENERATION HAS GROWN RAPIDLY
- Electricity production in India stood at 1,048.7 BU in FY16, an 8.4 % hike over the preceding term.
- In India, Electricity Extension arrive 654.5 BU during April -October 2016.

According to the Planning Commission's twelfth Five Year Plan, total domestic efficiency would reach 669.6 million tons of oil equal (MTOE)over 2016–17 and 844 MTOE by 2021–22.

VOLATILITY
Volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. It is a degree of the risk. It is evaluate of the performance of Sensex. It can be judge through standard deviation or variance between return from that same security or market index. When the stock market value hike and then decline for the succeeding point and this cycle goes continuously, it is called volatility in the market. The symbol σ is used for volatility, and standard deviation.

TYPES OF VOLATILITY
Higher volatility means that the price of the security can change dramatically over a short time period.
lower volatility means security's value does not fluctuate dramatically, but changes in value at a steady pace over a period of time.
Benchmark- It is standards for evaluating performance of the risk.
Market price- It is the price of security which is traded in the market.
Sensex- Sensex or sensitive index was introduced by the BSE on January 1, 1986.it is one of the protrusive stock market indexes in India. Sensex is construct to imitate the overall market propensity. It composed of 30 stocks. these are large, well create and financially sound companies from main sectors. It is an index of all the major companies of the BSE.

REVIEW OF LITERATURE
- **Srivastava Anubha, (2004), "Is Indian Stock Market Highly Volatile"** The two indices taken for the study that there is relationship between the economic recession and stock market volatility. It has been concluded that the volatility during the phase of economic recession i.e. 2008 was high. Close to close volatility was highest for the year 2008-09 i.e. 2.6 and 2.7 for Sensex and nifty respectively. Thus markets highly volatile.
- **Debjiban Mukherjee, (2007) "A Study on Comparative Analysis of Indian Stock Market and International Stock Market"** This study includes the different stock exchange. This study covers the New York stock exchange, Hong Kong Stock Exchange, Tokyo Stock exchange, Bombay Stock Exchange, NSE have been used as study. The study find that Indian markets have more volatile and to develop unified along international and the reception seen globally.
- **Mantri & Gahan, (2012)** Researcher found that the volatility of Sensex and NSE during the post derivative period. It used different model such as GARCH, EGARCH have been employed for the calculation of volatility in Sensex and nifty during pre & post derivative period. It is due to the derivatives, the daily Volatility during the post derivative period is low in comparison to pre derivative period.
- **Bandivadekar & Ghosh, (2003)** This study examines to know the impact of derivative products and spot market volatility on both BSE, NSE Sensex. It used GARCH. Technique. The study found that the ultimate role in the diminish of volatility in case of S& P Nifty and BSE SENSEX, derivative turnover is low.

- **Puja Padhi (2006) "A Study on Stock Market Volatility in India:** A case of select **S**cripts**"** The study find out the volatility in different exchanges. This study used the GARCH model.It is based on daily data for the time period of 1990 to 2004. It consists of five aggregate indices as a sample and the companies are determine the GARCH model. BSE shows the highest coefficient and CNX Nifty lowest coefficient.

NEED OF THE STUDY
Stock Market plays a vital role in the country. It has been observed that the previous literature on stock market related to its importance and implication on the Derivatives, BSE & it sector but no study has been found on any aspect related to power sector.

A person who want to earn more profit from stock market so they can invest in stock market and earn more profit in less time duration. If the stock Market performance goes superior than it's stronger and educate the industrial growth and show the balance in the economy. If the stock price decrease than its show the fluctuation in the economy of country. In the different review of literature available on the stock market and to know the correlation between the variables.

OBJECTIVE OF THE STUDY
The objective of the study is to measure the impact of stock market volatility on power sector listed in BSE Sensex.

RESEARCH HYPOTHESIS
To Provide the Scientific base to the findings, the Researcher will be Constructed the following Null Hypothesis:

H0 = The stock market volatility and power sector volatility are independent to each other.

RESEARCH DESIGN & METHODOLOGY
- **Research design** is a blueprint of the study. It is a descriptive and as well as analytical. The Research design methodology kept in focus & set for the objectives.
- **Sample Size:** BSE Sensex of stock Market as well as of Power Sector.
- **Sources of Data**: Close price of power sector listed in BSE Sensex from the year 2011- 12 to 2015-16.
- **period of study**: For the purpose of analysis of data, researcher will consider period of five Financial years i.e. 1st April 2011 to 31st March 2016.
- **Collection of data:** The collection of data considers only secondary data.
- **Secondary Data:** Secondary data will be collected from Sensex of the selected sector of respective years. Other relevant secondary data will be collected from websites, journals, magazines and newspapers.
- **Statistical & Presentation tools:** For Data Analysis, various statistical tools will be used like Regression and correlation and for presentation of data graphs and tables will be used for better understanding.

DATA ANALYSIS & INTERPRETATION
Regression calculated the two variables one dependent and independent variables. It finds out the nature of relationship. Regression model used through SPSS software who provides accuracy results of data.

RESULT AND DISCUSSION
CALCULATIONS OF REGRESSION & CO-RELATION

TABLE NO. 1: DESCRIPTIVE STATISTIC

	Mean Value	Standard. Deviation	N
Power	2190.12	675.233	141
BSE Sensex	1.78E4	6013.691	141

Here the Average Value of Power and BSE Sensex is 2190.12 and 1.78 whereas Std. Devi. in BSE Sensex (6013.69) is high as compared to Power sector (675.23) means BSE Sensex has more variation in the series than Power sector.

TABLE NO. 2: MODEL SUMMARY

Mode	R	R Square	Adjusted R Square	Standard error of the estimate	R Square change .048	F change	Df1	Df2	Sig F change
1	.209	.043	.037	662.755	.048	6.32	1	1.39	0.43

a.) Predictors (constant close price)

b.) Dependent variable : close price

In the above table there is a lower degree of positive correlation between power and BSE Sensex i.e. =.209, which means both variables (power and BSE Sensex) moves in same direction. R square =.04 coefficient of determination. Here the difference between the R Square and adjusted R square and Standard error is more that means there may be some other variable which may effects to dependent variable i.e. Sensex.

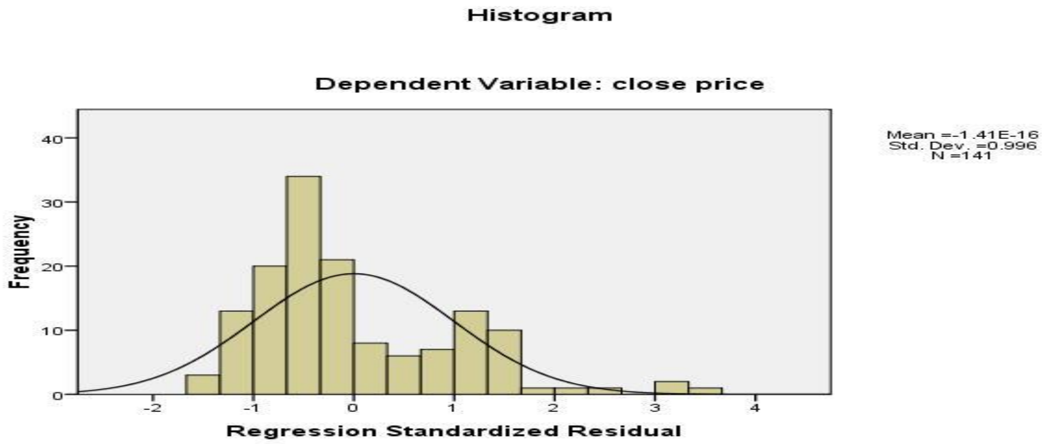
TABLE NO. 3: COEFFICIENTS

	Coff.	S.E.	T-stat.	P value
C	13691.22	1692.69	8.09	0.00
Power (x)	1.86	0.74	2.51	0.01

Here in the table no. 3 Regression Coefficient of power sector is 1.86, shows the positive impact of power sector to the Sensex i.e. an increase in power sector by 1 rupee leads to the increase in Sensex by 1.86 rupee that has less chances of the error also. The P value is less than to 0.05 i.e. 0.01, therefore the null hypothesis can be rejected, means both the sectors are not independent to each other or the power sector has a significant impact on Sensex.

DIAGRAMMATIC PRESENTATION

GRAPH 1



The graph shows that trend among the variable increasing from decreasing.

FINDINGS

The study examines the impact of power sector volatility with respect of Sensex by using Regression model. Volatility of stock market changed very rapidly so other factors also be considering for research work. The model will also help the investors. Both the variables have lower degree of positive correlation to each other. Researcher has founded that power sector volatility has positive and significant impact on BSE Sensex. Researchers use the different model for further research like GARCH, ARMA, ARCH & other.

CONCLUSION

This study considers the impact of volatility on Power sector through the Regression Model. This paper accommodated evidence on the behavior of stock prices and volatility during the period. This model establish degree and the relationship between the variables. Volatility of stock market changed very promptly so volatility consider in the study. This study allow scope for identifying of volatility of Sensex.

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NON-PERFORMING ASSETS: A STUDY OF THE KANGRA CENTRAL COOPERATIVE BANK LTD., DHARAMSHALA

VIJAY KUMAR
RESEARCH SCHOLAR
DEPARTMENT OF MANAGEMENT & COMMERCE
SRI SAI UNIVERSITY
PALAMPUR

Dr. SHILPA RANA
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT & COMMERCE
SRI SAI UNIVERSITY
PALAMPUR

ABSTRACT

The Cooperative banks in India started almost 100 years ago. Cooperative banks in India have come a long way since the enactment of the Agriculture Credit Co-operative Societies Act in 1904. It is an important instrument of banking access to the rural masses and is a vehicle for a democratization of the Indian Financial System. Cooperative banks mobilize deposits and purvey agricultural and rural credit with a wider outreach and act as facilitators for the upliftment of the weaker sections, particularly carrying out of the subsidy programmes for the poor. They are providing timely assistance to rural peoples by way of giving loans and other amenities to the agriculturist. But any default in repayment of the loan will affect operational efficiency and financial health of the bank. The present study is on Non-Performing Assets: A Study of Kangra Central Cooperative Bank Ltd. Dharamshala over the period of five years (2011-12 to 2015-16). The study is based on the secondary data. The collected data is analyzed using ratios analysis, trend analysis, mean, standard deviation, the coefficient of variance, and correlation. The aim of study is to evaluate the performance of the Kangra Central Cooperative Bank Ltd. Dharamshala with reference to the problem of Non-Performing Assets.

KEYWORDS

co-operative banks, non-performing assets, ratios, standard deviation, and correlation.

INTRODUCTION

Cooperative banks play an important role in the economic development of the country. India is basically an agricultural economy in which majority of the population lives in rural areas. So, the growth of agriculture and poverty alleviation is main objectives of every co-operative bank. Through cooperative banks, it is possible to expand the last man in a village. They provide agricultural loans at the low-interest rate and thus give them relief from the borrowers' clutches. But, the main problem is recovery management, which affects operational efficiency and financial health of the bank. Non-recovered loans, which are called non-performing assets, are primarily a great headache for cooperative banks in rural areas. Non-performing assets for co-operative banks in India is one of the most important concerns. A high level of non-performing assets suggests the high probability of a large number of credit defaults affecting the banking sector's profits. The non-performing assets advancement involves the necessity of provisions, which reduce the overall profitability position of the banks and affect the financial health also. Nowadays, non-performing assets are one of the major and problematic issues, which require higher attention. So, to keep a popular picture about how to manage non-performing assets by cooperative banks, we have done a study by mentioning a famous Central Co-operative Bank.

REASONS OF NPA

- Defaulter friendly legal system
- Use of Banks as an instrument of Public Policy.
- Intentional Misuse of Settlement Policy of RBI
- Economic Slowdown.
- Lack of Proper Payment Culture.

STATEMENT OF THE PROBLEM

Non-performing assets are those that are not giving revenue for long periods. The bank will always face the problem of non-performing assets because of poor recovery management of advances granted by the bank and some other reasons such as adopting a poor recovery strategy so when the loan is not recovered by effectively and efficiently that balance amount will become the non-performing assets to the bank it may create some big problem to the bank's financial health. Thus, this study focuses on the Non-Performing Assets Management of The Kangra Central Co-operative Bank Limited Dharamshala functioning in the state of Himachal Pradesh.

REVIEW OF LITERATURE

Fulbag Singh and Balwinder Singh (2006) examined the funds management in the Central Co-operative Banks in Punjab. They observed that higher proportion of own funds in the working funds of the bank and the concerned shown by the bank in the timely recovery of loans resulted in an increased monetary boundary of the central co-operative banks in Punjab. They concluded that less dependence on the new outside resources helped these banks in increasing their financial margin.

Lakshmanan and Dharmendran (2007) analyzed the impact of non-performing assets on performance variables in Chennai Central Co-operative Bank. They examined performance variables such as net profit, investment, legal expenses and spread. They observed that the results of NPAs on all the above performance variables were negative and insignificant at 5 percent level in all the equation. They concluded that the effective management of NPAs is essential to strengthen the financial position of the bank.

Mayilsamy (2007) observed that the banks have to evolve recovery strategies and plan for recovery management. He concluded that if they fail to improve the recovery, the huge burden of NPAs is really breaking the backbone of the short term co-operative credit structure in India.

Chander and Chandel (2010) analyzed the Financial Viability and Performance Evaluation of Co-Operative Credit Institutions in Haryana (India)and found the poor performance of the bank on capital adequacy, liquidity, earning quality and the management efficiency parameters

Singh (2016) conducted a study to measure the non-performing assets of the commercial banks of India and also studied the recovery system of NPA by the banks. It was concluded in the study that high level of nonperforming assets leads to high level of credit defaults and affect the profitability of the banks and also the

value of the firm get decreases. The financial position of the banks can be improved by reducing the amount of NPA in the banks. Nonperforming assets not only affect the profitability but also the liquidity of the banks and the asset quality of the banks and creates problem to the survival of the banks.
Dr. Ashok Kumar Gupta, Priyanka Gautam, (2017) analyze the sources and deployment of funds of PNB, examine the trend of NPA in PNB and investigate the impact of NPAs on profitability of PNB. The study concluded that the level of NPAs both gross and net is increasing trend. It also concluded that there is a negative relationship between Net profits and NPA of PNB. This is because of mismanagement and wrong choice of client. To improve the efficiency and profitability, the NPA has to be reduced further.

OBJECTIVES OF THE STUDY
The main objective of this study is to analysis the performance of the Non-Performing Assets Management Kangra Central Co-operative Bank Ltd. Dharamshala.
- To compare the total advances, net profits, gross NPA & net NPA of the KCCB
- To analyze the trend of gross and net NPA in KCCB.
- To examine the impact of NPAs on the profitability of the KCCB.
- To know the reasons and impact of NPA of the bank.

HYPOTHESIS OF THE STUDY
H_o: μ = 1 There is no relationship between Net Profit and Net NPA.
H_a: μ ≠ 1 There is a relationship between Net Profit and Net NPA.

RESEARCH DESIGN
A research design is a plan according to which observations are made and data for this assembled. The present study is descriptive and analytical in nature. It describes data and characteristics associated with the bank. Deliberate sampling design is chosen for study.
SAMPLE SELECTION: The study has been carried on The Kangra Central Co-Operative Bank Ltd. Dharamshala.
SOURCE & COLLECTION OF DATA
This study is based on the secondary data. Data and information collected from annual reports of the KCCB Ltd. The present study has been covered a period of five financial years from 2011-12 to 2015-16**.**
TOOLS AND TECHNIQUES
The collected information is analyzed by utilizing different accounting and statistical techniques such as: tables, average, standard deviation, coefficient of variance & coefficient of correlation
LIMITATIONS OF THE STUDY
- The study will cover a period of the five years only, i.e. 2011-2012 to 2015-2016.
- The research is mainly based on secondary data.
- It is limited to a specific type of organization (The Kangra Central Co-operative Bank Ltd. Dharamshala)

ANALYSIS AND INTERPRETATION OF DATA

TABLE 1: TOTAL ADVANCES COMPARED WITH NET PROFIT, GROSS NPA &NET NPA (₹ IN LACS)

Years	Total Advances	Net Profit	Gross NPA	Net NPA
2011-12	242158.33	2926.82	19710.55	13510.53
2012-13	285533.70	2586.46	23153.97	15670.97
2013-14	314177.86	1873.21	29769.87	20726.18
2014-15	352741.86	4264.53	35909.88	26092.58
2015-16	382057.28	4993.76	43684.56	32082.03

Source: Annual Reports of KCCB from 2011-12 to 2015-16**.**

INTERPRETATION
Table-1 shows that the total advances are increasing continuously during the study period so, it shows that the bank performance is good but on the other hand, the gross NPA & net NPA is also increased during the study period which shows that the management of KCCB is not satisfactory. The total profit is decreasing in 2012-13 and 2013-14 after that it is increasing. The main reason of reduction in profit is to increase in NPA at the higher level. Thus, it shows that the management of loans and recovery from borrowers is not quite well.

TABLE 2: TRENDS OF GROSS NPA (PERCENTAGE) IN KCCB LTD. (Base Year: 2011-12) ₹ IN LACS

Sr. No	Year	Gross NPA	Index	% Increase over Previous Year
1	2011-12	19710.55	100.00	-
2	2012-13	23153.97	117.46	17.46
3	2013-14	29769.87	151.03	28.57
4	2014-15	35909.88	182.18	20.62
5	2015-16	43684.56	221.63	21.65
Average		**30445.76**	**154.46**	
S.D		**9669.46**		
C.V		**31.75**		

Source: Annual Reports of KCCB from 2011-12 to 2015-16

INTERPRETATION
Table-2 show that the position of NPA of the bank. The above table indicates the collective position of NPA of the bank of last five years. It reflects that the percentages of Gross NPA are increased in the study period. The Gross NPA of the KCCB was ₹ 19710.55 lacs at the end of the base year 2011-12 which is increased up to ₹ 43684.56 Lacs in 2015-16. The average Gross NPA were 30445.76 lacs with the standard deviation of 9669.46 co-efficient of variances measured in terms of % of variances show that there has been 31.75% variance in the total net NPA. So, it can be concluded that the gross NPA increasing high trend during the study period so it is not a good sign for the bank.

TABLE 3: TRENDS OF NET NPA (PERCENTAGE)IN KCCB LTD. (BASE YEAR: 2011-12) ₹ IN LACS

Sr. No	Year	Net NPA	Index	% Increase over Previous Year
1	2011-12	13510.53	100.00	-
2	2012-13	15670.97	115.99	15.99
3	2013-14	20726.18	153.40	32.25
4	2014-15	26092.58	193.12	25.89
5	2015-16	32082.03	237.45	22.95
Average		**21616.45**	**159.99**	
S.D		**7606.10**		
C.V		**35.18**		

Source: Annual Reports of KCCB from 2011-12 to 2015-16**.**

INTERPRETATION

Table-3 show that the position of Net NPA of the bank. The above table indicates the collective position of Net NPA of the bank of last five years. It reflects that the percentages of Net NPA are increased in the study period. The Net NPA of the KCCB was ₹ 13510.53 lacs at the end of the base year 2011-12 which is increased up to ₹ 32082.03 lacs in 2015-16. The average Net NPA were ₹ 21616.45 lacs with the standard deviation of ₹ 7606.10 lacs co-efficient of variances measured in terms of % of variances show that there has been 35.18% variance in the total net NPA. So, it can be concluded that there is an increasing tendency in net NPA over the years, which is not a good sign for the bank.

TABLE 4: GROSS NPA AND NET NPA RATIO OF KCCB LTD. FROM 2011-12 TO 2015-16

Sr. No	Year	Gross NPA Ratio	Net NPA Ratio
1	2011-12	8.14	5.73
2	2012-13	8.11	5.64
3	2013-14	9.48	6.79
4	2014-15	10.18	7.61
5	2015-16	11.43	8.66
Average		**9.46**	**6.88**
S.D		**1.41**	**1.28**
C.V		**14.9**	**18.61**

Source: Annual Reports of KCCB from 2011-12 to 2015-16.

INTERPRETATION

The Gross NPA ratio has shown an increasing trend in KCCB from 2011-12 to 2015-16. Gross NPA ratio of KCCB increased from 8.14% to 11.43%. The average of gross NPA ratio is 9.46%. The standard deviation of Gross NPA ratio is 1.41 and coefficient of variance of gross NPA ratio are 14.9%. So, it can be concluded that the ratio of Gross NPA to gross advances has rapidly increased year by year so, it indicates low-quality credit portfolio. The ratio shows the % gross advances turned in to gross NPA of the bank. Any increase in the % of this ratio has a negative impact on the profitability of the bank which leads to the poor performance of the bank.

The Net NPA ratio has shown an increasing trend in KCCB from 2011-12 to 2015-16. Net NPA ratio of KCCB increased from 5.73% to 8.66%. The average of Net NPA ratio is 6.88%. The standard deviation of Net NPA ratio is 1.28 and coefficient of variance of Net NPA ratio are 18.61%. So, it can be concluded that the Net NPA ratio more than 3% during study period it means the degree of riskiness in the credits portfolio of the bank is high. The ratio of net NPA ratio has increased year by year. The ratio shows the % of net advances turned in to net NPA of the bank. Net NPA of the bank is calculated by making all the deductions from the gross NPA such as; loss assets, provisions etc. Increase in the % of this ratio has a negative impact on the profitability of the bank which leads to the poor performance of the bank.

TABLE 5: NET PROFIT AND NET NPA (₹ IN LACS)

Year	Net Profit	Net NPA
2011-12	2926.82	13510.53
2012-13	2586.46	15670.97
2013-14	1873.21	20726.18
2014-15	4264.53	26092.58
2015-16	4993.76	32082.03
Correlation (r)	**0.78**	

Source: Annual Reports of KCCB from 2011-12 to 2015.

INTERPRETATION

Table-5 show the correlation is equal to 0.78. It means that there is a high degree of positive correlation between net profit and net NPA. Thus null hypothesis is rejected and alternative hypothesis is accepted. It means that there is a positive relation between net profits and non-performing assets of the bank. It simply means that as profits increase NPA also increase. So it does not show the sound position of the bank. We know that there are two types of customers such as good and bad. Good customers paying interest and principal amount timely so it's increased the profitability of the bank but the bad customers do not pay interest and instalment amount timely so it's decreased the profit of the bank. Here, the customers of KCCB do not paying interest and principal amount timely so it's increased the net NPA and reduce the profitability of the bank. The main reason for increasing the NPA is mismanagement and wrong choice of customers.

FINDINGS

- Gross NPAs are increased in the study period. The Gross NPAs of the KCCB was ₹ 19710.55 lacs at the end of the base year 2011-12 which is increased up to ₹ 43684.56 lacs in 2015-16.
- The percentages of Net NPAs are increased in the study period. The Net NPAs of the KCCB was ₹ 13510.53 lacs at the end of the base year 2011-12 which is increased up to ₹ 32082.03 lacs in 2015-16. So, it indicates low-quality credit portfolio
- The Gross NPA level during the study period is quite poor. It is a negative indication that the gross NPA ratio increased from 8.14% in 2011-12 to 11.43% in 2015-16. So, it indicates low-quality credit portfolio
- Net NPA ratio shows a growing trend during the study period. It increases from 5.73% in 2011-12 to 8.66% in 2015-16. So, this ratio has shown a negative impact on the profitability of the bank which leads to the poor performance of the bank.
- There is a high positive correlation between Net Profit and Net NPA which is not a good indication.

SUGGESTIONS

- Based on the study, it is suggested that the bank should keep NPA under the track.
- The bank should follow even more stringent measures to tackle the problem of NPA.
- The bank has to maintain the strong relationship with the customers and conduct recovery camps for the effective recovery of loans.
- The bank should provide training and awareness programmes regarding the repayment of loans, effective use of funds, repercussions of non-payment etc.

CONCLUSION

The problems with NPA are a serious problem and risk for cooperative banks because it destroys their sound financial position and profitability. The gross and net NPA increased rapidly during the study period. The main reason for increasing the NPA is mismanagement and wrong choice of the customers because bad customers don't pay the amount of interest and instalment amount timely and it is the reason of increasing NPA. So, it has the adverse impact on the profitability of the bank and the bank is unable to create new loans for the clients.

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A STUDY ON CURRENCY DEPRECIATION: IMPACT ON INDIAN ECONOMY

P. AKHIL
STUDENT
KLU BUSINESS SCHOOL
K L UNIVERSITY
GREENFIELDS

Dr. K. S. SEKHARA RAO
ASST. PROFESSOR
KLU BUSINESS SCHOOL
K L UNIVERSITY
GREENFIELDS

ABSTRACT

Some experts have an opinion that our economy is going back to 1991 scenario. Our country currency was depreciated at very high rate in last five years from Rs. 45 to Rs. 68 it was depreciated by 50% more. In present scenario currency depreciation is the major problem which is facing by the Indian economy. But it was not good for the developing economies like India. It affects every common man in the economy. There are various positive and negative impacts which are being predicted by the experts who belong to the same field. Rupee depreciation, no doubt it will affect upper and lower sectors of the economy. This spectacular decline of rupee value will result in the loss of India's confidence in its growth prospect too. By this study we understand the causes and impacts of currency depreciation and how the economy is affected by this, and the impact of macroeconomic factors on exchange rate. Collected data for ten years through secondary data and used linear regression method to know the impact of macroeconomic factors on exchange rate. The study for the period is 2005-2016 for the study of macroeconomic variables. This study tries to explore the causes and impact of rupee depreciation on the Indian economy and also intended to provide some suggestions to the Government so that they could recover from the present crisis.

KEYWORDS

exchange rate, macroeconomic variables, currency depreciation.

INTRODUCTION

In the present economic scenario rupee depreciation is a hot topic. Every individual is experiencing negative impact due to this. Many political discussions are going around regarding the subject of rupee devaluation.

Incidentally, when India received its independence in 1947, the value of rupee is par with dollar. External borrowings and wars in 1962 (china)and in 1965 (Pakistan)resulted in a huge deficit. So in 1966, the rupee devalued as RS. 7.57 Against the dollar. At present one dollar cost is RS. 66.72 (01-11-16).

In 2013 we have the value of one dollar is Rs. 68.8 (nearly Rs. 69). This scenario has made an impact on peoples mind and made them to think that Indian economy is shifting to 1991 scenario.

As per the basic laws of economics if the demand for USD in India exceeds its supply then it's worth will go up and that of the INR will come down in that respect. It may be that importers are the major entities who are in need of the dollar for making their payments. Likelihood here could be that the Foreign Institutional Investors are retreating their investments in the country and taking them elsewhere.

Generally, rupee depreciation is advantage to exporters because they get more money than the value. But it will be bane for the importers to pay more money to creditors.

REVIEW OF LITERATURE

While conducting study below literatures are reviewed to know the information on required areas to complete study. Here various opinions of researcher are referred and understand the importance of problem and their reasons about the rupee depreciation.

Ravi Bhandhari (2014) studied the depreciation of rupee against dollar & analysis on impact of Macroeconomic factors on exchange rate of rupee. Here he considered economic variables and find the relationship with macro economic factors and exchange rate of rupee. He concludes that, we have to increase exports instead of imports and effective economic plans are required to stabilise the economic growth. He found that there is positive correlated to GDP and export growth. Viney narang (2014) had studied the reasons for currency devaluation and its impact on Indian economy. Here says that one of the important reasons for devaluation was crude oil imports and he suggest the measures how to control it and he shows how it effects.

Jin sang lee (2014) he examined the effects of currency depreciation on trade balance in selected Asian economies. Through that he says exports did not respond as expected, mainly due to a decline in terms of trade for primary commodities and manufactured products or due to heavy dependence on import goods which may be more expensive in the local currency. Many Asian economies are heavily engaged in imported energy resources like oil and gas, natural resources, and many economies are focusing on export promotion. Therefore, it is worthwhile to look at the consequences of devaluation. The study found a strong evidence for inflation and high lending interest rate to negative effect on trade balance.

Inderpal singh (2015) effects of macroeconomic factors on rupee value. Price of one currency in terms of another currency (exchange rate) is a very important variable for an open economy in the global market, because it affects the overall economic performance and growth of the economy. So, the relationship between exchange rate and the related macro-economic factors causing variability in the value of the former carries a high degree of significance for any open economy.

Harberger (2003) studied the impact of economic growth on real exchange rate. He found that there is no systematic connection between economic growth and real exchange rate. Husain et al. (2004) found in their study, little access to international capital is available for the weaker and less developed countries, so low rate of inflation and higher level of durability is associated with fixed exchange rate regime in those countries. However, they found no robust relationship between economic performance and exchange rate regime in the developing economies. They also found that advanced economies may experience durable and slightly higher level of growth rate without higher level of inflation in flexible exchange rate regime.

Ibrahim Tuhran et.al (2012) examined that, the dynamic relationship between oil prices and exchange rate of selected emerging economies. It contributes to the literature in at least three points, first contrary to the general use of developed economies, the author opted emerging markets to study the relationship between oil prices and exchange rates. Second, un-parallel to the literature using monetary models to explore the exchange rates with low frequency data, oil is taken as alternative asset class and use daily oil price data to investigate the dynamics of exchange rate of an emerging market. Third, this paper shows how this relation has changed by comparing the relationship before and after the financial crisis.

Chellasamy (2013) analyzed the effects on rupee depreciation against the dollar covering the area of currency growth, foreign investment, and macro-economic factors that affected Indian currency during the study period from 1989-1970 to 2012-2013.

Bhandari (2014) this study relates to the causes & impact of rupee depreciation against dollar on Indian economy in the recent period when on August 28th 2013, the rupee closed to 68.80 against dollar resulting in the fear of Indian economy returning to 1991 scenario.

Raithatha (2012) studies effects of currency appreciation and depreciation as boon and bane for economic growth &provides suggestions to overcome ill-effects of excessive fluctuations between rupee and dollar keeping in view current trends.

Syed Abul Basher et.al (2010) investigated that, the dynamic relationship between real oil prices, exchange rate index for major currencies, emerging market stock prices, interest rates, global real economic activity and oil supply. The results of this paper support to some extent that oil prices respond to movements in exchange rates. Further, the result reported in the paper offered some support for higher oil prices affecting exchange rates in the short run. In particular, positive oil shock leads to immediate drop in the trade weighted exchange rate. On the other hand, oil prices respond negatively to an unexpected increase in oil supply and oil prices respond positively to an unexpected increase in demand. These results are consistent with the prediction from a demand and supply model for the oil market. oil prices respond positively to positive shock in emerging stock markets, while respond negatively to the positive shock. These results are important in establishing that in addition to global supply and demand conditions for oil, oil prices also respond to emerging economy equity markets and global capital markets.

OBJECTIVES

This study aims at finding out the crucial factors of the economy that cause impact on Indian rupee fluctuation against US dollar. There are several macroeconomic factors affecting the exchange rate like the inflation, interest rates, trade balance, GDP growth rate, foreign direct investments, etc. From these factors we have identified five independent variables and exchange rate as dependent variable.

For doing this study main objectives are:

1. To study the Indian currency market & rupee position in the global foreign exchange market.
2. To study the fluctuation in Indian rupee against the dollar (INR/USD) post globalization.
3. To find out the impact of macroeconomic factors on exchange rate.
4. To give suitable suggestions to improve the rupee value.

HYPOTHESIS

Since, last decade the Indian foreign exchange market has undergone significant changes and has been subjected to few shocks. It is clearly reflected by the ups and downs of Indian rupee exchange rate against the US Dollar. There are several factors affecting the exchange rate like the inflation, interest rates, current account deficits, public debt, the terms of trade, economic and political factors, FDI, FII, etc. Based on these factors following hypothesis are constructed for study to find their impact on exchange rate.

H1: Inflation rate influence the exchange rate of Indian Rupee.
H2: Lending Interest rate influence the exchange rate of Indian Rupee.
H3: Foreign direct investment (FDI)influences the exchange rate of Indian Rupee.
H4: Gross domestic product (GDP)growth Rate influence the exchange rate of Indian Rupee.
H5: Balance of payments (BOP)influence the exchange rate of Indian Rupee.

RESEARCH DESIGN

The study covers a Research is Exploratory & Analytical that generates a hypothesis by analyzing a data and looking for potential relations between variables.

For doing this study we consider a sample Period of 10 years from 2005 - 2006 to 2015-2016. During this period currency rates are more volatile in nature and in 2013 august exchange rate is increased to 68.3. For doing analysis conducted linear regression test.

SOURCES OF DATA COLLECTION

For present study source of data is secondary data. The data for the study is collected from various sources such as:

- Online research databases (such as: EBSCO host, Shodhganga, etc.)
- Various websites
- Magazines,
- Newspapers,

CAUSES OF RUPEE DEPRECIATION

As the Indian currency is sharply depreciated against dollar, as well as against other world currencies, it is imperative to understand the factors contributing its fall in the global market. Some of the major factors of currency depreciation are discussed below:

A. Demand and Supply rule

Demand and supply rule means if there is more demand of dollars in the currency market and is not adequately matched by the supply, other things remaining equal, the rupee price of dollar will go up or the rupee will depreciate.

B. Improving the strength of US economy:

Improving the strength of the US economy or dollar gaining strength against other currencies is considered as another reason for the crisis. That is Reserve Banks of Euro zone and Japan printing excessive money due to which their currency is being devalued.

C. Increased price of oil

Increased prices and demand for Oil is another reason for rupee fall. India has to import Bulk of its oil requirements to satisfy its local demand which is increasing every year. The domestic demand for oil is increasing which causes the price of the oil to increase in the international market. The demand for dollar increases as we have to make payments to our suppliers in dollars. This increase in demand for dollar weakens the rupee. 55% of the India’s oil import is used for Transportation of goods and people and 50% of that or 27% of the total is used for transporting the 1.8 Indians who owns cars.

D. Wider Current Account Deficit

Wider Current Account Deficit (CAD)can be regarded as another reason for currency fall. A current account deficit occurs when a country is importing more goods and services than that is exporting. This wider current account deficit usually creates demand for dollar which may result in rupee depreciation. The deficit can be bridged either by using country’s forex reserves or from capital inflows.

E. Low foreign exchange reserve

Low forex reserve is another reason for currency depreciation. India’s forex reserves have declined in recent months. The main reason for this fall is due to heavy dollar sales by RBI to protect the rupee. On Nov 9th the forex reserve again dipped to$ 1.65 billion due to the dip in value of gold in reserves. If reserves are declining in such a manner, RBI can’t intervene aggressively in currency markets. Moreover, most of the countries traded with India only accept foreign currencies in return. In India, Foreign Exchange Reserves are the foreign assets held or controlled by the country central bank.

F. Lower growth

Lower growth is another reason for currency depreciation. That is due to the low growth foreign institutional investors were pulling off money from India. Lower GDP with high inflation, record high CAD and record high Indian rupee depreciation will further worsen the India’s Macroeconomic condition.

G. High demand for gold

Increased demand for Gold or increased import of gold is considered as another reason for the crisis. In India there is a tradition to wear gold and diamond ornaments for the auspicious occasions. So there is more requirements for these but are not abundantly available in India. So India has to import these at huge price. When the rupee value gets depreciating, the percentage for each dollar increases making the demand increase.

H. High fiscal deficit

High fiscal deficit can be regarded as another reason for this crisis. The higher fiscal deficit could lead to speculative attacks on currency. In case of high deficit Govt. may use foreign currency reserve to finance the deficit. This lead to lowering of reserves and if there is speculation of currency, the govt. may not have adequate reserve to protect the fixed value of currency. This prompts the govt. to devalue the currency. Though Fiscal deficit have no direct bearing on foreign markets, play a role in crisis.

I. Dollar gaining strength against other currencies

Dollar gaining strength against other currencies is considered as another reason. The US had been printing money to bolster the economy. Now with the revival of the economy the Chairman plans to unwind the program. This statement led to unrest in the US economy and US investors started withdrawing money from the overseas markets.

J. Great volatility of stock market

Great volatility in stock market also regarded as another reason for the currency devaluation. Our equity market is volatile for some time now. Equity means the investments in Indian companies made by foreign institutional investors. Indian stock market is mainly dominated by overseas investors.

K. Withdrawal by investors

Withdrawal by investors affects the rupee to decline in value. The economic slowdown of many industries, in the Indian environment, the market's weakness for the government to implement public policies are increasingly disappointed.

L. Lack of clarity in policy reforms

Lack of clarity in policy reforms is another reason for depreciation of currency. Perception of lack of clarity on the policy front is also fanning speculative demand wherein RBI on one day said it will tighten liquidity and on yet another said it will inject $1 billion in the market.

M. Interest rate difference

Interest rate difference is another factor, that is higher interest rate generally attract foreign investment but due to slowdown in growth there is increasing pressure on RBI to decrease policy rates.

N. Higher inflation

Indian economy is experiencing higher inflation which will decrease purchasing power of rupee against other currencies. This will lead to rupee depreciation. This essentially means that more rupees were printed than required which causes a rise in inflation.

TABLE 1: TABLE SHOWING THE DATA OF MACROECONOMIC FACTORS AND EXCHANGE RATES

YEAR	CUR-RAT	FDI(IN MILLION $)	LEND RATE (%)	INFLATION (%)	GDP (%)	BOP(RS IN BILLION)
2005-2006	45.23	8961	11.5	6.53%	9.3	-2039.91
2006-2007	41.4	22826	13.5	5.51%	8.6	-2687.27
2007-2008	43.44	34843	14	9.70%	3.9	-3564.48
2008-2009	48.33	41873	14.125	14.90%	8.5	-5336.8
2009-2010	45.64	37745	13.67	9.47%	10.3	-5182.02
2010-2011	46.32	34847	8.875	6.49%	6.6	-5405.45
2011-2012	53.32	46556	10.375	11.17%	5.6	-8795.04
2012-2013	58.26	34298	10	9.13%	6.6	-10348.44
2013-2014	61	36046	10.13	5.86%	7.2	-8104.25
2014-2015	64.08	45148	10.13	6.32%	7.6	-8406.41
2015-2016	67.04	55457	10	5.71%	7.9	-7715.03

TESTING OF HYPOTHESIS

Data is collected to Measure the relationship between macro-economic variables and exchange rate by considering the data of last ten years for each variable and exchange rate. Here linear regression method is used to find the relationship between variables and exchange rate.

1) FDI AND EXCHANGE RATE

H1: FDI influence the exchange rate of Indian Rupee

TABLE 2: SHOWS THE MODEL SUMMARY OF REGRESSION ANALYSIS BETWEEN EXCHANGE RATE AND FDI

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642[a]	.412	.346	7.28160
a. Predictors: (Constant), FDI(In millions $)				

The R and R^2 value are provided by the Model Summary table. The R value is 0.642, which signifies the simple correlation. It shows a low degree of correlation. How much of the dependent variable, "Exchange Rate", can be explained by the independent variable, FDI, is indicated by R^2 value. In this case, 41.2% can be explained, which is less than moderate. The exchange rate is 41.2% dependent on Independent variables.

TABLE 3: TABLE SHOWS THE ANOVA OF REGRESSION ANALYSIS BETWEEN EXCHANGE RATE AND FDI

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	334.125	1	334.125	6.302	.033[b]
	Residual	477.195	9	53.022		
	Total	811.320	10			
a. Dependent Variable: currency rate						
b. Predictors: (Constant), FDI(in millions $)						

Above table shows the regression model forecasts the outcome variable significantly well. This specifies the statistical significance of the regression model that was applied. Here, $p < 0.033$, which is less than 0.05, and indicates that, overall, the model applied can statistically significantly predict the outcome variable i.e., Exchange Rate.

TABLE 4: SHOWS THE COEFFICIENTS OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND EXCHANGE RATE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.203	7.113		4.949	.001
	FDI(in millions $)	.000	.000	.642	2.510	.033
a. Dependent Variable: currency rate						

The above table shows that beta co efficiency of independent factor which shows the influence on the dependent factor of currency rate according to the above results the FDI having negative Beta value that is 0.642 and T value of FDI is 2.510 According to the asymmetric significance value of P value is less than the 5% level of significance and this variable influence the dependent variable of currency price is significant.

2) GDP GROWTH RATE AND EXCHANGE RATE

H2: GDP growth Rate influences the exchange rate of Indian Rupee.

TABLE 5: SHOWS THE MODEL SUMMARY OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND GDP GROWTH RATE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.081[a]	.007	-.104	9.46363
a. Predictors: (Constant), GDP (%)				

The R and R^2 value are provided by the Model Summary table. The R value is 0.81, which signifies the simple correlation. It shows a low degree of correlation. How much of the dependent variable, "Exchange Rate", can be explained by the independent variable, "GDP" is indicated by R^2 value. In this case,.007 can be explained, which is very large. The exchange rate is 7% dependent on Independent variables.

TABLE 6: SHOWS THE ANOVA OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND GDP GROWTH RATE

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.277	1	5.277	.059	.814[b]
	Residual	806.042	9	89.560		
	Total	811.320	10			
a. Dependent Variable: currency rate						
b. Predictors: (Constant), GDP (%)						

This table shows that the regression model forecasts the outcome variable significantly well. This specifies the statistical significance of the regression model that was applied. Here, p value is 0.814, which is more than 0.05, and indicates that, overall, the model applied can statistically significantly not predict the outcome variable i.e., Exchange Rate. So hypothesis will be rejected due to high significance value.

TABLE 7: SHOWS THE COEFFICIENTS OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND GDP GROWTH RATE

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	55.231	12.861		4.295	.002
	GDP (%)	-.408	1.680	-.081	-.243	.814
a. Dependent Variable: currency rate						

The above table shows that beta co efficiency of independent factor which shows the influence on the dependent factor of currency rate according to the above results the GDP having negative Beta value that is -0.081 and T value of GDP is -0.243 According to the asymmetric significance value of P value is more than the 5% level of significance and this variable influence the dependent variable of currency price is insignificant.

3) LENDING INTEREST RATE AND EXCHANGE RATE

H3: Lending Interest rate influence the exchange rate of Indian Rupee.

TABLE 8: SHOWS THE MODEL SUMMARY OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND LENDING INTEREST RATE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644[a]	.414	.349	7.26604
a. Predictors: (Constant), Lending rate (%)				

The R and R^2 value are provided by the Model Summary table. The R value is 0.644, which signifies the simple correlation. It shows a less degree of correlation. How much of the dependent variable, "Exchange Rate", can be explained by the independent variable, "Lending Interest Rate" is indicated by R^2 value. In this case,.414 can be explained, which is very large. The exchange rate is 41.4% dependent on Independent variables.

TABLE 9: SHOWS THE ANOVA OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND LENDING INTEREST RATE.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	336.162	1	336.162	6.367	.033[b]
	Residual	475.158	9	52.795		
	Total	811.320	10			
a. Dependent Variable: currency rate						
b. Predictors: (Constant), Lending rate (%)						

This table shows that the regression model forecasts the outcome variable significantly well. This specifies the statistical significance of the regression model that was applied. Rate Here, $p < 0.0045$, which is less than 0.05, and indicates that, overall, the model applied can statistically significantly predict the outcome variable i.e., Exchange. So considered hypothesis will be accepted.

TABLE 10: SHOWS THE COEFFICIENTS OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND LENDING INTEREST RATE

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	86.224	13.666		6.310	.000
	Lending rate (%)	-2.964	1.175	-.644	-2.523	.033
a. Dependent Variable: currency rate						

The above table shows that beta co efficiency of independent factor which shows the influence on the dependent factor of currency rate according to the above results the lending rate having negative Beta value that is -0.644 and T value of lending rate is -2.523 According to the asymmetric significance value of P value is lower than the 5% level of significance and this variable influence the dependent variable of currency price is significant.

4) INFLATION AND EXCHANGE RATE

H4: Inflation rate influence the exchange rate of Indian Rupee.

TABLE 11: SHOWS THE MODEL SUMMARY OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND INFLATION

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255[a]	.065	-.039	9.18084
a. Predictors: (Constant), Inflation rate (%)				

The R and R^2 value are provided by the Model Summary table. The R value is 0.255, which signifies the simple correlation. It shows a very low degree of correlation. How much of the dependent variable, "Exchange Rate", can be explained by the independent variable, "Inflation" is indicated by R^2 value. In this case,.065 can be explained, which is very small. The exchange rate is 6.5% dependent on Independent variables.

TABLE 12: SHOWS THE ANOVA OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND INFLATION

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	52.730	1	52.730	.626	.449[b]
	Residual	758.590	9	84.288		
	Total	811.320	10			
a. Dependent Variable: currency rate						
b. Predictors: (Constant), Inflation rate (%)						

This table shows that the regression model forecasts the outcome variable significantly well. This specifies the statistical significance of the regression model that was applied. Here, p is 0.449, which is more than 0.05, and indicates that, overall, the model applied can statistically significantly will not predict the outcome variable i.e., Exchange Rate. So reject Hypothesis due to high p-value.

TABLE 13: SHOWS THE COEFFICIENTS OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND INFLATION

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	58.629	8.602		6.816	.000
	Inflation rate (%)	-.780	.987	-.255	-.791	.449
a. Dependent Variable: currency rate						
b. Independent variable: Inflation						

The above table shows that beta co efficiency of independent factor which shows the influence on the dependent factor of currency rate according to the above results the INFLATION having negative Beta value that is -0.255 and T value of Inflation is -0.791 According to the asymmetric significance value of P value are higher than the 5% level of significance and this variable influence the dependent variable of currency price is insignificant.

5) BALANCE OF PAYMENTS AND EXCHANGE RATE

H5: BOP influences the exchange rate of Indian Rupee.

TABLE 14: SHOWS THE MODEL SUMMARY OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND BOP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811[a]	.657	.619	5.56097
a. Predictors: (Constant), BOP(in billions)				

The R and R^2 value are provided by the Model Summary table. The R value is 0.852, which signifies the simple correlation. It shows a high degree of correlation. How much of the dependent variable, "Exchange Rate", can be explained by the independent variable, "balance of payment" is indicated by R^2 value. In this case, 65.7% can be explained, which is very large. The exchange rate is 65.7% dependent on Independent variables.

TABLE 15: SHOWS THE ANOVA OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND BOP

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	533.000	1	533.000	17.236	.002[b]
1	Residual	278.320	9	30.924		
	Total	811.320	10			
a. Dependent Variable: currency rate						
b. Predictors: (Constant), BOP(in billions)						

This table shows that the regression model forecasts the outcome variable significantly well. This specifies the statistical significance of the regression model that was applied. Here, p is .002, which is less than 0.05, so accept hypothesis

TABLE 16: SHOWS THE COEFFICIENTS OF REGRESSION ANALYSIS BETWEEN CURRENCY RATE AND BOP

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35.665	4.319		8.258	.000
	BOP(in billions)	-.003	.001	-.811	-4.152	.002
a. Dependent Variable: currency rate						

The above table shows that beta co efficiency of independent factor which shows the influence on the dependent factor of currency rate according to the above results the BOP having negative Beta value that is -0.811 and T value of BOP is -4.152. According to the asymmetric significance value of P value are lower than the 5% level of significance and this variable influence the dependent variable of currency price is significant.

TABLE 17: REGRESSION ANALYSIS CONCLUSIONS

S. No.	HYPOTHESIS	P-VALUE	RESULT
1.	Foreign direct investment Influences the exchange rate of rupee.	P=0.033	Accept the hypothesis because p-value is less than 0.05.
2.	Gross domestic product growth rate influences the exchange rate of rupee.	P=0.814	Reject hypothesis because p-vale is more than 0.05.
3.	Lending interest rates influences the exchange rate of rupee.	P=0.033	Accept hypothesis because p-value is less than 0.05.
4.	Inflation rate influences the exchange rate of rupee.	P=0.449	Reject hypothesis because p-value is more than 0.05.
5.	Balance of payments influences the exchange rate of rupee.	P=0.002	Accept hypothesis because p-value is less than 0.05.

FINDINGS

Following are some of the important points which are observed while doing the study. They are:

1. Demand for dollar is increasing from time to time due to high imports. Dollars are required for payment of imports.
2. Oil imports are increasing at very high rate from year to year.
3. Exports are not meeting the expectations of the economy.
4. Depreciation of rupee will affect every individual in the economy by increasing the cost of living.
5. Our currency value is very less when compared with other country currencies like dollar, pound, euro.
6. Last five years' currency value depreciates at very high rate. In 2010 exchange rate was Rs. 45 now it was Rs. 68.26. it is increased more than 50%.
7. Inflation is not influence the exchange rate of the country.
8. GDP is not influence the exchange rate of the country.

SUGGESTIONS

1. Oil import is one of the reason for which country needs to demand the foreign currency, the government has to stagger the demand.
2. The flow of foreign investments into India impacts the exchange rate to appreciate as it has positive relation. So, the government should take initiatives which encourage and increase foreign investments into India.
3. The government can consider temporary import compression.
4. Encourage export oriented companies.
5. Increase industrial base in the country.
6. Finding substitute products which will replace the foreign market products.
7. Government have to provide the financial assistance to start ups and export oriented companies to increase their business.
8. Giving boost to domestic industries & companies to with stand the competition in international market.
9. Government have to frame the strict policies and it have to implement them to control the currency depreciation.
10. Inflation has to control otherwise other our country products become more expensive.
11. Reducing gold imports.
12. RBI should come up with measures to reduce interest rate on export credit and Public Sector banks should ensure credit to medium and small exporters under the priority sector.

CONCLUSION

Depreciation of rupee has affected everyone in the economy including the common man. Hence we should focus more on increasing the export by correcting economic fundamentals. Immediate economic reforms should be taken in order to gain the confidence of foreign investor. A stable currency regime required for a stable growth economy cannot be achieved unless the structural issues are addressed to advance productivity and keep a stable inflation environment, resulting in a more stable fiscal deficit and external sector which put India on a sustainable growth path with stable Fiscal deficit, current account deficit, inflation and growth.

From this study we can say that currency rate was not influenced by the considered macro economic variables.

We need to accelerate reform process that would make economy resistant to external shocks and changes in economy cycles and currency fluctuations. The bottom line is our policy should concentrate on enhancing our capability in manufacturing, promote entrepreneurship and provide incentive for innovations. We need to remember that the challenge which we are facing is not only about currency risk but it is about moving to growth and development.

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CASE STUDIES ON TRANSFORMATION OF TRADITIONAL MARKETING TO DIGITAL AND SOCIAL MEDIA MARKETING: INDIAN CONTEXT

PRATIBHA BARIK
RESEARCH SCHOLAR
DEPARTMENT OF MANAGEMENT STUDIES
GURU GHASIDAS VISHWAVIDYALAYA
KONI

Dr. B. B. PANDEY
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
GURU GHASIDAS VISHWAVIDYALAYA
KONI

ABSTRACT

Social media and digital marketing is a powerful promotional tools and methodologies for marketing of goods and services through internet and non-internet channels globally. These marketing strategies are an added value marketing channels to traditional marketing methods. For the young beginners entrepreneurs, who have limited marketing budgets digital marketing is the cost effective method to deliver the information about their products to their target customers. The popular social networks are free to join and relatively cheaper than traditional channels. Many companies are taking initiative to promote their products and services through social media and digital marketing. Though it's a challenging task, but its cost effectiveness and wide coverage is attracting the entrepreneurs to adopt these new marketing strategies. Companies are eager to leverage digital marketing so that the advantage of this new marketing can be enhanced by the businessmen. This paper aims to explore some case studies on implementation of social media and digital marketing, whereas it will reveal the challenges of digital marketing. The data will reveal how best to leverage digital marketing and this topic covers under the "Role of e-commerce social media and digital marketing and its influence on user-value".

KEYWORDS

digital marketing, social media marketing, e-marketing, internet.

INTRODUCTION

Digital marketing is a promotional strategies to create awareness of a brand endorsing all available digital channels like Web, SEM (search engine marketing – includes SEO -Search Engine Optimization and Pay per click advertising), Social Media, smart phones, mobile markets (i.e. Google Play, Apple Store),E-mails, online banner advertising, Television, Radio, SMS, digital billboards (indoor and outdoor). But from last couple of years' social media is budding up fast with social media platforms like Facebook, twitter, Google+, Pinterest, Instagram, Tumblr, LinkedIn, StumbleUpon and YouTube.

In India at present there are 134 million social media users, increase of about 26% from last year. Social media account for more than half time spent online, with users spending 26% more time engaging with their network instead of watching television. Smart phones are the highly used device for e-shopping by the consumers and 72% of India users log via mobile to access on social media, by Kstart Digital Marketing Summit (2016). According to the report released jointly by the Internet and Mobile Association of India and consultancy firm, IMRB, India hit 306 million mobile internet users in December 2015 growing at an overall 77% from 2014. Even Facebook also reflect that 80% of the users access social sites via their mobile on this globe. In India there is a colossal opportunity to explore digital and social media marketing with only 15% internet penetration and users spending an average of 4 hours and 25 minutes a day on online digital marketing. Today people are using twitter, facebook, whatsapp, Instagram, youtube etc. instead of newspapers for the current updates and these marketing strategies are catching as 'standard marketing'. Hence digital marketing is overpowering traditional media.

According to Digital India 2016, a report by Octane Research, 80% of Indian marketers believe that integrated campaigns (e-mail, social and mobile) can result in moderate-to-significant increases in conversion rates. For 58% of marketers, customer acquisition is the primary focus area.

The main objective of the paper is an attempt to focus on various case studies of the companies, who are on their journey to transform from traditional marketing to digital marketing and the challenges faced by the Indian companies to implement these advance technologies. The supportive objectives are:

- To analyze the case study of various brands.
- To focus on the challenges faced by businesses to transform to digital marketing
- Further what might be the way to forward it successfully

CHALLENGES OF SOCIAL MEDIA AND DIGITAL MARKETING

In this tough and competitive market, digital and social media marketing are emerging as effective marketing strategies for the companies to promote their goods and services globally. No industry whereas an individual is untouched with this technology. Digital marketing is available everywhere with the use of laptops, mobile, ipads etc and whether its B2B or B2C or C2C all are sold through digital channels. Indian advertisers are spending far more on social media ads in comparison to their global counterparts as well as its projected among top three countries in the Asia-Pacific region as regards its compound annual growth rate (CAGR-2012-2016) in digital media ads spend. But the companies are facing in startups as its practical implementation is somewhat difficult.

1. The biggest challenge is to identify the channel(s)that's fit the business: Every channel has its pros and cons associate with it and the problem faced by the companies is, how to allocate their budget wisely so as to maximize its return on investment. It's difficult to choose the channels, which is suitable for their business model. The business leaders have to make an inside-out approach, where they have to understand 'Whom they own', 'whom they attract' and 'whom they accept'.
2. Emergence of digital marketing is too fast: The new technologies are emerging too fast and accordingly the companies have to plan their investment in digital marketing. Companies are in a dilemma how to plan their investments for digital and traditional marketing.
3. The capability of digital marketing to break your business: A word has a million power to influence, so a company need to understand the customer support in digital marketing, whereas have to be conscious of unethical practices by their competitor to harm their business. As social media and digital marketing is more one-to-one marketing.
4. No perfect metrics to evaluate the effectiveness of digital marketing: There is no perfect metrics or standard to measure the Return on Investment of any channels? The businesses tycoons are taking initiative to digitalize their business, but they are not aware of how to measure the best channel for their business.

5. Security and privacy: Many customers don't trust web companies completely, there is a threat of security and privacy to be misused by the company, due to which Customers hesitate to share their information on the cyberspace.
6. Not everything can be sold online: Every product can't be sold online as there are high value items which customers want to feel it before purchasing. So a company can use digital marketing for the promotion of their product, but can't translate into sales.
7. Digital Marketing has low entry barriers: As there is a low entry barrier, hence more and more competition. This effectively means that competition is fierce for digital based businesses.
8. India's Internet Connectivity Remains Slowest in Asia-Pac: According to latest State of the Internet report by Akamai, India still dons the hat of having the slowest internet connectivity in Asia-Pacific. According to the 4Q 2015 report, India had an average internet speed of 2.8 Mbps, a growth of 11 percent quarter on quarter and 36 percent yearly growth. At the global level, India rank's at near bottom ranking 114th in Internet speeds.

CASE STUDIES ON DIGITAL AND SOCIAL MEDIA MARKETING

1. Asian Paints: Digital Transformation

In a report by MIT Center for Digital Business and Capgemini Consulting 2011 revealed about how the India's leading Asian Paints manufacturing transform to digital marketing. In the early 2000s, the firm implemented an enterprise-wide ERP and advanced supply chain management system and linked their subcontractors and suppliers on a B2B portal. In 2003 invested in a CRM system. In the year 2010 company centralized its order taking process into a single corporate call center. These initiatives encouraged the retailers to place and receive a more consistent service and even customers were served faster than their competitors. Asian Paints' digital transformation also extended to internal production processes and formed an IT team, who took innovative steps for digitalization. The implementation of this IT team helped the organization to cope up with the new technology and company is continuously implementing new forms of digital transformation.

2. AmbiPur: Organized a bloggers meet to promote their brand

The company organized a program, inviting bloggers from Chennai to talk about their brand and around 150 indibloggers were invited to share their experience about the brand. The hashtag was "Ambi Pur Fresh n happy". The candidates were instructed to carry their smart phones, laptops or iphones to Tweet and Free Wifi was available to them. So they should not just promote blogging but must also encourage them tweeting. There were many interested games and prizes (won 500 Rs and few got movie tickets for 2) for the bloggers. Participants were asked to Tweet their best road trip ever with Ambi pur Fresh n Happy – The best one was to win a Samsung Galaxy S4. One of the bolgger was asked to sit in the car and the car door was closed for few minutes and then remove the blindfold and he was surprise to see some food stuff inside the car, a shoe hanging, french fries and pizza around him and there was only the Ambi Pur Fragrance which was fresh and pure and all this was recorded for their marketing. This was a wise choice to interact face-to-face and easy platform to listen to your customers as a blogger.

3. Citibank: Unscramble 48

An interesting campaign called Unscramble 48 was organized. Here, many well-known bloggers and social media evangelists were invited to unscramble *"*12 scrambled pictures in 48 seconds". The event took place in Chennai and Bangalore on 23rd and 24th march 2013. The participants were given different set of challenges to play, which was very catchy. The thought behind the idea was to make bloggers play the game on-ground and promote the video on their social pages. The catch was the iPhone 5 contest. Bloggers were required to uploaded their videos and the same game was replicated online as well. The video with maximum outreach & virality was be ranked 1st and the producer was eligible to win iPhone5 and many more attractive prizes. The concept behind this interactive and thoughtful game was to promote Citibank's Personal loans and the uploading of game videos result in the increase of viewership more than 485,500 on YouTube and it created a buzz on Twitter, Facebook and other Social Media hub

4. Audi India Ignites the Love for Audi –Love Audi

On March 20th Audi India announced a contest asking tweeters to give a reason why they really love Audi with hashtag "Love Audi" the best tweets were to win iphone, ipad, ipod and merchandise from Audi. This turned out as fantastic marketing campaign as people responded with creative tweets, customized videos, poetic blog posts, a fully fledge micro site and lot more. But many people participated just because of freebies and their tweets were not really honest. The event was not planned properly as there was no rules and regulation as such – It was started on March 20th 2013 and continued on March 21st 2013) and no body knows when it was going to end today. There was no microsite built for this contest which talks about Audi in exclusivity for people to learn more about it or a video on YouTube which introduces people to contest by taking them through the journey of car and its accessories could have been a better idea.

5. Coca Cola Uses Salman's Facebook Page

Salamn Khan, the celebrity who has more than 7.7M fans on Facebook and was awarded as "Social Media Star of the Year" by Zee Awards. The Coca Cola wants to encash these existing fans and launches their campaign on Salman's Soical Media page was very interesting. On 22nd of Feb 2013 launched the new featured ad on " Thums Up YouTube brand channel" with a few teasers. Company joined hands with the actor's charity Being Human – The Salman Khan foundation to promote social and charitable activities. Salman's social media channels was changed with following: 1) The Timeline banner of Facebook was customized to Salman's endorsement, 2) The teaser campaign video of the advertisement was shared on Facebook initially (twice), 3) The original video was shared on 23rd February 2013 and 4) Later print screens from the video was shared along with the YouTube link of the video. (Twice), 5) On an average every update relevant to this advertisement had received 1000+ shares, 60,000+ likes and 4,000 comments to begin with.

6. Fuji High Zoom Twitter

Fujifilm launched its high zoom cameras (S Series) with a series of high impact campaigns on some of the top portals like Times of India, IBN Live, Google and Rediff. Fujifilm wanted to compliment this launch with an engaging campaign in the social media space specially on Twitter in order to create a buzz and acquire relevant target audience as new followers. There was a 5 day trivia contest everyday from morning 11 am to 1 pm in which every 2 questions were asked on different product models and their features and the users were given a hint to get those answers by visiting different sites of Fuji Film. Before the contest numerous tweets were posted to create awareness. As a result, to this campaign was successful as about 230+ new followers added in the duration of the contest, total tweets were 3000+ and retweets were 500+.

7. Sony PIX:The Amazing Spiderman Social Media

On 16th June 2013 through an integrated digital campaign the channel promotes the TV premier of "The Amazing Spiderman". The strategy was to celebrity the innate goodness and amazing qualities of people around us by encouraging users to acknowledge 'Amazing' people around them and tag them in the 'Web of Amazing People'.

The campaign was divided in 3 phases where Phase 1 was used to establish 'Amazing' deeds of Hollywood & Philanthropic Celebs. In phase 2 the microsite 'Web of Amazing People' was launched to showcase the web of amazing people. The users could sign up with their Facebook accounts on the website and can tag their 'Amazing' friend and they were asked a simple trivia question about the movie to enter a lucky draw and win Spiderman merchandize. The friends tagged would receive a Facebook notification which further redirected them to the website. This was a viral campaign which was integrated with television promos on Sony PIX, social media and digital banners, directing people to join the web of amazing people. On premier day, 16th June 2013 phase 3 was launched and an interactive live game was integrated with the telecast and with the microsite and the winner would get a trip to The Amazing Spiderman studio in Los Angeles. The outcome was amazing over 31000 people were tagged by users as part of the amazing web online in just 7days. The hashtag 'Pix Amazing People'was trending in India on day 1 and day 2 of the campaign all day and the hashtag #PixAmazingSpidey was trending during the telecast of the premiere in India and Worldwide. Over 750 people participated in the live interactive game and submitted codes online. People are influenced with popular personalities and like to associate with them.

8. How Delhi Safari Maximised Facebook Engagement With Images And Games

Delhi Safari – India's first stereoscopic 3D animated feature film made by Nikhil Advani and produced by Krayon Pictures – combines Bollywood masala with the global cause of deforestation and wildlife protection. They created an exciting Facebook page that not only highlighted the creativity of the movie but also encouraged fans to interact with the page as much as possible. The contest was organized like the Maze Game, Solve the puzzle, Spot differences, Spot the words and Comic Strips just to engage more fans over the weekend. The film makers got tremendous response as spot difference: the page received about 140K fans and the post received more than 1000 likes, 250 shares and had over 150 responses in the comments. Interestingly, all this was achieved in less than 3 hours. Whereas the crossword puzzle page had about 50K fans and the post received more than 250 likes, 60 shares and a good number of successful responses in less than 2 hours.

9. Hindustan Times- No TV Day

From last 3 years HT was running campaign urging people to switch off their TV on June 1st, and spend time with their family and friends. On 1st June 2013 HT celebrates No TV Day to create awareness about this campaign. They had this campaign on Facebook and Twitter. On pre-launch day users were ask about how they will celebrate 'No TV day' on 1st June and the contest was live for 9 hours from 11 am to 9 pm. On No TV day contestant were ask to post their pictures and videos, how they celebrated their day. On no tv day HT had new followers added on the contest was 346+, total number of tweets 6200+ and number of retweets 700+. Whereas on No TV Day new followers added on the day of the contest were 220+, total tweets were 15,000+, total number of retweets was 1990+ and total number of rand mentions was 10,000+.

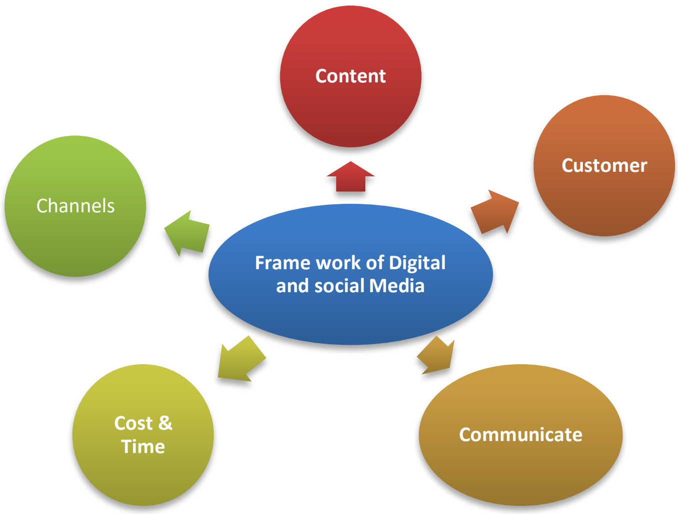
10. IBM: Intelligent listening

The company was falling with the implementation of traditional marketing (telemarketing and email) for the selling of web-based services such as cloud computing and data security. To overcome this problem and to know what's the customer perception towards this services, IBM launched a program called "intelligent listening" with social media. It was an approach to know the users hot-button discussion topics and what trends and issues were being discussed. The company's sales representative daily checks the RSS feed and upload some interesting context of any discussion to social media. The result was 10 orders the first day, and orders for product during the quarter that were 4X higher than during the same time the year before.

CONCLUSION AND RECOMMENDATIONS

With various challenges in implementation of Digital and social media marketing, still it has become an essential part of promotional strategy in companies. A useful framework for developing effective digital and social media marketing is shown with the figure below:

FIG. 1



1. Content: Decide the message
2. Customer: Who are your target customers?
3. Communicate: How we communicate our message
4. Cost & Time: What the cost incurred and when to display?
5. Channels: Selection of proper channel.

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A STUDY ON DIMENSIONS OF SERVICE QUALITY RELATION TO CUSTOMER SATISFACTION WITH REFERENCE TO PRIVATE SECTOR BANKS

M SAI SRAVANI
MANAGEMENT STUDENT
K L UNIVERSITY BUSINESS SCHOOL
K L UNIVERSITY
GREEN FIELDS

P V VIJAY KUMAR REDDY
ASST. PROFESSOR
K L UNIVERSITY BUSINESS SCHOOL
K L UNIVERSITY
GREEN FIELDS

ABSTRACT

The objective in this study was to evaluate the relationship between the dimensions of service quality relation to customer satisfaction with reference to private sector banks. A study on customers who has different accounts in private sector banks was undertaken through the usage of self administered questionnaire survey. Five hypothesis was developed based on the theoretical frame work. Samples were drawn based on simple random sampling technique and regression analysis has been used as statistical technique to empirical testing the hypothesis.

KEYWORDS

service quality dimensions, private sector banks, satisfaction of customers.

INTRODUCTION

In the recent years, the financial services sector in banking sector have become more competitive because of increased technology and economic reforms. As such global competition has increased rapidly, it is necessary to give quality service to the customers. Therefore, the quality service and sustained customer satisfaction is a major challenge for banks for rapid growth and development. Hence it is very important for banks to provide quality service continuously to meet the needs and desires of the customers.

Banks should understand about the expectations and perceptions of the customers. By this, banks can determine the action's required to meet the customer needs. Based on this, they can easily satisfy the needs of customers and at which customer satisfaction has a direct impact on the overall performance of the banks. It is the key element to achieve the mission statement. Customer satisfaction has a great influence on the future of bank and it is a basis for securing the position in the market. Therefore, providing the high level service is the key to keep customers both satisfied and loyal.

SERQUAL DIMENSIONS IN RELATION TO BANKING SECTOR

Five dimensions of Service Quality has been developed for service sectors.

Dimensions: Tangibles, Assurance, Reliability, Empathy, Responsiveness.

Tangibles means the appearance, the ambience of the bank and sufficient staff. Responsiveness means to provide prompt service to customers. (HSBC,2011) has incorporated statement due on message alerts sent to card holders. Reliability is the ability to perform the promised service dependently and accurately. The major reason for the customers to choose banks for investing is because of dependability. For instance, understanding the needs of each individual customer, such as knowing the customers' expected retirement age, annual income, and hobbies are required to help provide a good match of insurance and fund products for customers. Assurance is the ability of the employee to instill trust and confidence in the customer. For the complicated products such as funds, insurance etc employees must provide clear explanation for the customers to instill trust confidence about services provided in the banks. Empathy is the individualized attention the banks provide to the customers. Friendly customer approach will please the customers when they walk into a bank. This is to retain the customers. This research was conducted to measure the overall service quality perceived by customers of private sector banks using the SERVQUAL model. It is therefore concluded that QUAL is the best method for measuring the service quality in banking industry. In summary, SERVQUAL is a proper assessment tool to measure service quality in the banking industry.

DEFINITION OF THE PROBLEM

It is very important to meet competition, increase market share and achieve adequate returns in the banking sector. The need or continuous improvement of service provided to customers and enhanced customer satisfaction go hand in hand. Therefore, this study aims to analyze the dimensions of service quality in banks (using dimensions of SERQUAL model) and to examine the relationship between service quality and customer satisfaction and also the significance of demographics on service quality.

OBJECTIVES OF THE STUDY

The study has been undertaken with regard to the following objectives:

1. Identifying the importance attached to various service quality dimensions viz, assurance, tangibility, responsiveness, empathy and reliability.
2. To understand the perception of employees of private sector banks and find out the challenges faced by them to deliver the services
3. To evaluate the performance of the private sector banks on the basis of quality services
4. To make suggestions on the improvement of quality of the services
5. To analyze the relationship between Customer Satisfaction and service quality dimensions in the Banks.
6. To analyze the importance of demographics on Service Quality.

HYPOTHESIS OF THE STUDY

Hypothesis A: To test whether there is impact of service quality dimension tangibles on the customer satisfaction in the private sector banks.
Hypothesis B: To test whether there is impact of service quality dimension responsiveness on the customer satisfaction in the private sector banks.
Hypothesis C: To test whether there is impact of service quality dimension assurance on the customer satisfaction in the private sector banks.
Hypothesis D: To test whether there is impact of service quality dimension reliability on the customer satisfaction in the private sector banks.
Hypothesis E: To test whether there is impact of service quality dimension empathy on the customer satisfaction in the private sector banks.

SCOPE OF THE STUDY

The study encompasses customer service quality of the private sector banks namely ICICI, HDFC, Kotak Mahindra, CitiUnion, Yesbank etc. Each located at various regions in India. The study covers respondent's customers of banks in India.

LIMITATIONS OF THE STUDY

1. The study is limited to the study of satisfaction of customers having bank accounts in private sector banks
2. The expectations and satisfaction of the customers are limited to the time period of the study
3. The study is limited only to the customers of private sector banks

RESEARCH METHODOLOGY

Primary data: The primary data will be collected mainly by questionnaire that is prepared for the purpose of the study. In addition to this, data will also be collected through customers who belongs to private sector banks

Secondary data: The secondary data will be collected from different sources like Journals, Magazines, Organizational manuals, Websites, Published and un-published content reports.

Population: Customers belonging to the private sector banks are considered for my study to measure the dimensions of service quality provided in banks.

Sampling method: Sample is collected through primary sources. A self administered questionnaire is used to collect the responses.

Sampling plan: A sampling plan is a outline of measurements that hold at what times, on which material, in what manner, and by whom. It is one of the units into which an aggregate is divided for the purpose of sampling. Personal interview is conducted as a sampling plan.

SAMPLE SIZE

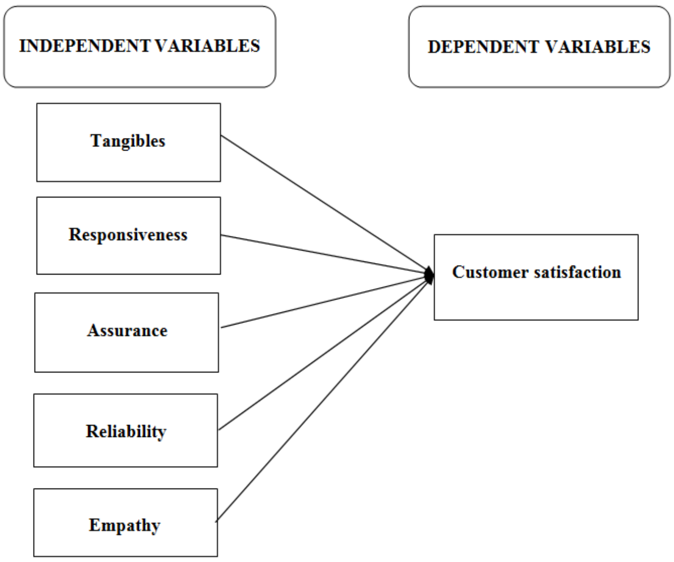
The sample size is 154. Data for this study was collected using a self-administered questionnaire that was distributed to respondents directly through mail and hard copy of questionnaire and given enough time respondents to fill the questionnaire to reduce sampling error. Questionnaire is constructed in constructed in a communicable language.

RESEARCH DESIGN

The research design refers to the overall strategy that made to integrate the different components of the study in a coherent and logical way. In this study, 154 respondents were considered by commencing sampling using research instrument questionnaire.

RESEARCH FRAME WORK

FIG. 1



REVIEW OF LITERATURE

ASSURANCE

Assurance is not very important relative to other industries. The outcome of using this service is uncertain (Andaleeb and con way (2006).The trust and confidence is represented to the customer in personnel who will connect to the bank. The assurance has a positive relationship with customer satisfaction and it is a customer's feeling of safety.

The level of assurance should be increased in their services in banks to retain their customers and to increase the customers.

The trust and confidence may be represented in the personnel who connect the customer to the bank **(Zeithamal et,al 2006) Sandip Gosh Hasra and B. L. Srivatsava (2009)**in their study stated that the bank should consider the service quality dimensions and pay attention to the assurance to increase loyalty, willing-ness to pay, and customer trust.

RELIABILITY

According to **(Zeithamal et al, 2006)** reliability is "the ability in performing the promised service dependably and accurately."

This is how the service provider is in a position to give service to the customers in a promised way. Performing the service in the right and promised time and informing about when the service is provided to the customers.

It is the capacity of the banks to supply the promised output at the stated level. It is about the accuracy and timeliness of the service.

TANGIBLES

It is defined as physical facilities, equipment, staff appearance. It is used in banks to convey the signal quality and image. Tangibles are used by banks to convey signal quality (Zeithamal et al, 2006)

As the service quality is divided into two parts functional quality and technical quality, the tangibles can be connected to the functional quality. Tangibles relates to the functional quality **(Gronroos, 2007)**

RESPONSIVENESS

Servqual described responsiveness as "willingness to help customers and provide prompt service" (Parasuraman et al, 1988). It is willingness to help customers and give service promptly to the customers. It is based on intentions of the bank. The speed and timeliness of service to promptly respond to requests of customers. It is about the timely action towards the customers in the bank.

It describes the reactions of the bank and its willingness towards customers' (Olu Ojo,2008) mean that the employees always willing to help the customers and they should have a time to respond to customers request.

EMPATHY

The caring and customized responsiveness to customers is called the empathy. It is about the communication, access and understanding of customers. This empathy relates to communication, access and understanding the customer (Olu Ojo 2008) bank services must have availability of tools etc. Positive relationship exists between customer satisfaction and empathy. Mostly the customers prefer face to face service in the banks although they enjoy the new bank facilities.

In order to develop empathy in banks, the bank personnel should endeavor to know about the names of the customers and their needs and preferences in order to satisfy them. It consists of caring and customized responsiveness to customers.

DATA ANALYSIS

Statistical tools like frequency, multiple regression analysis and correlation has been used to analyze the data. For analyzing such data, the software has been used is SPSS to analyze the problems which are faced by customers belonging to private sector banks.

TABLE 1: FREQUENCY

	2. Age group	3. Gender	4. Profession	5. family income per month	6. What kind of account do you maintain in this bank?	7. Distance between the bank from your place?	8. Which bank you frequently choose banking with?
N Valid missing	154 0	154 0	154 0	154 0	154 0	154 0	154 0

TABLE 2: AGE GROUP

	frequency	Percent	Valid percent	Cumulative percent
Valid 18-22	28	18.2	18.2	18.2
22-26	35	16.2	16.2	34.4
26-30	37	24.0	24.0	58.4
30-34	54	35.1	35.1	93.5
Above 35 years	10	6.5	6.5	100.0
total	154	100	100	

Table contains the distribution of 154 respondents among which 18.18% of respondents i.e. 28 respondents of 18-22 aged group respondents. 16.23% of respondents i.e. 25 respondents of 22-26 aged group respondents. 24.03% of respondents i.e. 37 respondents of 26-30 aged group respondents. 35.06% respondents i.e. 54 respondents of 30-34 aged group respondents. 6.49% of respondents i.e. 10 respondents of above 35 years aged group respondents.

TABLE 3: GENDER

	Frequency	Percent	Valid percent	Cumulative percent
Male	79	51.3	51.3	51.3
Valid Female	75	48.7	48.7	100.0
Total	154	100.0	100.0	

This table contains the distribution of 154 respondents among which 51.30% of respondents i.e. 79 of male respondents and 48.70% of respondent i.e. 75 of female respondents have responded

TABLE 4: PROFESSION

	Frequency	Percent	Valid percent	Cumulative percent
Self employed	47	30.5	30.5	30.5
Valid working	62	40.3	40.3	70.8
Student	34	22.1	22.1	92.9
Retired	8	5.2	5.2	98.1
Others	3	1.9	1.9	100.0
Total	154	100.0	100.0	

This table contains the distribution of 154 respondents following the among which 30.52% of respondents i.e. 47 respondents of self-employed. 40.26% of respondents i.e. 62 working respondents. 22.08% of respondents i.e. 34 of student's respondents. 5.19% of respondents i.e. 8 of retired respondents and 1.95% of respondents i.e. 3 of other respondents have responded.

TABLE 5: FAMILY INCOME PER MONTH

	Frequency	Percent	Valid percent	Cumulative percent
Below 15,000	17	11.0	11.0	11.0
15,000-30,000	24	15.6	15.6	26.6
30,000-45,000	50	32.5	32.5	59.1
45,000-60,000	44	28.6	28.6	87.7
Above 60,000	19	12.3	12.3	100.0
total	154	100.0	100.0	

This table contains the distribution of 154 respondents for family income per month among which 11.04% of respondents i.e. 17 respondents having income below 15,000. 15.58% of respondents i.e 24 respondents having income from 15,000-30,000. 32.47% of respondents i.e. 50 respondents having income from 30,000-45,000. 28.57% of respondents i.e. 44 respondents having income from 45,000-60,000. 12.34% of respondents i.e. 19 respondents having income above 60,000

MULTIPLE REGRESSION

Hypothesis A: To test whether there is impact of service quality dimension tangibles on the customer satisfaction in the private banks.

H0: The service quality dimension tangibles is not considered as an effective factor in the satisfaction of customers and it won't show any impact on the customer satisfaction

H1: The service quality dimension tangibles are considered as an effective factor in the satisfaction of customers and it shows impact on the satisfaction of customers

TABLE 6: TANGIBLES

Model	Sum of squares	Df	Mean square	F	Sig.
Regression	464.449	1	464.449	77.454	.ooo
Residual	911.454	152	5.996		
total	1375.903	153			

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), tangibles

The dependent variable here is customer satisfaction and the independent variable is tangibles. In the above table, the significant value is 0.00, which is less than 0.05, so we can say that the service quality dimension tangibles are considered as an effective factor in the satisfaction of customers in the private sector banks and it shows impact on customer satisfaction. The alternate hypothesis H1 is accepted by rejecting the null hypothesis H0.

TABLE 7: RESPONSIVENESS

Model	Sum of squares	Df	Mean square	F	SIGNIFICANT
Regression	166.365	1	166.365	20.907	.000
Residual	1209.538	152	7.957		
Total	1375.903	153			

a. Dependent Variable: Customer satisfaction.
b. Predictors: (Constant), responsiveness

In the above table, the dependent variable is customer satisfaction and the independent variable is responsiveness. The level of significance for this is 0.00, which is less than 0.05, so we can say that service quality dimension responsiveness is considered as an effective factor in the satisfaction of customers in the private sector banks and it shows impact on the customer satisfaction. The alternate hypothesis H1 is accepted by rejecting the null hypothesis H0.

TABLE 8: RELIABILITY

Model	Sum of squares	Df	Mean square	F	Significant
Regression	5820714	1	582.714	111.6667	.000
Residual	793.188	152	5.218		
Total	1375.903	123			

a. Dependent Variable: customer satisfaction
b. Predictors: (Constant), reliability

In the above table, the dependent variable is customer satisfaction and the independent variable is reliability. The significant value is 0.00, less than 0.05 so we can say that the service quality dimension reliability is considered as an effective factor in the satisfaction of customers in the private sector banks and it shows impact on the customer satisfaction. The alternate hypothesis H1 is accepted by rejecting the null hypothesis H0

TABLE 9: EMPATHY

Model	Sum of squares	Df	Mean square	F	Significant
Regression	694.772	1	694.772	155.044	.000
Residual	6810130	152	4.481		
Total	1375.903	153			

a. Dependent Variable: customer satisfaction
b. Predictors: (Constant), empathy

In the above table, the dependent variable is customer satisfaction and the independent variable is empathy. The significant value is 0.00, less than 0.05 so we can say that the service quality dimension empathy is considered as an effective factor in the satisfaction of customers in the private sector banks and it shows impact on satisfaction of customer. The alternate hypothesis H1 is accepted by rejecting the null hypothesis H0

FINDINGS

1. Of the total 154 respondents, different types of respondents got satisfied with different dimensions of service quality in the private banks.
2. The service quality dimensions are considered as playing an effective role in the private sector banks for the satisfaction of customers.
3. Tangibles is considered as an effective factor in dimensions of service quality and it shows impact on customer satisfaction in the private sector banks.
4. Responsiveness is considered as an effective factor in dimensions of service quality and it shows impact on customer satisfaction in the private sector banks.
5. Assurance is considered as an effective factor in dimensions of service quality and it shows impact on customer satisfaction in the private sector banks.
6. Reliability is considered as an effective factor in dimensions of service quality and it shows impact on customer satisfaction in the private sector banks.
7. Empathy is considered as an effective factor in dimensions of service quality and it shows impact on customer satisfaction in the private sector banks.

RECOMMENDATIONS

The limitations of this study have derived some recommendations to future research. Investigating the respondents from rural areas was not covered in this research. Therefore, the study on rural society respondent's satisfaction towards the dimensions of service quality is recommended. This study has adopted only private sector banks measuring the service quality. Therefore, it is recommended to measure the quality of service and its impact on the customer satisfaction in the public sector banks

CONCLUSION

This research indicates five independent variables (tangibles, responsiveness, assurance, reliability, and empathy) are in positive relationship with the customer satisfaction towards service quality in the private banks.

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THE IMPACT OF DEMONETIZATION ON RETAILERS AND CUSTOMERS

AMISH BHARATKUMAR SONI
ASST. PROFESSOR
GLS UNIVERSITY
AHMEDABAD

DIMPLE G. NAHTA
STUDENT
GLS UNIVERSITY
AHMEDABAD

PRIYANKA G. MANDOWARA
STUDENT
GLS UNIVERSITY
AHMEDABAD

PARUL N. GOLYAN
STUDENT
GLS UNIVERSITY
AHMEDABAD

ABSTRACT
The demonetization had a great significant and immediate impact on the state of the Indian economy. In this paper, an attempt has been made to find impact of demonetization on the retailers and customers. Sample of 100 respondents were randomly selected from Ahmedabad. It is found that four variables namely gender, age, annual income, occupation has significant association with the impact of demonetization. It also results that demonetization helps to destroy black money is the first ranking given by the respondents and it is followed by corruption, terrorism etc.

KEYWORDS
demonetization, black money, corruption.

1. INTRODUCTION
Demonetization is the process of removing a currency from general usage or circulation. In other words, demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency. The current forms of money are pulled from the circulation and retired that often to be replaced with new notes or coins.

On 8 November 2016, prime minister of India Narendra Modi announced the demonetisation in an unscheduled live televised Address to the nation at 20:15 IST. In the announcement, Modi declared circulation of all 2500 and 1000 banknotes of the Mahatma Gandhi series ad invalid effective from the midnight of the same day, and announced the issuance of new 500 and 2000 series in exchange for the old banknotes.

The objective of demonetization to end black money, and terrorism. No doubt the common man is hit hardest, especially those who are daily wage earners and have no hoard of cash. Even their meagre cash assets have been immobilized and are facing problems to meet their daily essential needs.

The labour class who earned/ saved their income in 500/1000 notes, were hit because they didn't have money to purchase from the market.

2. LITERATURE REVIEW
1. (2016, November 12). Demonetization would only affect common man: P.Chidambaram.www.livemint.com

Chidambaram says people are facing difficulties in buying medicines, bus and train tickets and paying for auto rickshaws because of demonetization. Central board of direct taxes (CBDT) in 2012 had advised the centre to avoid issuing Rs. 2000 currency noted, saying it would bring more harm to the public than benefit. P. Chidambaram said it would only adversely affect the common man. He said there were currency notes worth about Rs. 17 lakh crore in circulation across the country, and according to the RBI, about Rs. 400 crores of this was believed to be fake currencies, "just to destroy Rs. 400 crore fake currencies, why the circulation of total Rs. 17 lakh crore was needed to be blocked."

2. Patadiya, vishal. (2016, December 5). Demonetisation dries up tips earned by waiters. Ahmedabad mirror, pg no.7.

The demonetisation drive has grinded gears of many businesses across the spectrum. One of the sectors that has been a negative impact of the current monetary policy is the hotel and restaurant business, especially waiters who earn a substantial chunk of their pay through tips. The all encompassing liquidity crunch has brunt a hole through the pockets of the waiters as their customers have run out of change. Bhavanisinh (30), has been working in a fast food restaurant near HL commerce college area of the city. He said, "Earlier only 30% of our customers paid with card. Due to this income i earn out of tips has come down by 25%.

3. (2016, December 2). I-T recovers Rs 58cr assets in 22 days. Ahmedabad mirror, pg no.5.

Gujarat income tax department has recovered rs58 crore in unaccounted cash and wealth from multiple raids conducted across Gujarat since announcement of demonetization on November 8, as part of the exercise to tighten screw on money lenders, money exchangers and black money hoarders. 11 persons were found exchanging new legal tenders against scrapped currency notes in Rs 500 and Rs 1000 demonetization. In the past few days' multiple cases of people trying to exchange cash through commission agents and black money launderers have been reported from all over the state

In few months ago Prime Minister Narendra Modi announced to demonetisation Rs 500 and Rs 1000 notes. So that people thought that the motive behind this is to curb or tackle black money but down line the motive changed. The reason behind this was that people are doing all the transaction in cash so go cash is the purpose for taking this decision. Some people are not deposit their black money to the bank because of income tax issue. Many experts say that Rs 300000 crore black money would be destroyed. The more money that come to the bank, the lesser black money destroyed. The big thing is that who have black money; they are helped by banking system to converting it into white money.

4. Qureshi, Zahid. (2016, December 2016). Spare some change for the beggars. Ahmedabad Mirror, P.G. No. 4.

The union government's move to curb black money through demonitization has affected all the sections of the society from last few months. Not only farmers, business men and daily wage labourers, beggars all are affected from this decision. The daily earned through charity has plummeted by 80 to 90 percent after Rs 500 and Rs 1000 notes were declared illegal. One beggar she begs near Bhardra mandir she said," since the currency issue has started, our situation has worsened. Earlier, we used to earn more than enough to eat food as well as save some. Now it's even difficult to manage two square meals". And other one is Yusuf sheikh begs near Teen Darwaza and Ali Masjid while carrying his 80 years old mother sharita on his back. He said earlier people gave us Rs 50 or Rs 100 note. But now we are getting small notes and coins like Rs 1, Rs 2 or at most Rs 10. Funny things are people ask me for change, where do I got change from. So that they all are very much affected from this demonitization.

5. (November 17, 2016), common people most affected by demonetization: Ram Gopal Yadav, Indian expresscom, New Delhi.

The former leader said the situation in the rural areas is very bad as the banks have failed to transport the stock of the new currency in the ATM and branches in rural and semi urban areas. He said that demonetization of the high value currency notes did not affected the rich people or the business class but majorly to the people from the villages and women. "people are very much disturbed by this demonetization. Farmers are not getting seeds and fertilizers. And the biggest problem facing are the women of our country. Prime minister should thing that when even his mother is being forced to stand in queue than what about others, it's a crisis".

6. By R Jagannathan (Nov 14, 2016), demonetization seems like deflation for many people; danger single for PM Modi, www.firstpost.com, Ahemdabad.

For, the first time in independent India's history, we are getting a life demonstration of what deflation may look like. Deflation is more dangerous for governments in power than inflation. People who used autos and taxies are travelling by bus and so the average auto vala's and cabs have seen a drastic fall in earnings; the Karana guys and vegetable vendors are finding it tough to sell enough to service are daily needs, and their turnover is down; people are putting off every day small-ticket FMCG purchases to conserve cash. The poor and non-poor live and work in the shadow of black money, and they are not amused by the demonetization. It is time for enchasing the JAM dividend JAN DHAN, Aadhaar and mobile money, if not, Modi sarkar will be in a jam.

7. Times News Network (2016, November 10). Retailers reel as cash dries up. The Times of India, Ahmedabad, P.g. No.4.

The government's decision to with draw existing currency notes of Rs. 500 and Rs. 1000 from circulation has adverse effect on the retail industry and neighbour-hood stores. According to industry players, the government's move was too surprising and abrupt. The government is targeting the black money hoarders but the government did not consider the difficulties and problems face by the small scale traders and traders of perishable goods, who are heavily dependent on cash transactions. A day after the demonetization, due to the worse situation and liquidity crunch the traders shut down their shops in the afternoon. Besides the traders, the small kirana store owners and milk shop owners were also affected by the demonetization.

8. (2016, December 4). Go digital, even beggars using swipe machine: PM. Ahmedabad Mirror, P.G. No. 10.

Prime minister Narendra Modi on Friday referred to a whatsapp video showing a beggar using a swipe machine to persuade people to shift to digital monetary transactions, but Indian people do not accept new things if known the intension behind an action is right. People who live in villages they do not have electricity power after independence. They want to see TV serials but they can't because of electricity. The government has said that demonetization exercise would be used for people welfare like infrastructure development opposition party said that farmers are very much affected from this step. Modi said that "I especially want to thank farmers who despite all problems have not allowed showing to be affected it has rather gone up from last time.

3. RESEARCH METHODOLOGY

3.1 PROBLEM STATEMENT

Demonetisation is a very big problem for some people because they are highly affected from this decision of demonetisation. People seeking to exchange their bank notes had to stand in lengthy queues, and several deaths were linked to the inconvenience caused due to the rush to exchange cash. Many people were criticized from this decision of demonetisation people are highly affected because this is a season of marriage so that their marriage is also affected from the demonetisation decision. Because they need cash for marriage and the withdrawal limits are very less and they have to stand in queues so that they affected from demonetisation.

3.2 OBJECTIVE OF THE STUDY

PRIMARY OBJECTIVES

- To study the impact of demonetization on retailers and customers.
- To know about the perception of retailers for demonetization.
- To know about the perception of the customers for demonetization.

SECONDARY OBJECTIVES

- What you think about the decision of demonetization taken by the prime minister is good or bad?
- Whether the demonetization decision has helped in curbing the terrorism and corruption.
- According to the retailers the demonetization has any impact on the business.
- Whether the step of demonetization has helped in tackle in black money.
- To study whether the demonetization has positive impact on the country.
- To identify whether the demonetization has negative impact on the country.
- To know about the decision of demonetization help to make the economy cashless.

4. HYPOTHESIS

1. Ho: - There is no effect of demonetisation on retail businesses.
 H1:- There is effect of demonetisation retail businesses.
2. Ho: - There is no impact of demonetisation on the lower level.
 H1:- There is no impact of demonetisation on the lower level.
3. Ho: - From demonetisation India is not become cashless economy.
 H1:- From demonetisation India is became cashless economy.
4. Ho: - Black money is not tackle by Demonetization.
 H1:- Black money is tackle by Demonetization.
5. Ho: - There is no positive impact of Demonetization.
 H1:- There is positive impact of Demonetization.
6. Ho: - There is no problem faced by people due to demonetisation.
 H1:- There is problem faced by people due to demonetisation.
7. Ho:-There is no relationship between the kind of shopping prefer by people and demonetisation.
 H1:- There is relationship between the kind of shopping prefer by people and demonetisation.
8. Ho: - There is no change in mode of payment made by people after demonetisation.
 H1:- There is change in mode of payment made by people after demonetisation.

5. RESEARCH DESIGN

The research design is to be descriptive research.

5.1 POPULATION

Population is a set of people from which the samples will be drawn. The population will include all the people of Ahmedabad.

5.2 TOTAL NUMBER OF POPULATION ELEMENTS
100 people
5.3 SAMPLING FRAME
All the people of Shahibaug, Navrangpura and Maninagar.
5.4 SAMPLE SIZE
50 Retailers
50 Customers
5.5 SAMPLING METHOD
Non-probability convenient method
5.6 DATA COLLECTION
PRIMARY DATA
The primary data is collected through questionnaire and personal interview.
SECONDARY DATA
The secondary data is collected through internet, websites and newspaper.
5.7 LIMITATIONS
Time Limit-
Places Considered-Ahmedabad (Shahibaug, Navrangpura, Kalupur, Maninagar, Girdharnagar)

6. ANALYSIS AND INTERPRETATION

6.1 ONE VARIABLE ANALYSIS (COMMON PEOPLE)

1**. INTERPRETATION**
In our survey most of the respondents are falls under the age group of 11 to 20 and less people are from the age group of above 51.

2. **INTERPRETATION**
In our survey there are 72% are female and 28% are male respondent.

3. **INTERPRETATION**
From the total respondent 28 people are single and 22 people are married.

4. **INTERPRETATION**
From the total respondent 46% are students, 10% are businessman, 22% are housewife, 18% are employee and 4% are belong to other work.

5. **INTERPRETATION**
In our survey the most of the people are under the income of less than 15000 and many people are not earning because they are students.

6. **INTERPRETATION**
In our survey 23 respondents are less graduate, 19 respondents are graduate and only 8 respondents are postgraduate and above from post-graduation.

7. **INTERPRETATION**
From our survey we get to know that 96% people think that black money exist in India. They think that black money is there in our country. Only 4% people are not think that black money exist in India.

8. **INTERPRETATION**
Our survey result show that they are against the black money. They think the corruption and black money needs to be fought and eliminated. Very few people don't want to eliminated corruption and black money.

9. **INTERPRETATION**
Survey of research shows that 58% people are very much happy from the Modi government's moves of banning old currency notes of 500 and 1000 to tackle black money. 34% people think it is good move and 6% people think it is neutral.

10**. INTERPRETATION**
Mostly people are strongly angry that the decision of demonetisation will help in curbing the black money, corruption and terrorism. Very few disagree from this statement. Some people are neither agree or disagree from the demonetization.

11**. INTERPRETATION**
The survey result shows that the respondents are agree that demonetisation will help to make the India cash less economy. They think from this step India become cashless in future.

12. **INTERPRETATION**
From the total respondent 64% are strongly agree that due to demonetisation retail businesses are affected by online business. 4% people are disagree and neutral from this and 2% people are strongly disagree.

13. **INTERPRETATION**
The respondent of the survey thinks that the decision of demonetisation help to grow our country.

14. **INTERPRETATION**
The result shows that at the starting of demonetisation it helps to slow down the country growth. Most of the people are agree for this. That at the beginning it shows down the countries growth. Few people are disagree.

15. **INTERPRETATION**
The finding of the survey shows that the decision or move of demonetisation mostly affect to middle class people and then it affect to lower class people. From this move upper level people are not much affected.

16. **INTERPRETATION**
Out of 50 respondents 32 respondent faced difficulties to use the new currency note of 2000 in the market. They find difficult to use the note of 2000 in local market or for completing the basic needs.

17**. INTERPRETATION**
Finding says that people are happy that the decision of demonetisation affect the whole economy positively. The move affects them positively.

18. **INTERPRETATION**
From the research we get to know that the objective of demonetisation and the motto behind this is to curb the black money from our country and somewhat to make the India cashless and stopping terrorism.

19. **INTERPRETATION**
The result shows that people are facing many difficulties from demonetisation like they are stand in queue for long time for getting money, they face difficulty to full fill their basic needs and also facing difficulty for making payments of people.

20. **INTERPRETATION**
Out of 100% respondent 6% people think that real estate sector is much affected from the demonetisation and 24% people think agriculture sector affected from this move. 10% people think both are not affected from demonetisation and other business affect.

21. **INTERPRETATION**
From the survey we find that before demonetisation people are prefer both kind of shopping but the most preferable choice of people is online shopping. 52% people are doing offline shopping and 6% people are preferring online shopping and 42% prefer both.

22. **INTERPRETATION**

The result shows that before demonetisation respondent are more do cash transaction because it is more secure. Than they choose paytm, credit cards and debit cards. Out of 50 people 42 do cash transaction 3 do credit and 1 do debit transaction or 4 choose paytm transaction.

23. **INTERPRETATION:**

The result shows that after demonetisation rather than cards or paytm and other. Out of 50 people 33 people do cash transaction after demonetisation.

ONE VARIABLE ANALYSIS (RETAILERS)

1. **INTERPRETATION**

From our survey we find that maximum respondents are from 31-40 years of age group which is 40%, 30% respondents are from 21-30 years of age group, 26% respondents are from 41-50 years of age group and 2% respondents are being to 11-20 & 51 and above.

2. **INTERPRETATION**

In our survey out of 50 respondents 47 respondents are male whereas 3 respondents are female. Which indicates that male respondents are more than compared to female respondents.

3. **INTERPRETATION**

There are 6% people are single and 94% people are married in our survey which is higher than people who are single.

4. **INTERPRETATION**

From our survey we find that there are 5 people who are postgraduate and above, 16 people have qualification of less than graduation where as 29 people are graduate.

5. **INTERPRETATION**

Out of 50 respondents 2% respondents are students, 86% respondents are businessman, 4% respondents are employee and 8% respondents are from other profession.

6. **INTERPRETATION**

According to 94% people black money exists in India whereas according to 6% people black money do not exists in India.

7. **INTERPRETATION**

There are 100% respondents in our survey said that the evil of corruption and black money needs to be fought and eliminated.

8. **INTERPRETATION**

According to our survey 56% people believe that the Modi government's moves of banning old currency notes of 500 and 1000 to tackle black money is very good move, 36% people believe that it is good move where as 2% people believe that it is neutral and useless move.

9. **INTERPRETATION**

From our survey we find that lower class is more affected by the move of demonetisation according to 28 people. Whereas according to 18 people the middle class is more affected by the move and 4 people Said that the upper class is more affected by the move of demonetisation.

10. **INTERPRETATION**

There are 37 people out of 50 people accepted that they are finding difficult to use the new currency of 2000 Rs. in the market where as 13 people Said that they do not find any kind of difficulty in using the new currency of 2000 Rs. in the market.

11. **INTERPRETATION**

From our survey we find that 26% people think that our economy is negatively affected by the demonetisation where as 26% people think that our economy is positively affected by the demonetisation.

12. **INTERPRETATION**

Majority of people in our survey believe that the primary objective of demonetisation is to making India a cashless economy, 36% people think that its primary objective is to curbing black money and 16% people believe that its primary objective is stopping terrorism

13. **INTERPRETATION**

From our survey we find that 40% retailers believe that their business is not negatively affected by demonetisation where as 60% retailers think that demonetisation is affecting their business negatively.

14. **INTERPRETATION**

From our survey we find that out of 50 people 34 people said that real state sector is more affected by demonetisation, 12 people said that construction sector is more affected by the demonetisation whereas 1 respondent believe that automobile sector is affected by demonetisation.

15. **INTERPRETATION**

Before demonetisation, there are 40% retailers sold their goods and services on credit to customers where as 60% retailers did not sell their goods and services on credit to customers.

16. **INTERPRETATION**

There are 16% retailers who accepted the digital payment from the customers for the purchase of goods and services where as there are 84% retailers who did not accept the digital payment from the customers before demonetisation.

17. **INTERPRETATION**

Out of 50 people 21 people sell their goods and services on credit to customers where as 29 people do not sell their goods and services on credit to customers after demonetisation.

18. **INTERPRETATION**

There are 46% people who accept the digital payment from the customers for the purchase of goods and services after demonetisation and 56% people do not accept the digital payment from the customers.

19. **INTERPRETATION**

6% people strongly disagree to this statement, 2% people are disagree to the statement, 8% people are neutral because they are neither agree or disagree to this statement 38% people are agree to this statement and 46% people strongly agree to the statement of the demonetisation will help in curbing black money, corruption and terrorism.

20. **INTERPRETATION**

19 people are strongly agree to this statement, another 19 people are agree to this statement, 8 people are neither agree and disagree to this statement, 2 people are disagree to this statement and another 2 people are strongly disagree to the statement of the demonetisation will help in making the India cashless economy.

21. **INTERPRETATION**

74% people strongly agree that retail businesses are affected by online businesses due to demonetisation, 22% people agree to this statement where as 2% people are neither agree or disagree and remaining 2% people are strongly disagree to this statement.

22. **INTERPRETATION**

Out of 50 people 25 people are strongly agree that our country will grow from demonetisation, 19 people are agree to this statement and 6 people are neither agree or disagree to the statement of our country will grow from demonetisation.

23. **INTERPRETATION**

42% people are strongly agree that demonetisation will slow down the economic growth of the country, 38% people are agree to this statement, 8% people are neither agree or disagree to this statement, 6% people are disagree to the statement and remaining people are strongly disagree to the statement of demonetisation will slow down the economic growth of the country.

6.2 TWO-VARIABLE ANALYSIS (COMMON PEOPLE)

1. **INTERPRETATION**

Here, 5 out of 14 men are fall under the age group of 11-20 and 17 females out of 36 are fall under the age group of 11-20 and over all 22% people are in the age group of 11-20.

2. **INTERPRETATION**

According to our survey the middle class is highly affected by the move and facing the difficulties in using 2000 new note.

3. **INTERPRETATION**

26 out of 50 people are prefer offline shopping before demonetization and 18 out of 50 people are prefer offline shopping after demonetization. After demonetization mostly people are shift to online shopping also.

4. **INTERPRETATION**

According to our survey 99% people says that black money exists in India and it is necessary to take step to eliminate black money. Only 1% people said that black money is not exists in India.

5. **INTERPRETATION**

People are agreeing with that from demonetization our country will grow and due to the impact of demonetization economic growth of the country will slow down and overall 20% people are strongly agree with this.

TWO -VARIABLE ANALYSIS (RETAILERS)

1. **INTERPRETATION**

Here, 20 people out of 50 are fall under the age group of 31-40. Overall 97% are male and 3% are female.

2. **INTERPRETATION**

From our survey we got that the lower class people is highly affected by demonetization and they also facing the difficulty in using 2000 new note.

3. **INTERPRETATION**

According to survey more than 95% people are said black money exists in India and therefore evil of corruption and black money needs to be fought and eliminated. Only less than 5% people are said that black money not exists in India.

4. **INTERPRETATION**

From our survey we got that more than 50% people are strongly agree with the decision of demonetization because from demonetization country will grow and slow down the economic growth of the country.

5. **INTERPRETATION**

According to our survey, our economy is positively affected by demonetization but on business demonetization affect negatively.

6.3 HYPOTHESIS (COMMON PEOPLE)

1. H0: There is no positive impact of demonetization because black money is not tackle.

H1: There is positive impact of demonetization because black money is tackle.

Our economy is affected by demonetization * what is primary objective?

INTERPRETATION

Here, there is positive correlation as H0 is 0.063 so H0 is rejected. So we can say that there is positive impact of demonetization because black money is tackle.

2. H0:- There is no effect of demonetisation on retail businesses.

H1:- There is effect of demonetisation on retail businesses.

Occupation*from demonetisation retail businesses are affected by demonetization?

INTERPRETATION

Here, we find that there is effect of demonetization on retail business because there is positive correlation so H0 is rejected.

3. H0:- There is no impact of demonetisation on the lower level.

H1:- There is impact of demonetisation on the lower level.

Income*According to you which class is more affected by the move?

INTERPRETATION

Here, we find that there is impact of demonetization on lower level because there i\s positive correlation, as H0 is 0.049 so H0 is rejected.

4. H0:- From demonetisation India is not become cashless economy.

H1:- From demonetisation India is became cashless economy.

Graduation*The demonetisation will help in making the India cashless economy.

INTERPRETATION

From our survey we find that from demonetization India is not become cashless economy because there is negative correlation so H0 is accepted.

5. H0:- There is no problem faced by people due to demonetisation.

H1:- There is problem faced by people due to demonetisation.

Gender*due to demonetisation which kind of problem you are faced?

INTERPRETATION

There is no problem faced by people due to demonetization because there is negative correlation so H0 is accepted.

6. H0:- There is no relationship between the kind of shopping prefer by people and demonetisation.

H1:- There is relationship between the kind of shopping prefer by people and demonetisation.

You belong to age*which mode of payment you use to make payments?

INTERPRETATION

Here we find that H0 is accepted so we can say that there is no relationship between the kind of shopping prefer by people and demonetization.

7. Ho: - There is no change in mode of payment made by people after demonetisation.

H1:- There is change in mode of payment made by people after demonetisation.

You belong to age*which mode of payment you use to make payments?

INTERPRETATION

There is negative correlation as H0 is -0.085 so H0 is accepted. So there is no change in mode of payment made by people after demonetization.

HYPOTHESIS (RETAILERS)

1. Ho:- From demonetization India is not become cashless economy.

H1:- From demonetization India is became cashless economy.

Graduation*The demonetization will help in making the India cashless economy?

INTERPRETATION

Here, H0 is accepted because there is negative correlation so from demonetization India is not become cashless economy.

2. Ho: - There is no problem faced by retailers in using the new currency note of 2000 rs.

H1: - There is problem faced by retailers in using the new currency note of 2000 rs.

Age*Are you finding it difficult to use the new currency of 2000 rs. in the market?

INTERPRETATION

Here, there is no problem faced by retailers in using the new currency note of 2000rs because there is negative correlation so H0 is accepted.

3. Ho:- The business is not negatively affected by demonetization.
H1:- The business is negatively affected by demonetization.
Gender*Do you think demonetization is affecting your business negatively?
INTERPRETATION
There is a negative correlation so H0 is accepted.
4. Ho:- There is no relationship between the goods and services sold by retailers on credit and demonetization.
H1:- There is relationship between the goods and services sold by retailers on credit and demonetization.
Age*Do you sell goods and services on credit to customers after demonetization?
INTERPRETATION
Here, we find that there is no relationship between goods and services sold by retailers on credit and demonetisation because Ho is accepted.
5. Ho: - There is no relationship between the digital payment accepted by retailers and demonetization.
H1: - There is relationship between the digital payment accepted by retailers and demonetization.
Age*Do you accept digital payment from the customers for the purchase of goods and services after demonetization?
INTERPRETATION
Here, there is a negative correlation. So, Ho is accepted.

7. KEY FINDINGS
7.1 FINDINGS OF COMMON PEOPLE
- From our survey we find that 96% people think that black money is exist in India for that government have to take steps to eliminate the black money.
- According to 58% people the Modi government moves of banning the note of 500 and 1000 is very good move 48% people agree that the demonetisation will help in curbing black money, corruption and terrorism.
- In the survey respondents are agree that demonetisation will help to make India cashless and from that our economy become cashless.
- Out of 50 respondents 64% are strongly agree that due to demonetisation retail businesses are affected by online businesses.
- Decision of demonetisation help to grow our country. This decision of demonetisation is mostly affected to middle class people.
- 32 respondents find difficulty to use the new note of 2000 currency. The economy is affected positively by demonetisation.
- The main objective behind this is to make India cashless and tackle black money from our country.
- This is mostly affected to agriculture sector. After demonetisation more people move towards online shopping and made the transactions from cards or Paytm.

7.2 FINDINGS OF RETAILERS
- The survey result shows that retailers are think that black money exist in India and for that government need to take steps so that our economy will grow.
- 56% retailers think that the move of banning the notes is very good move. According to retailers the lower class of people are more affected by this decision of demonetisation. Out of 50 respondents 37 respondents faced difficulties to use the new note of 2000.
- As per retailers from this move our economy affected positively. Survey says that the primary objective behind demonetisation to make India cashless. When this step was taken at that time 60% retailers business affected negatively from this.
- The result shows that real estate business is more affected from this step. Retailers are not sell their good on credit to customer or not that much accept the digital payment.
- Retailers are agree that the demonetisation decision help to make the India cashless or it also help to tackle black Money. 25 respondent believe that it helps to grow our country.

8. CONCLUSION
Central government's decision to demonetize the high value currency notes is one the major steps towards the curb of black money in India. The demonetization drive will affect some extent to the common public, but for larger interest of the country such decisions are inevitable. So this move will not only help in curbing black money from India's economy but it will also help in depletion of terror activities. People are saying that it has many long term benefits such as demonetization will help in increasing the growth of the country. People are facing some problems due to demonetization and business of retailers had been adversely affected by the demonetization. But it is pain for our better time only so we should support method of cashless economy for better future of Indian economy.

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ANNEXURE
QUESTIONNAIRE

1) Name
2) You belong to age group
   - 11-20
   - 21-30
   - 31-40
   - 41-50
   - 51 and above

3) Gender
- Male
- Female

4) Marital status
- Single
- Married

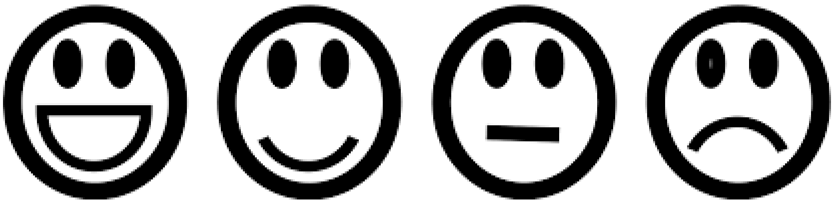
5) In which profession you are indulged?
- Student
- Businessman
- Housewife
- Employee
- Any other

6) Your graduation
- Less than graduation
- Graduate
- Postgraduate and above

7) Do you think black money exist in India?
- Yes
- No

8) Do you think the evil of corruption and black money needs to be fought and eliminated?
- Yes
- No

9) Please indicate what do you think about the Modi government's moves of banning old currency notes of 500Rs. and 1000Rs. to tackle black money by pointing to the face that best shows your view of you think it is very good move then you would is useless move you would point to face four.



10) According to you which class is more affected by the move?
- The upper class
- The middle class
- The lower class

11) Are you finding it difficult to use the new currency of 2000Rs. in the market?
- Yes
- No

12) Our economy is affected by demonetization?
- Positively
- Negatively

13) What is primary objective?
- Curbing black money
- Stopping terrorism
- Making India a cashless economy

14) Do you think demonetization is affecting your business negatively?
- Yes
- No

15) According to you which sector is more affecting by demonetisation?
- Agriculture sector
- Real Estate sector
- Construction sector
- Automobile sector

16) Before demonetisation

a) Had good and services been sold by you on credit customers?
- Yes
- No

b) Had the digital payment been accepted by you from the customers for the purchase of goods and services?
- Yes
- No

17) After demonetisation

a) Do you sell goods and services on credit to customers?
- Yes
- No

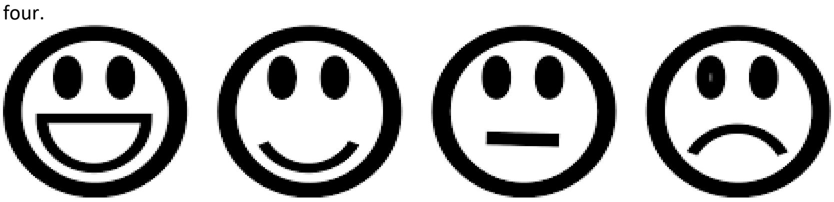
b) Do you accept digital payment from the customers for the purchase for the purchase of goods and services?
- Yes
- No

18) Given below are some statements, you are requested to state your degree of agreement/disagreement on each of the statement as mentioned below on a 5-point scale.

Sr. No.	Statements	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly agree
1.	The demonetisation will help in curbing black money corruption and terrorism.					
2.	The demonetisation will help in making the India cash less economy.					
3.	Due to demonetisation retail businesses are affected by online businesses.					
4.	From demonetisation our country will grow.					
5.	Demonetisation will slow down the economic growth of the country.					

THE IMPACT OF DEMONETISATION ON COMMON PEOPLE

1) Name
2) You belong to age group
- 11-20
- 21-30
- 31-40
- 41-50
- 51 and above
3) Gender
- Male
- Female
4) Marital Status
- Single
- Married
5) In which profession you are indulged?
- Student
- Business man
- Housewife
- Employee
- Any other
6) Income
- Less than 15000
- 15001-30000
- 30001-50000
- 50001-75000
- 75001-100000
- More than 100000
7) Your graduation
- Less than graduation
- Graduate
- Postgraduate and above
8) Do you think black money exists in India?
- Yes
- No
9) Do you think the evil of corruption and black money needs to be fought and eliminated?
- Yes
- No
10) Please indicate what do you think about the Modi government's moves of banning old currency notes of 500 and 1000 to tackle black money by pointing to the face that best shows your view of you think it is very good move then you would is useless move you would is useless move you would point to face four.



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2. The demonetisation will help in making the India cash less economy					
3. Due to demonetisation retail businesses are affected by online businesses					
4. From demonetisation our country will grow					
5. Demonetisaton will slow down the economic growth of the country					

12) According to you which class is more affected by the move?
- The upper class
- The middle class
- The lower class
13) Are you finding it difficult to use the new currency of 2000 in the market?
- Yes

- No

14) Our economy is affected by demonetisation?
- Positively
- Negatively

15) What is primary objective?
- Curbing black money
- Stopping terrorism
- Making India a cashless economy

16) Due to demonetisation which kind of problems you are going?
- Standing in a queue for getting money
- Facing difficulties in purchase of basic needs
- Facing difficulties in making payments to people
- All of the above

17) According to you which sector is more affected by demonization?
- Agriculture sector
- Real estate sector
- Construction sector
- Automobile sector
- Other

18) **BEFORE DEMONETISATION**

i. What kind of shopping you prefer?
- Online shopping
- Offline shopping
- Both

ii. Which mode of payment you use to make payments?
- Cash

a) Cards
b) Credit card
c) Debit card
- Cheques
- E-wallets

a) Oxigen
b) Paytm
c) Free charge
d) Mobikwik

19) **AFTER DEMONETISATION**

i. What kind of shopping you prefer?
- Online shopping
- Offline shopping
- Both

iii. Which mode of payment you use to make payments?
- Cash
- Cards

a) Credit card
b) Debit card
- Cheques
- E-wallets

a) Oxigen
b) Paytm
c) Free charge
d) Mobikwik

A STUDY ON OPTION STRATEGIES IN EQUITY DERIVATIVES WITH REFERENCE TO THE INDIAN BULLS SECURITIES LTD.

DASARI HARIPRIYA
STUDENT
K L U BUSINESS SCHOOL
K L UNIVERSITY
GREENFIELDS

K. SRINIVASULU
ASST. PROFESSOR
K L U BUSINESS SCHOOL
K L UNIVERSITY
GREENFIELDS

ABSTRACT

The emergence of the market for derivative product like forward, future, options and swaps can be traced back many years ago, when people want to invest in any company and they want to protect themselves from incurring losses. Derivatives product (forward, futures, options and swaps) minimize the impact of fluctuations of price of stock of any company resulting in profit or loss to the investor. Derivative product initially emerged as hedging devices against fluctuations in commodity prices. Financial derivatives came into spotlight in the year 1970 due to growing instability in the financial market. Derivatives are risk management instruments, which derive their value from an underlying asset. Underlying asset can be share, bonds, commodity, currencies, interest rate etc. The objective of derivative is to analyze the capital market, to minimize the risk and to study various trends operating in options derivative market. Importance of derivative is to make investor aware of functioning of derivatives options; it also acts as a hedging tool for the investors. The study is limited to derivatives with special references to options and options strategies in the Indian context. Each strategy is analyzed according to its risk and returns. After analyzing each strategy, the investor can easily decide that where he should invest his money according to risk and return from that particular strategy.

KEYWORDS

Indian Bulls Securities Ltd., equity derivatives.

INTRODUCTION

A Derivative is a financial instrument that derives its value from an underlying asset. Derivative is a financial contract whose price/value is dependent upon price of one or more basic underlying asset, these contracts are legally binding agreements made on trading screens of stock exchanges to buy or sell an asset in the future. The most commonly used derivatives contracts are forwards, futures and options, which we shall discuss in detail later.

The emergence of the market for derivative products, most notably forwards, futures and options, can be traced back to the willingness of risk-averse economic agents to guard themselves against uncertainties arising out of fluctuations in asset prices. By their very nature, the financial markets are marked by a very high degree of volatility. Through the use of derivatives products, it is possible to partially or fully transfer price risks by locking-in asset prices. As instruments of risk management, these generally do not influence the fluctuations in the underlying asset prices. However, by locking in asset prices, derivative products minimize the impact of fluctuations in asset prices on the profitability and cash flow situation of risk-averse investors.

Derivative products initially emerged as hedging devices against fluctuations in commodity prices and commodity-linked derivatives remained the sole form of such products for almost three hundred years. Financial derivatives came into spotlight in the post-1970 period due to growing instability in the financial markets. However, since their emergence, these products have become very popular and by 1990s, they accounted for about two-thirds of total transactions in derivative products. In recent years, the market for financial derivatives has grown tremendously in terms of variety of instruments available, their complexity and also turnover. In the class of equity derivatives, the world over, futures and options on stock indices have gained more popularity than on individual stocks, especially among institutional investors, who are major users of index-linked derivatives. Even small investors find these useful due to high correlation of the popular indexes with various portfolios and ease of use.

Derivative is a product whose value is derived from the value of one or more basic variables, called bases (underlying asset, index, or reference rate), in a contractual manner. The underlying asset can be equity, forexs, commodity or any other asset. In the Indian context the Securities Contracts (Regulation)Act, 1956 (SC(R)A) defines “derivative” to include-

1. A security derived from a debt instrument, share, and loan whether secured or unsecured, risk instrument or contract for differences or any other form of security.
2. A contract, which derives its value from the prices, or index of prices, of underlying securities.

The emergence of the market for derivative products, most notably forwards, futures and options, can be traced back to the willingness of risk-averse economic agents to guard themselves against uncertainties arising out of fluctuations in asset prices. By their very nature, the financial markets are marked very high degree of volatility. Through the use of derivative products, it is possible to partially or fully transfer price risks by locking-in asset prices. As instruments of risk management, these generally do not influence the fluctuations in the underlying asset prices. However, by locking-in asset prices, derivative products minimize the impact of fluctuations in asset prices on the profitability and cash flow situation of risk-averse investors. Derivatives are risk management instruments, which derive their value from an underlying asset. The underlying asset can be bullion, index, share, bonds, currency, interest etc.

Derivatives are used by banks, securities firms, companies and investors to hedge risks, to gain access to cheaper money and to make profits Derivatives are likely to grow even at a faster rate in future they are first of all cheaper to world have met the increasing volume of products tailored to the needs of particular customers, trading in derivatives has increased even in the over the counter markets. In Britain unit trusts allowed to invest into invest in futures & options. The capital adequacy norms for banks in the European Economic Community demand less capital to hedge or speculate through derivatives than to carry underlying assets. Derivatives are weighted lightly than other assets that appear on bank balance sheets. The size of these off-balance sheet assets that include derivatives is more than seven times as large as balance sheet items at some American banks causing concern to regulators.

REVIEW OF LITERATURE

Lars N. Nielsen and Daniel Villalon, CFA (2016) stated that although embracing the tail risks of capital markets is an element of investing, it is uncertain whether investors are duly compensated for the equity risk in a 60/40 portfolio’s expected return. Four strategies are assessed for their effectiveness in hedging the equity tail risks in a US portfolio. Direct hedging is costly and reduces risk-adjusted returns, whereas three indirect strategies that alter the starting portfolio characteristics achieve similar protection with superior long-term average returns.

Nitin Joshi (2014) observed that forward-looking measure of dividend growth extracted from S&P 500 Index futures and options to correct the dividend-to-price ratio (D/P) for changes in expected dividend growth. That dividend growth implied by derivatives markets reliably forecasts future dividend growth. Statistical significance of market return predictability has remained open to debate, the evidence of forecasting ability supplied by price multiples has been mostly uneven or biased. The D/P is a noisy proxy for expected returns when the expected dividend growth rate is time varying. A proxy for dividend growth derived from S&P 500 futures and options to calculate the D/P. The corrected D/P predicts S&P 500 returns better than the standard D/P. Using a simple log linear present value model, that the predictable component of returns can be captured through a univariate return regression on the corrected D/P. The corrected D/P is the standard D/P adjusted for variations in expected dividend growth rates.

Ted Seides (2008) stated that the word "hedge" is used in hedge funds; many assume that hedge funds are hedged. The truth is that most hedge funds retain significant exposure to equity and credit markets. Anecdotally, from a sample survey of some of our most respected peers, we learned that many equity oriented fund-of-funds portfolios typically retain 40–60 percent net exposure to global equity markets. Additionally, hedge funds have been systematically long credit and short volatility. This allocation is a result of the desire to obtain smooth, positive returns and a consequence of our collective experience of many years of bull market returns. If investors are long credit, they accumulate yield every month, and if they are short volatility, they receive a premium. This design allows a hedge fund to show positive returns.

Nicholas Tan (2012) observed that disruptions in capital markets during the 2008 financial crisis were blamed on destabilizing actions by various types of investors, including hedge funds. The authors analyze hedge fund returns during the financial crisis and determine the role they may have played. If hedge funds had traded at the expense of the rest of the market, then they should have exhibited superior risk-adjusted returns. Likewise, if forced selling by hedge funds had driven down prices of assets, then those funds should have exhibited abnormally poor risk-adjusted returns. Hedge funds are private entities and have fewer public disclosure requirements than other financial institutions. Investors, such as institutional investors, could use their clout to encourage hedge funds to increase transparency in disclosing information, such as AUM and trading metrics, as part of their requirements when investing. This push from investors, coupled with regulators' requirements, would help the general public better identify the risks posed by hedge funds, especially the systemic varieties that affect an economy's well-being.

OBJECTIVES

1. To study about Indian Derivative Market.
2. To study different strategies used in Options.
3. To analyze on various Option Strategies for to minimize risk.

DATA ANALYSIS

TABLE 1: CALL OPTION

NIFTY	16-Mar-16	26-May-16	**CE**	7900	7498.75	-401.25
NIFTY	17-Mar-16	26-May-16	**CE**	7900	7512.55	-387.45
NIFTY	18-Mar-16	26-May-16	**CE**	7900	7604.35	-295.65
NIFTY	21-Mar-16	26-May-16	**CE**	7900	7704.25	-195.75
NIFTY	22-Mar-16	26-May-16	**CE**	7900	7714.9	-185.1
NIFTY	23-Mar-16	26-May-16	**CE**	7900	7716.5	-183.5
NIFTY	28-Mar-16	26-May-16	**CE**	7900	7615.1	-284.9
NIFTY	29-Mar-16	26-May-16	**CE**	7900	7597	-303
NIFTY	30-Mar-16	26-May-16	**CE**	7900	7735.2	-164.8
NIFTY	31-Mar-16	26-May-16	**CE**	7900	7738.4	-161.6
NIFTY	1-April-16	26-May-16	**CE**	7900	7713.05	-186.95
NIFTY	4-April-16	26-May-16	**CE**	7900	7758.8	-141.2
NIFTY	5-April-16	26-May-16	**CE**	7900	7603.2	-296.8
NIFTY	6-April-16	26-May-16	**CE**	7900	7614.35	-285.65
NIFTY	7-April-16	26-May-16	**CE**	7900	7546.45	-353.55

So here the nifty close at 8069.65 at the expiry date

Spot price 8069.65

Strike price 7900

Lot size 75

Premium 8.32 Difference in points 169.65 (Spot price - strike price)

Net Diff 161.33

Less premium paid (169.65-8.32)**Actual Profit** 12099

75*161.33 (Lot size * Net Diff)

1. Buyer of the option profit is Rs 12099
2. Seller of the option loss is Rs 12099
3. Ifs the nifty closes below the strike price then the buyer will not exercise as he will not be in profit
4. If buyer doesn't exercise whatever the premium received is the option writer/ sellers profit
5. Option buyer profit is always unlimited and seller profit is limited to the option premium

TABLE 2: NIFTY 3 MONTHS OPTION STOCKS

	16	16				
NIFTY	26-May-16	26-May-16	CE	7900	8069.65	169.65

INTERPRETATION

The above table showing nifty 3 months' options stocks I have calculated the profit and loss of the call option and also exercise or not exercise the contract.

TABLE 3: PUT OPTION

Symbol	Date	Expiry	Option Type	Strike Price	Underlying Value	profit/loss
NIFTY	26-Feb-16	26-May-16	PE	7900	7029.75	870.25
NIFTY	29-Feb-16	26-May-16	PE	7900	6987.05	912.95
NIFTY	1-Mar-16	26-May-16	PE	7900	7222.3	677.7
NIFTY	2-Mar-16	26-May-16	PE	7900	7368.85	531.15
NIFTY	3-Mar-16	26-May-16	PE	7900	7475.6	424.4
NIFTY	4-Mar-16	26-May-16	PE	7900	7485.35	414.65
NIFTY	8-Mar-16	26-May-16	PE	7900	7485.3	414.7
NIFTY	9-Mar-16	26-May-16	PE	7900	7531.8	368.2
NIFTY	10-Mar-16	26-May-16	PE	7900	7486.15	413.82
NIFTY	11-Mar-16	26-May-16	PE	7900	7510.2	389.8
NIFTY	14-Mar-16	26-May-16	PE	7900	7538.75	361.25
NIFTY	15-Mar-16	26-May-16	PE	7900	7460.6	439.4
NIFTY	16-Mar-16	26-May-16	PE	7900	7498.75	401.25
NIFTY	17-Mar-16	26-May-16	PE	7900	7512.55	387.45
NIFTY	18-Mar-16	26-May-16	PE	7900	7604.35	295.65
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NIFTY	7-April-16	26-May-16	PE	7900	7546.45	-353.55

Spot price 8069.65
Strike price 7900
Premium price 8.32
Lot **size price** 75
Put option Strike price - spot price
7900-8069 = -169
Premium paid= 8.3*75 = Rs 622.5
Which is the loss?
1. Option buyer will not exercise as spot closed above his strike price and his loss is only premium paid * lot size
2. Put option buyer exercise contract only when spot closes below strike price
3. Here nifty spot closed above strike price
4. Put option buyer will not exercise and only loses his premium paid
5. Put Option writer or seller will receive the premium
6. Here the spot is greater than strike sell only losses the premium

FINDINGS

- The derivative market is very uncertain and involves the risk due to fluctuation in price of the stock.
- It seen when the investors buy call option it provides more profit with less risk as compare with put options.
- It is seen that the option strategies hedge the risk of loss in derivatives options.
- The Straddle options are adopted by the investors when there is large movement in the stock price and it is not known in which direction it will move.
- The Butterfly strategy is adapted by the investor when the market is neutral and price are stable it combines call and put options to earn profit.
- The strangle is adapted by the investor in the neutral market which involves risk. The options strategies provide the combination of call and put options to hedge the risk of loss in the derivative market and it's minimizing the loss for the investor.

CONCLUSION

- As the market is very uncertain it is very difficult to predict the changes which are happening in the market.
- When it is uncertain it may increase or decrease the price of equity so a situation arises where it is unpredictable for an investor or a client to invest or not.
- To avoid such situations or to avoid the risk one has to take options strategies
- Options strategies are adapted to minimize the risk in the derivatives
- The options strategies give the comfort position to the investors in any form of market to earn the profit and minimize the loss

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EFFECT OF PUBLIC INVESTMENT ON ECONOMIC GROWTH IN KENYA

MIRIAM WAMAITHA THUO
LECTURER
DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF BUSINESS STUDIES
CHUKA UNIVERSITY
CHUKA

LENITY KANANU MUGENDI
LECTURER
DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF BUSINESS STUDIES
CHUKA UNIVERSITY
CHUKA

ABSTRACT

Public investment plays an important role in maintaining the economic performance of a country especially in the areas of energy, transportation, water and sewerage. It also creates employment and provides infrastructural support to the private sector which increases productivity. Kenya has experienced very low development expenditure since independence. However, with the rolling out of the Economic Recovery Strategy (2003-2007), public investment in infrastructure has increased. Kenya faces a significant infrastructure financing deficit estimated at US$2.1 billion annually, and this imposes a serious constraint to growth and doing business in Kenya. The result of declining and insufficient investments has been a worsening infrastructure deficit and mounting investment needs. This study therefore sought to find out the effect of public investment on economic growth in Kenya as well as the moderating effect of labour, terms of trade and exports to the relationship between public investment and economic growth. The study used the causal-effect research design using a sample of 36 years' time series data from 1979-2015. Diagnostic tests were performed on normality, lag order selection, residual autocorrelation, collinearity, and heteroskedasticity. Using the error correction framework, the findings indicated that public investment has a negative and significant effect on economic growth of Kenya. Exports and terms of trade were found to have a positive and significant effect while labour exhibited a negative and significant effect on economic growth. The study recommends the government shifts focus to more private participation rather than state involvement in investment projects or consider private-public partnerships in infrastructural projects in order for the economy to grow.

KEYWORDS

Kenya, public investment, economic growth, exports, terms of trade.

INTRODUCTION

Public investment in core economic infrastructure in the areas of energy, transportation, and water and sewerage plays an important role in maintaining economic performance. According to Drezgić (2008), public investments establish foundations for economic growth both directly and indirectly. Their effects can be seen through increased employment and wages and the rise of productivity in the private sector. Government expenditure on physical transport and communication infrastructure, health and education facilities, building, plant, machinery and equipment have been noted to generate positive externalities that raise private investment (Njuru, Ombuki, Wawire & Okeri, 2014). In addition, this expenditure by government raises the marginal productivity of factor inputs thus creating an enabling environment for private investment. A good investment environment provides opportunities for investors to invest profitably, create jobs as well as take part in expanding the national output which increases economic growth (Mustefa, 2014).

Public investment is argued to promote economic growth by providing the private investment with infrastructural support, which helps raise the productivity of capital thus expanding the overall resource availability by increasing output. On the other hand, public investment may crowd out private investment especially when increased public spending is done at the expense of a higher tax and domestic interest rate. In addition, crowding out of private investment may occur when the public sector produces investment goods that directly compete with private goods thus depressing the private investors (Saeed, Hyder & Ali, 2006).

Public investment can be analysed by looking at government development expenditure which constitutes investment by government in such schemes as construction of railways, roadways and communication systems, irrigation and power projects, which raise economic growth both directly and indirectly through encouragement of further private investment (Ag'enor, 2007). Kenya has experienced very low development expenditure since independence. During the initial years of independence, the amount of development expenditure was high and these were the years Kenya recorded an impressive private investment performance.

During the initial period of independence, there was an upward trend in development expenditure, reaching 36 per cent of public expenditure in 1970 compared to 17 per cent in 1963. This increase was attributed to increase in the construction costs (Republic of Kenya, 2003). During this period, the country was rebuilding and large amounts of money were spent on infrastructure and services. There was huge expenditure on electricity, roads, telecommunications and airport expansion. A lot of money was also spent on agricultural development. The proportion of development expenditure remained, on average 32 per cent of total expenditure from 1972-1979, but began to decline thereafter and stagnated at about 19 per cent of total government expenditure between 1982 -1996. A sharp decrease to less than 5 per cent between 1999 and 2002 was witnessed. The shrinking trends in development expenditure may be blamed on the Structural Adjustment Programmes (SAPs)by World or IMFs stabilization programmes. Development expenditure however showed an upward trend between 2003 and 2007. This was because of increased infrastructural expenditure in areas of roads, telecommunication, health and education, rehabilitation of airport in Nairobi, Mombasa and Kisumu following the rolling out of ERS (2003-2007).

Kenya however faces a significant infrastructure financing deficit estimated at US$2.1 billion annually, and this imposes a serious constraint to growth and doing business in Kenya (Mburu, 2013). The result of declining and insufficient investments has been a worsening infrastructure deficit and mounting investment needs. According to the 2009 Report Card for Kenya's Infrastructure by the Kenya Society of Civil Engineers (KSCE), Kenya, infrastructure, including aviation, bridges, dams, drinking water, energy, hazardous waste, inland waterways, levees, public parks and recreation, rail, roads, school, solid waste, transit and wastewater, received an average grade of D (Mburu, 2013). Besides its negative influences on productivity improvement, such deficiency in infrastructure will also deeply affect private investment as well as economic growth.

LITERATURE REVIEW

Government investment in infrastructure promotes economic growth through its effect on productivity and creation of an enabling environment for private investors. Mburu (2013) carried out a study on the relationship between government investment in infrastructure and economic growth of Kenya. The researcher adopted regression analysis and data for the study was for the period 2005-2012. The results from the study indicated that public investment in infrastructure had a positive and significant effect on economic growth of the country. The study recommended that proper reform policies should be complemented with the availability of the necessary infrastructure which will help the country develop. In addition, the researcher recommended that emphasis be given on the public-private partnerships as well as increased joint venture projects with multinational firms and local enterprises to enhance the developments in infrastructure. This study however, used a very small dataset and failed to analyse the short run and long run effect of public capital and economic growth.

Similarly, Zainah (2009) carried out a study on the role of public investment in promoting economic growth of Mauritius. The researcher employed a reduced form of the Solow Growth framework in order to investigate public investment in infrastructure and its role in economic growth for the period 1970-2006. Using the error correction model, pubic investment was seen to have significantly contributed to the country's economic performance. Moreover, the study suggested that there could be some indirect effects through private investment and openness to trade. The policy implications of the study were that the government of Mauritius should work on extending their infrastructural and development loans from the World Bank and other international institutions rather than the capital expenditure cuts in the budget. Although the study employed a larger dataset than that of Mburu (2013), the researcher did not look at the contribution of private investment and the joint effect on the two variables on economic growth.

RESEARCH METHODOLOGY

The study employed a causal research design. The researcher employed the non-probability purposive sampling technique where a sample of 36 years' time series data for the period 1979-2015 was obtained. The researcher used EViews, STATA and PC-Give Ox metrics statistical software to perform data analysis. Estimation of the parameters and hypothesis testing using time series data required an investigation of the data which helped the researcher to avoid spurious results. It involved the use of the error correction model and estimation of the regression using Ordinary Least Square (OLS)technique. The error correction model was best suited for estimation of the short and long-run relationship of the variables when they are non-stationary and co-integrated.

Statistical inferences were made by analysing the signs of the coefficients of the variables and also comparing the p-values of the coefficients to the critical values to check if they were statistically significant. Hypotheses were also constructed whereby the p-values were compared to the critical values. The signs of the regression coefficients were checked and if found positive, then a direct and positive relationship existed between the dependent and the independent variables. The converse was true if a negative coefficient was found. Post-estimation diagnostics were also carried out on the regression to establish whether the OLS assumptions had been met for the results to be trustworthy. The tests included collinearity, autocorrelation and heteroskedasticity.

MODEL SPECIFICATION

$$\Delta \mathrm{LogGDP}_t = \beta_0 + \beta_1 \Delta \mathrm{Log}(GFC_G)_{t-i} + \beta_2 \Delta \mathrm{Log}\ (\mathrm{L})_{t-i} + \beta_3 \Delta \mathrm{Log}\ (\mathrm{TOT})_{t-i} + \beta_4 \Delta \mathrm{Log}\ (\mathrm{EXPORT})_{t-i} + \beta_6 D_j + e_t \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots..(1)$$

Where;

Log GDP- Logarithm of GDP

Log GFC_G - Logarithm of gross fixed capital for public sector

Log L- Logarithm for labour force

Log TOT- Logarithm for terms of trade

Log EXPORT- Logarithm o-f exports

β_0 - This is a coefficient representing other factors that affect GDP growth other than private investment, public investment, exports, terms of trade, and labor force.

$(\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6) > 0$ - These represent the elasticity parameters of the independent variables

D_j is a dummy representing structural breaks

t represents time in years

i is the lag

e_t is the error term

RESULTS AND DISCUSSION

TESTS FOR STATIONARITY

Data is said to be stationary if it has a constant mean, finite variance and the covariance that does not vary with time. Non stationary data could result to spurious results if such series is regressed. The variables in the study were tested for stationarity using both ADF and PP tests. The variables were first tested in their level forms and the results are shown in Table 1.

TABLE 1: UNIT ROOT TEST RESULTS FOR VARIABLES IN LEVEL FORM

Variable	Lag	ADF	PP	Status
LnGDP	1	-3.1645	-3.1945	Not stationary
LnGFCG	1	-2.8990	-1.9002	Not stationary
LnEXPORT	1	-2.4748	-2.3564	Not stationary
LnTOT	1	-1.7931	-2.4060	Not stationary
LnLABOR	1	-2.4341	-0.4519	Not stationary

MacKinnon critical value: 5%= -3.5468

The results in Table 1 indicate that the ADF and PP values for all variables are greater than the MacKinnon critical value of -3.5468 at 5% level of significance. This implies that the data on all the variables was not stationary and therefore not suitable for further analysis in its level form.

FIRST DIFFERENCE

The original data was differenced to make it stationary. The results are presented in Table 2.

TABLE 2: UNIT ROOT TEST RESULTS FOR VARIABLES AT FIRST DIFFERENCE

Variable	Lag	ADF test	Status	PP test	Status
$\Delta \mathrm{lnGDP}_{t-1}$	1	-5.7960	Stationary	-8.4809	Stationary
$\Delta \mathrm{lnGFCG}_{t-1}$	1	-3.1676	Not Stationary	-2.9245	Not Stationary
$\Delta \mathrm{lnEXPORT}_{t-1}$	1	-3.2070	Not Stationary	-3.2193	Not Stationary
$\Delta \mathrm{lnTOT}_{t-1}$	1	-3.2130	Not Stationary	-2.4925	Not Stationary
$\Delta \mathrm{lnLABOR}_{t-1}$	1	-2.3930	Not Stationary	-1.8423	Not Stationary

MacKinnon critical value: 5%= -3.5614

The findings in Table 2 indicate that upon taking the first difference, GDP was found to be stationary. However, public investment, labour, export and terms of trade variables were found to possess a unit root.

SECOND DIFFERENCE

The variables that were not stationary at first difference were further differenced to make them stationary. The results are presented in Table 3.

TABLE 3: UNIT ROOT TEST RESULTS FOR VARIABLES AT SECOND DIFFERENCE

Variable	Lag	ADF	PP	Status
$\Delta\Delta \ln GFCG_{t-1}$	1	-5.1172	-7.0270	Stationary
$\Delta\Delta \ln EXPORT_{t-1}$	1	-6.3378	-9.1911	Stationary
$\Delta\Delta \ln TOT_{t-1}$	1	-6.6625	-12.9201	Stationary
$\Delta\Delta \ln LABOR_{t-1}$	1	-4.6299	-4.3456	Stationary

MacKinnon critical value: 5%= -3.5514

From the results in Table 3, all variables namely were found to be stationary after taking the second difference. This is because the ADF and PP statistics were less than the MacKinnon critical value at 5% leading to the rejection of the null hypothesis of a unit root.

LAG ORDER SELECTION

The most appropriate lag length to use for estimation of the model was established by use of the Akaike Information Criterion (AIC)and the Schwartz Bayesian Information Criterion (SBIC). The lag length that minimized the AIC and SBIC values was lag 2 with AIC and SBIC values of 3.3464 and 3.663 respectively.

TEST FOR COINTEGRATION

The Engle-Granger 2-step approach was used to establish whether there was cointegration of variables in the model. The stationarity of the residuals was then tested using PP and ADF test statistics where the statistics were compared to the critical values at 5%. The results indicated that both the PP and ADF statistics were less than the MacKinnon critical values at 5% hence leading to the rejection of the null hypothesis of a unit root. The conclusion is that the residuals are stationary and this indicates that there is cointegration of parameters in the model.

GRANGER CAUSALITY TESTS

Granger causality test was performed for the variables in the model. The null hypothesis of no causality was tested where the p-value was compared with the critical value at 5% significance level. A p-value of less than 0.05 showed presence of causality between the variables while a p-value greater than 0.05 indicated the absence of causality. The results of the test are shown in Table 4.

TABLE 4: GRANGER CAUSALITY TEST RESULTS FOR ECONOMIC GROWTH MODEL VARIABLES

Null Hypothesis	Lag	F-Statistic	P-value
DDLNTOT does not Granger Cause DLNGDP	2	0.3035	0.7406
DLNGDP does not Granger Cause DDLNTOT		0.3349	0.7183
DDLNL does not Granger Cause DLNGDP	2	0.3483	0.0089
DLNGDP does not Granger Cause DDLNL		0.0241	0.9762
DDLNGFCG does not Granger Cause DLNGDP	2	1.4560	0.0253
DLNGDP does not Granger Cause DDLNGFCG		0.0881	0.0459
DDLNEXPORT does not Granger Cause DLNGDP	2	1.4333	0.0490
DLNGDP does not Granger Cause DDLNEXPORT		1.8218	0.0304

From Table 4, neutral causality was found between terms of trade and GDP. However, unidirectional causality was found between labor and GDP while bidirectional causality was found between public investment and GDP and export and GDP.

DIAGNOSTIC TESTS

TEST FOR MULTICOLLINEARITY

Multicollinearity refers to the correlation between independent variables in a model. Presence of multicollinearity makes it difficult to isolate the effect of a given explanatory variable on the dependent variable. Ordinary least square estimation requires that there is no multicollinearity in the regression. The researcher employed the Variance Inflation Factor (VIF)to test for multicollinearity. The decision rule was to accept the null hypothesis of presence of multicollinearity if the value for VIF exceeded 10. The results of the VIF are shown in Table 5.

TABLE 5: VARIANCE INFLATION FACTOR RESULTS

Dimension	VIF (Model 2)
1	1.654
2	1.352
3	1.876
4	1.496

From the results in Table 5, all the VIF values were less than 10. This led to the rejection of the null hypothesis and thus the conclusion that there was no multicollinearity.

TEST FOR AUTOCORRELATION

The classical linear regression model assumes that the successive values of the error terms are sequentially independent. The Durbin Watson test statistic was employed to test for presence of autocorrelation and the results indicated the DW statistic to be 2.3 hence absence of both positive and negative autocorrelation.

TEST FOR HETEROSKEDASTICITY

Heteroskedasticity was tested using the Breusch-Pagan Godfrey test where the null hypothesis of a constant variance was tested against the alternative hypothesis of heteroskedasticity. The decision rule was if the p-values were found to be greater than 5% then the null hypothesis was accepted. The results indicated that the p-value was 0.1356>0.05 thus leading to the acceptance of the null hypothesis of a constant variance hence there was absence of heteroskedasticity.

VAR DIAGNOSTICS

The vector autoregressive model was estimated and the diagnostics involving L-M test and normality tests carried out.

L-M TEST

The Breusch-Godfrey LM test was used to check whether the error terms in the model were serially autocorrelated. The probabilities of the chi-square statistic were checked against 5% significance level. The null hypothesis indicates no serial correlation and is accepted if the p-value of the chi-square statistic is greater than 0.05. The results of the test indicated that the probability of the chi-square was 0.240 and 0.978 both greater than 0.05 for both lag lengths 1 and 2, hence leading to acceptance of the null hypothesis of no autocorrelation of residuals in the model.

NORMALITY OF RANDOM VARIABLE

Ordinary least square estimation requires that the error term be normally distributed with a zero mean and constant variance for all values. The Jarque-Bera, Kurtosis and skewness tests were employed to test for normality of the error term with the null hypothesis indicating that there is normality. The results of the tests are shown in Table 6.

TABLE 6: TEST FOR NORMALITY OF RANDOM VARIABLES RESULTS

Description	P-value
Jarque-Bera	0.175
Skewness	0.135
Kurtosis	0.265

The results on Table 6 indicate that the probabilities of the chi-square statistics are greater than 0.05 thus leading to the acceptance of the null hypothesis of the random terms being normally distributed.

VECTOR ERROR CORRECTION MODEL

The vector error correction model was used to show the relationship between dependent and independent variables. R^2 was used to show the explanatory power of the model whereby the decision criteria was that if $R^2 \geq 0.7$, the model was strong in predicting the variations in the dependent variable caused by the explanatory variables. The overall significance of the model was tested using the F-test. The coefficients of the variables were computed and the significance tested using t-statistics. The decision rule for statistical significance of the coefficients was made through a comparison of the p-values at 5% level of significance. In the model, exports, terms of trade and labor variables were used as moderating parameters. The results of the vector error correction model are shown in Table 7.

TABLE 7: VECTOR ERROR CORRECTION MODEL RESULTS

	Coefficient	Std. Error	t-value	p-value
Constant	0.1674	$3.059*e^{-16}$	$5.473*e^{14}$	0.0000
DDlnGFCG_2	-0.6259	$1.366*e^{-15}$	$-4.582*e^{14}$	0.0000
DDlnEXPORT_2	0.7941	$3.701*e^{-15}$	$2.146*e^{14}$	0.0000
DDlnTOT_2	4.63394	$7.105*e^{-15}$	$6.522*e^{14}$	0.0000
DDlnL_2	-99.3083	$8.509*e^{-14}$	$-1.167*e^{15}$	0.0000
D92_2	-0.3446	$5.383*e^{-15}$	$6.403*e^{13}$	0.0000
Residuals_2	$1.1291*e^{-16}$	$6.432*e^{-16}$	0.1760	0.8692

R-Squared: 0.98
F (20, 4)= $1.801*e^{15}$ [0.000]
Durbin Watson: 2.32

Table 7 presents the regression results. The model can be restated as follows;

$$GDP = 0.1674 - 0.06259GFCG + 0.7941EXPORT + 4.6339TOT - 99.31L - 0.3446D_{92}$$

The results show that the model has a constant of 0.1674 which implies the level of GDP without the explanatory variables. The model results also show that exports and terms of trade had positive and significant effects of economic growth of the country while labor had a negative and significant effect. Interestingly, public investment had a negative and significant effect on economic growth with a coefficient of -0.6259 and a p-value of 0.000<0.05. The model had R^2 of 0.98 implying that 98% of the variations in economic growth were explained by the independent variables and only 2% of the variations were explained by other factors other than the ones in the model. The F-statistic was $1.801*e^{15}$ with p-value of 0.0000<0.05 which implies that the overall model was significant. All coefficients of variables were statistically significant with p-values of 0.0000<0.05.

Public investment was found to exhibit a negative and significant effect on economic growth in Kenya. The coefficient of public investment was -0.06259 (p-value=0.0000<0.05). This implies that an increase in public investment by 1% would lead to a decrease in GDP growth by 6.259% when all other factors are held constant. These findings differ with those of Mustefa (2014), Mburu (2013), Zainah (2009), Kandenge (2007), and Nazmi and Ramirez (1997)who all found a positive effect of public investment on economic growth. Exports and terms of trade both had a positive and significant effect on economic growth while population which was used as a proxy for labour exhibited a negative effect on economic growth. The dummy variable to represent the tribal clashes following the first multi-party elections of 1992 exhibited a negative and significant effect on economic growth arising from uncertainties that faced investors in the period and this had a negative effect on the growth of the economy.

CONCLUSIONS

From the summary of the findings, conclusions were made. It was established that public investment had a negative and significant effect on economic growth. The conclusion made was that increased public investment alone would retard economic growth due to deficit financing. The null hypothesis that public investment had no significant effect on economic growth was rejected and concluded that public investment had a statistically significant effect at 5% level of significance. The study further established that moderating variables namely exports, terms of trade and labour had a significant effect on the relationship between public investment and economic growth in Kenya. Exports and terms of trade had a positive and significant effect on economic growth while population growth which was used as a proxy variable for labour had a negative and significant effect on economic growth.

RECOMMENDATIONS

The researcher recommends that the government should shift focus on more private participation rather than state involvement in investment projects due to the problems in financing. The government could also consider more private-public partnerships in undertaking investment projects. There is also need to improve the productivity of public sector investments by identifying the much more productive types of public investment that have net positive returns and that are more likely to complement the private sector as this will have a positive effect on the growth of the economy.

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DEMONETIZATION: A PARADIGM TOWARDS TRANSPARENT AND CASHLESS ECONOMY

Dr. RANJU KATOCH
LECTURER
GOVERNMENT COLLEGE OF ENGINEERING & TECHNOLOGY
JAMMU

Dr. GOLDY MAHAJAN
LECTURER
GOVERNMENT S.P.M.R COLLEGE OF COMMERCE
JAMMU

ABSTRACT
The major thrust areas of the Government especially in the recent years has been on curtailment of Black money. The Demonetization of 8th November 2016, has likely to bring a major change in the economy and markets. Demonetization has a major positive fallout which has accelerated the process of Online Transactions. There are broadly two main objectives of Demonetization first, removal of black currency and other attacking on black money and thereby shadow economy. The first objective has been achieved by one stroke i.e., Demonetization of high denomination notes of the country and issuing new currency notes of Rs. 500, Rs. 1000 and Rs. 2000. The other objective, attacking black money has just begun. The aim of the action i.e., Demonetization was to curb corruption, counterfeiting, the use of high denomination currency for terrorist funding and accumulation of black money, which has generated by income that had not been declared to the tax authorities. However, the scrapping of Rs. 500 and Rs. 1000 notes as legal tender w.e.f. November 9, 2016, the subject has attracted widespread debate and there is a needs to be understand it in a holistic manner along with its implications for the sustainable development for the economy. The short term pains are likely to lead to substantial long term gains.

KEYWORDS
demonetization, economy, cashless transactions, sustainable development.

INTRODUCTION
Economic transformational events are very rare. The 1991 liberalization initiative was a game changer, which transformed the Indian economy and markets beyond recognition. The move by the government is to tackle the menace of black money, corruption, terror funding and fake currency. The government has implemented a major change in the economic environment by demonetising the high value currency notes of Rs 500 and Rs 1000 denomination and replacing them with new Rs. 500 and Rs. 2000 noted has taken the country with surprise. These ceased to be legal tender from the midnight of 8th of November 2016. People have been given a deadline upto December 30, 2016 to exchange the notes held by them (Internet desk, 2016). The proposal by the government involves the elimination of these existing notes from circulation and a gradual replacement with a new set of notes. In the short term, it is intended that the cash in circulation would be substantially squeezed since there are limits placed on the amount that individuals can withdraw (Padmini Sivarajah, 2016). The reasons offered for demonetisation are one, to control counterfeit notes that could be contributing to terrorism, in other words a national security concern and second, to undermine or eliminate the black economy.

As per RBI Handbook on Statistics of Indian Economy 2015-16, a total of Rs. 16.42 lakh crore worth of currency was in circulation as at end March 2016. Of this, Rs. 14.18 lakh crore was in form of Rs. 500 and Rs. 1000 denomination notes, representing around 86 per cent of value of total currency and coins in circulation. In terms of number of notes in circulation, Rs. 500 and Rs. 1000 denomination notes represent about 2200 crore notes, which were about 26 per cent of total notes in circulation. Therefore, it can be seen that the step would cause immobility of a major chunk of currency in system which is expected to result in short term inconvenience for the public (Padmini Sivarajah, 2016).

DEMONETISATION IN INDIA – LEGAL AND HISTORICAL FACTS
Demonetization also has a valid place in the Indian law books. The legal basis for the order demonetizing currency can be found in Section 26 of the Reserve Bank of India Act, 1934. Under sub-section (2) of this Section, the Union Government is given the power to declare that any notes issue by the Reserve Bank will no longer be legal tender. The only procedural requirement is that the Board of the RBI recommends the same to the Union Government. In fact, in 1978, demonetization was carried out under a special legislation, namely the High Denomination Bank Notes (Demonetisation) Act, 1978.

India's Demonetization action is not unprecedented in its own economic history, there were two previous instances of demonetisation, first in 1946 and other in 1978, but not having any significant effect on cash First, on 12th January 1946, Rs. 500, Rs. 1,000 and Rs. 10,000 notes were declared invalid as legal tender and new notes of Rs. 1000, Rs. 5000 and Rs. 10,000 came into economy in 1954. Second on 16th January 1978, the Morarji Desai led-Janata Party demonetized banknotes of Rs. 1000, 5000 and 10000. The RBI had introduced a new banknote of Rs. 500 into the economy in 1987 to contain inflation. Recently, on 8th November 2016, the old banknotes of Rs. 500 and Rs. 1000 were barred from being legal tender and new notes of Rs. 2000 were introduced. Also, Denominations of 1, 2, 3, 5, 10, 20 & 25 paise were in circulation till June 30, 2011 but were then withdrawn. 50 paise coins are still in circulation and are called small coins (Internet desk, 2016). Other denominations called as rupee coins.

RESEARCH METHODOLOGY
The present study is conceptual nature. The data for the study has been collected from secondary and tertiary sources including books, magazines, newspapers, Journals, Published and unpublished work, various websites and search engines like EBSCO, Science Direct etc. The data so collected has been analyzed through secondary review. The present Research paper attempts to add fresh insights to the existing literature of Demonetisation and sustainable development

DEMONETISATION: A SYSTEMATIC STRATEGY
The present action, Demonetization of Rs. 500 and Rs. 1000 notes has better chance of success as it proceeds logically. In order to curb the menace of black money, various measures have been taken by the Government both at policy level and enforcement on the ground (PTI, 2016). Some of important initiatives taken recently include (i)Constitution of a Special Investigation Team (SIT)under the Chairmanship a former Supreme Court Judge and implementing some of its recommendations (ii)Enactment of a new law viz. 'The Black Money and Imposition of Tax Act, 2015' to deal with black money stashed abroad (iii)Introduction of 'Benami Transactions Amendment Bill 2015' enabling confiscation of Benami property (iv)Enhancing the sharing and exchange of information with foreign countries and proactive involvement in international efforts to combat tax evasion/ black money (vi)Introducing Income Declaration Scheme, 2016 (vii)Use of information technology for mining of information (viii)Prescribing requirement of PAN numbers on high value transactions, etc., (ix)Taking action against hoarders through enforcement

agencies and (x)constitution of Multi Agency Group under Member (Investigation), CBDT for speedy investigations against Indian persons having undisclosed foreign assets (Internet desk, 2016).

DEMONETISATION AND BLACK MONEY

To start off, black money is a wider societal ill and demonetisation is but one step in the war against black money. Black money and black economy are also two different constructs. The terms parallel economy and underground economy are also used as synonyms for black economy. Black money is the currency of black economy. It refers to illegal money earned from illegal sources which has not been disclosed to the government.

The total value of old Rs. 500 and Rs. 1000 notes in the circulation is to the tune of Rs. 14.2 trillion, which is about 85% of the total value of currency in circulation. This means that the total cash has to now pass through the formal banking channels to get legitimacy. The world bank in July, 2010 estimated the size of the shadow economy for India at 20.7% of the Gross Domestic Product (GDP)in 1999 and rising to 23.2% in 2007. Assuming that this figure is not risen since then and that the cash component of the shadow economy is also proportional, the estimated unaccounted value of the currency could be to the tune of Rs. 3.3 trillion.

In a common parlance, black money refers to the money which is generated through illegitimate means or by bypassing taxation system. Generation of black money in social, economic and political space has a debilitating effect on the conduct of public policy and the institutions of governance in the country. Black money together with counterfeit currency is also associated with crime and terrorism. While there is no official estimate of quantum of black money in India or abroad, a 2010 World Bank Report on shadow economies estimated it at 31 per cent of GDP of 162 countries in 2007 with India's estimate pegged at 20.7 per cent of GDP comparing favourably with the world average. There have been other estimates which have placed size of India's parallel economy at higher levels including a recent FICCI report which has estimated it to as high as 75 per cent of GDP.

DEMONETIZATION AND TERRORISM

One of the stated aims of the demonetization was to tackle terrorism. Money laundering is one of the most important financing mechanism for terrorists funding. It was after 9/11 that the US initiated substantial push towards enacting of anti-money laundering laws to prevent financing of terrorists. The anti-money laundering investigations fails when the money trail leads to cash. In India the terror-finance trail starts and ends with cash making it impossible to get early alerts of terrorist active in the country. Demonetisation will upset the financing chain for the terrorists. As noted, black money is the currency of black economy. It is the black economy, including financiers that need extra-judicial enforcement mechanisms. The terror groups are at the apex of criminal elements that provide this enforcement mechanism. The terror finance chain comprises gold, diamonds and counterfeit currency. The counterfeiters don't keep the money in cash but quickly convert it into legitimate, legal bank accounts through SMEs and other small businesses. Using these fronts these terrorists use this money to buy information and access. The main effect of demonetisation and subsequent introduction of new notes will be to increase the costs of the counterfeiters. It has serve as shock the supply chain.

MOVING TOWARDS TRANSPARENT AND CASHLESS ECONOMY

The change of currency notes and resultant cash crunch in the system has led to a new opportunity for the country i.e. to move towards a cashless or less cash society in the medium to long run. An age old saying is no pain, no gain. This is apparently true for this initiative as well. An immediate fall out is squeeze of cash in the market which will impact public and businesses alike. Meanwhile, the public is requested to make optimum use of non-cash methods like payments through cheques, internet banking, mobile banking/ wallets, debit/ credit cards and so on.

This move will help in cleansing the existing stock of black money, there is a need to ensure that black money does not resurface in another form in due course of time. For this purpose, stringent measures and monitoring would be required. This may include encouraging electronic based transactions instead of cash based, discouraging high value cash transactions, keeping tax levels moderate and administration simple and transparent, closer monitoring of real estate and bullion transactions, combating corruption, ensuring greater transparency in public procurement, providing Government benefits in a seamless manner through Direct Benefit Transfer with beneficiary database seeded with Aadhaar numbers and so on. Migrating to Goods and Services Tax is a good opportunity to bring about simplicity in the taxation system which can encourage businesses to shun black money transactions. These measures, together with use of advance Information Technology and stricter vigilance will take the country to newer heights, reduce income disparities and help realize the dream of inclusive growth more sooner than later. Meanwhile, RBI has prescribed incremental Cash Reserve Ratio for scheduled commercial banks at 100% on the increase in NDTL (net demand and time liabilities) between September 16 and November 11, effective the fortnight beginning November 26, 2016. This is intended to be a temporary measure to absorb surplus liquidity from the system (PTI, 2016).

While India has come a long way from introduction of electronic funds transfer, the newer forms of payment have been developed in the recent years which hold significant potential to move towards a less cash economy. These include (i)Unified Payments Interface (UPI)used to transfer funds to any other person registered on UPI through mobile phone through internet, (ii)Digital wallets, such as SBI Buddy wherein money can be loaded to your mobile wallets (E-batua)and transferred to any other person using mobile numbers or bank details, (iii)Pre-Paid, Debit or Credit Cards which can be used at ATMs, Point of Sales (POS)Machines by swiping the cards, (iv)Aadhaar Enabled Payment Systems (AEPS)wherein funds can be transferred using Aadhaar numbers seeding with bank accounts and (v)Unstructured Supplementary Service Data (USSD)wherein funds can be transferred from mobile phones without requiring access to internet connection by dialling *99# (Braga, F.D., Isabella G and Mazzon J.A., 2013). In the long run, this would provide a significant boost to the economy as more and more informal methods of business transactions migrate to the formal sector paving way for greater transparency, financial inclusion (both on deposits and credit side) and better tax compliance.

EFFECTS OF DEMONETIZATION

India is moving fast towards a more transparent and less cash use economy. The introduction of Pradhan Mantri Jan Dhan Yojana (PMJDY)and Income Disclosure Scheme (IDS)were done to ensure that everyone has a bank account and gets ample time to declare their incomes. Cash-less transactions are experiencing explosive growth and this trend will gather momentum. As per RBI rules under that, every withdrawal of cash needs a PAN card reference. Further, every branch manager is required to file detailed statement of weekly/monthly cash transactions. There are both Positive and Negative effects of Demonetization.

POSITIVE EFFECT OF DEMONETISATION

Strike on Black Money Holders

- People who possess huge amounts of black money in hard cash are at a complete loss now. Their black money in hard cash is now a pile of trash. Now if a black money holder wants to deposit money in bank account than he/she has to show id and there will be 200 % penalty on income tax amount.

Death Knell To Fake Currency Rackets

- Most of the fake currencies used to be be in the denominations of Rs. 500 and Rs. 1000. By banning Rs. 500 and Rs. 1000 notes, Modiji has busted all these unethical rackets completely. Now There Will be no use These Money.

Termination of Terrorist Funding

- Huge sums of money especially in hard cash in the denominations of Rs. 500 and Rs. 1000 was used to fund Islamic terrorists, Naxalites and other non-state actors. Now, these Organizations will suffer from shortage of funds. Most of These terrorist, Maoist Organization Used These Funds for Buying Arms and Weapons. Buying arms is an extremely difficult task now after this ban.

Transparency in Transactions

- Online transaction are more transparency and Financial Intelligence Unit will track all online transactions. Now there will be more transparency in real estate sector

Stopped Huge Donations

- Huge amounts of donation that is taken in the private education and healthcare sectors would be stopped. Schools, engineering and medical colleges and hospitals (private ones)used to take huge amounts of money as donations especially in the form of hard cash in the denominations of Rs. 500 and Rs. 1000. These money-minded people running these institutions won't be able to make any easy money now. Same applies to the real estate sector.

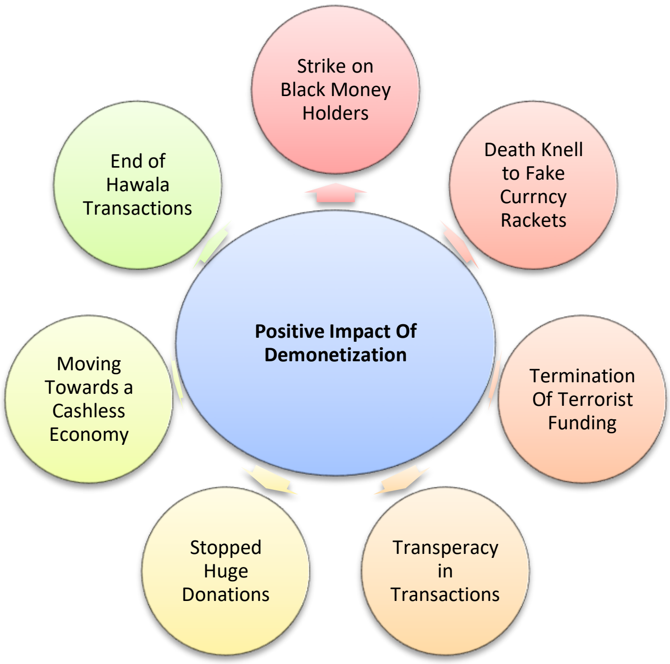
Moving Towards a Cashless Transparent Economy

- While it is practically impossible to have a 100% cashless economy, the proportion of hard cash in the economy will decrease and our economy will get more digitized. This will result in greater transparency. Now government has put Some limitation for Cash Withdraw from bank Accounts. People Will go for online payments,They Will Use PayTM Or other Online payment Companies For Buying goods or Making payments. More Use of Debit and Credit Card

End of Hawala Transactions

- Most Hawala transactions used to be carried out in the denominations of Rs. 500 and Rs. 1000. With this ban, Modiji has delivered a fatal blow to the unethical Hawala traders as they can't trade anymore using denominations of Rs. 500 and Rs. 1000.

FIG. 1



NEGATIVE EFFECT OF DEMONETIZATION

Over Crowded Banks

- Banks will be extremely over-crowded by people. People will forget everything else and throng to the places where the banned notes are being officially exchanged leading to a tremendous chaos.

Limited Money for Common People

- There has been shortage of money for common people to fulfil their daily life needs.

Effect on Stock Market

- Due to currency being sucked out of the market coupled with Trump's victory, the mood at the stock market was completely bearish. Sensex lost 1600 points at open. This can adversely have a negative effect on trade in general.

Problem For House Makers

- Many Indian housewives store money secretly so that they could be of help during times of financial crisis in their households. The accumulated money of our respected Indian housewives is of no use now until they exchange in the banks and post-offices

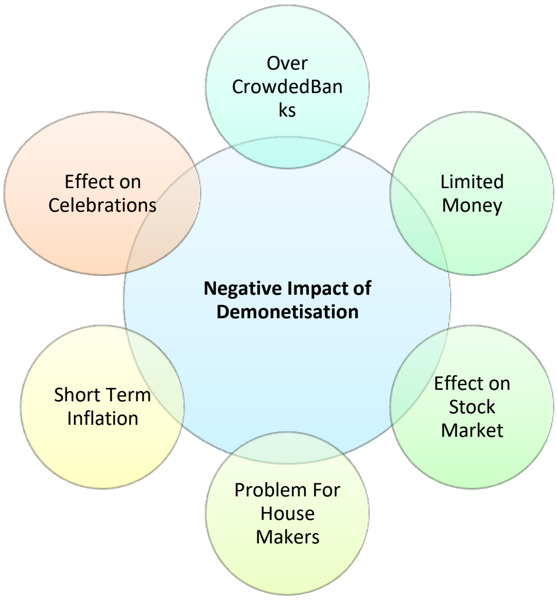
Short Term Inflation

- Due to shortage of money in the market, a short-term cost push inflation will occur. The price of gold has already become sky high. Prices of vegetables and fruits have also soared burdening the common man.

Effect on Celebrations

- It has been very difficult without cash for those families which are having weddings, celebrations and Functions.

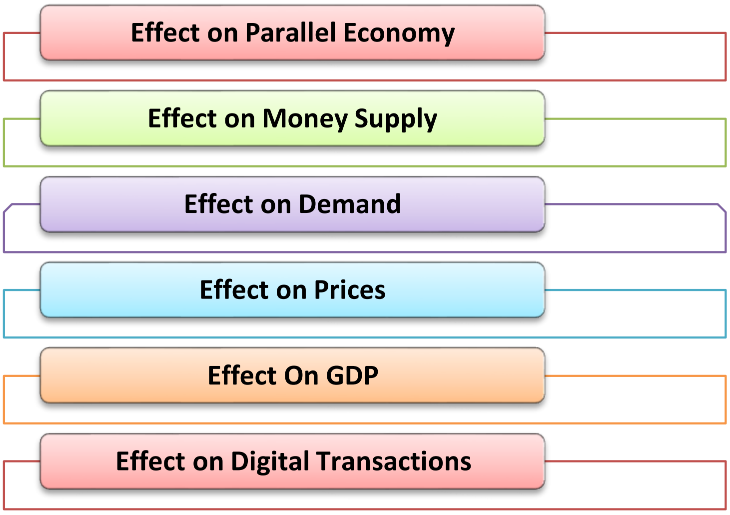
FIG. 2



IMPACT OF DEMONETIZATION ON INDIAN ECONOMY

There are both Long term and Short term impact of Demonetization by which sustainable development of the economy can be achieved.

FIG. 3



Effects on Parallel Economy

- The removal of these 500 and 1000 notes and replacement of the same with new 500 and 2000 Rupee Notes is expected to remove black money from the economy as they will be blocked since the owners will not be in a position to deposit the same in the banks. Temporarily stall the circulation of large volume of counterfeit currency, it would curb the funding for antisocial elements like smuggling, terrorism, espionage, etc.

Effects on Money Supply

- With the older 500 and 1000 Rupees notes being scrapped, until the new 500 and 2000 Rupees notes get widely circulated in the market, money supply is expected to reduce in the short run. To the extent that black money (which is not counterfeit) does not re-enter the system, reserve money and hence money supply will decrease permanently. However gradually as the new notes get circulated in the market and the mismatch gets corrected, money supply will pick up.

Effects on Demand

- The overall demand is expected to be affected to an extent. The demand in following areas is to be impacted particularly: Consumer goods, Real Estate and Property, Gold and luxury goods and Automobiles (only to a certain limit). All these mentioned sectors are expected to face certain moderation in demand from the consumer side, owing to the significant amount of cash transactions involved in these sectors.

Effect on Prices

- Price level is expected to be lowered due to moderation from demand side. Consumer Goods: Prices are expected to fall only marginally due to moderation in demand as use of cards and cheques would compensate for some purchases. Real Estate and Property: Prices in this sector are largely expected to fall, especially for sales of properties where major part of the transaction is cash based, rather than based on banks transfer or cheque transactions.

Effect on GDP

- The GDP formation could be impacted by this measure, with reduction in the consumption demand. However, with the recent rise in festival demand is expected to offset this fall in overall impact. Moreover, this expected impact on GDP may not be significant as some of this demand will only be deferred and re-enter the stream once the cash situation becomes normal.

Effect on Online Transactions and Alternative Modes of Payment

- The cash transactions facing a reduction, alternative forms of payment will see a surge in demand. The digital transaction systems, E-Wallets and Apps, Online Transactions using E Banking, usage of Plastic Money (debit and credit cards), etc., are substantial increase in demand. This will bring more transparency in system and can track online money transactions easily.

CONCLUSION

The short-term pains from demonetization, the long queues before ATMs, pensioners waiting for long to draw pension, inconveniences to people who had withdrawn money for weddings, impact on trade, disruption of economic activity etc. - have been huge. But the long-term benefits are likely to be substantial.

The recent step of declaring the existing stock of Rs. 1000 and Rs. 500 notes as illegal tender has addressed multiple issues with one stroke. Most importantly, it has straight away wiped out most of the illegal cash accumulated over a number of years from the system. This will have a direct impact on inflation as we will not have too much money chasing too few goods and excess money supply will no longer fuel price rise. The counterfeit currency circulating in the country has ceased to be of any value. Demonetization would curb the menace of corruption and terrorism as the existing black money was responsible for promoting the same. This action would bring back a lot of money outside the system back into the financial system which can be further used by the banks for lending for commercial activities. This would help not only improve the profitability of banks, but also pave way for reduction of interest rates and can partly address the problem of NPAs. It will streamline the process of election funding bringing more transparency and fairness in the manner of conduct of Elections. Further, in due course of time, significantly help in improving tax collections as public would prefer to deal in transparent transactions by paying legitimate taxes. With the clean-up and strike on black money, asset prices specially in real estate would further decline, making housing more affordable for public at large. Last, but not the least, Demonetization, can significantly improve India's globally as the country which respects the rule of law and where businesses can flourish through legitimate means paving way for large scale investments and developments both from within the country and abroad. With all these implications, it can be inferred that Demonetization is perhaps the biggest surgical strike on black money since Independence. This is also another milestone in Swachh Bharat Abhiyan, though in a different sense.

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IMPACT OF DEMONETIZATION ON INDIAN ECONOMY

NEERAJ
EXTENSION LECTURER
GOVERNMENT COLLEGE
FARIDABAD

ABSTRACT

Indian governments declare that the five hundred and one thousand rupees' notes will no longer be legal tender from midnight, 8th Nov. 2016. The RBI will issue 2000 rupee note and 500 rupees note which will be placed in circulation from 10th Nov. 2016. Notes of 100, 50, 20, 10, 5, 2, 1 rupee are unaffected by this decision. This decision has been taken by the prime minister of India Mr. Narendera Modi to address the resolve against black money, corruption and counterfeit notes. This study will help us to know about advantages and disadvantages of demonetization decision taken by central government of India. The main purpose of demonetization in India is stopping of corruption, black money tracking and promotes the cashless transaction. The study based on secondary data.

KEYWORDS
Indian economy, black money, tax evasion, corruption, cash less economy.

INTRODUCTION

In 2016, the Indian government decided to demonetize the 500- and 1000- rupee notes, the two biggest denominations in its currency system these notes accounted for 86% of the country's circulating cash. With little warning India's Prime Minister Mr. Narendra Modi announced to the citizenry on Nov. 8 that those notes were worthless effective immediately and they had until the end of the year to deposit or exchange them for newly introduced 2000 rupee and 500 rupee notes.

Chaos ensued in the cash-dependent economy (some 78% of all Indian customer transactions are in cash), as long snaking lines formed outside ATMs and banks, which had to shut down for a day. The new rupee notes have different specifications, including size and thickness, requiring re-calibration of ATMs only 60% of the country's 200,000 ATMs were operational. Even those dispensing bills of lower denominations faced shortages. The government's restriction on daily withdrawal amounts added to the misery, though a waiver on transactions fee did help a bit.

The government's goal (and rationale for the abrupt announcement) was to combat India's thriving underground economy on several fronts eradicate counterfeit currency, fight tax evasion (only 1% of the population pays taxes), eliminate black money gotten from money laundering and terrorist-financing activities and to promote a cashless economy. Individuals and entities with huge sums of black money gotten from parallel cash systems were forced to take their large-denomination notes to a bank, which was by law required to acquire tax information on them. If the owner could not provide proof of making any tax payments on the cash, a penalty of 200% of the owed amount was imposed.

OBJECTIVES OF DEMONETIZATION

1) Removing black money from country

Prime Minister Mr. Narendera Modi has done a really good work, as People who are having black money will now be left with nothing particularly. All the Cash which resides below the pillow, will now be useless (Although small amount of black money can be converted in to white, but amount in hundreds of Crore of rupees Is almost next to Impossible to make It white)

2) Stopping of corruption

By removing the currency notes from circulation, it will have a direct Impact On corruption. People who have these notes will now be left with nothing.

3) Stopping terror funds

Because of demonetization, the people or organizations who used to fund terror groups will be now sitting without any works, they will naturally die and that too with starvation.

4) Curbing fake notes

Demonetization will also stop the circulation of fake notes in the economy (although the amount of fake notes revolving in the economy was around 400 Corers).

5) Stopping Illegal dabba trading

Due to demonetization, the Illegal share trading and dabba trading will cease to exist. This will ensure stability in share markets, especially at these 'Times of Turbulence'

6) The Uttar-Pradesh elections

It is generally seen that, there is ample liquidity in the states, where elections are to happen, and this thing is considered as vote bank and politicians buy votes of people by offering them money, if they vote for them. Now because of demonetization, vote bank system will not be in existence (The proof here is currency notes, which were found from river Ganga). As an ultimate result, we would see transparent elections.

7) The Betting On U.S. Presidential election results

It seems that prime minister Mr. Narendera Modi is well aware of the fact that Indians are a master in betting at anything like as because of his address to nation at 8:00 pm, there will be no betting done on the US Presidential election results, or at least Its quantum would be less than, what It should be have earlier.

8) To send a clear message that this Government is well inclined towards working for the development of nation

Because of his bold step, it will send a clear message that this Government is well inclined towards Development of Nation. It will also send a message to the International community, that the Government is doing constant efforts to make India a better Place to Invest and a Better Place to do business.

RESEARCH METHODOLOGY

The data has been collected from secondary sources from websites, blogs, journals, magazines, newspapers etc.

IMPACT ON ECONOMY

The Indian Economy which was billed as the "fastest growing major economy" in the world and the "only bright spot" among Emerging Markets seems to have slowed down even before the latest "shock therapy" of "demonetization". Indeed, the recently released growth figures from the CSO or the Central Statistical Office considered to be the official department that releases projected, and actual growth figures (apart from the RBI or the Reserve Bank of India and the Finance Ministry) hints at a slowdown in the Indian economy even during the quarter before demonetization happened.

While this is indeed cause for concern with projected growth figures revised downwards from 7.6 % to 7.2% for the financial year ending March 2017, what is cause for greater worry and even alarm is the view among some economists including the former Prime Minister Dr. Man Mohan Singh (who is a reputed economist in his own right) that the current and ongoing attempt to flush out black money would shave a good 2% of the GDP or the Gross Domestic Product.

TABLE 1

Year-on-year change in %	FY17 Q1	Q2	Q3	Q4
GVA at basic prices	7.6	6.8	6.7	**5.6**
Private consumption	8.4	7.9	11.0	**7.3**
Investment demand	7.4	3.0	1.7	**-2.1**
Agriculture	2.5	4.1	6.9	**5.2**
Industry	7.4	5.9	6.2	**3.1**
Services	9.0	7.8	6.9	**7.2**

GVA: Gross value added Source: Central Statistics Office

Some economists, said nearly 90% of the total cash in circulation has come back into the banking system and hence, the stated purpose of the Demonetization exercise which was to "extinguish" black money and enable the RBI to lower its liabilities thereby providing the government with a huge dividend seems to have been belied. Of course, there are some who now argue that the Indian Banking System is now "flush with cash" and this has enabled the government to "nudge" the RBI to cut rates as well as to allow banks to pass on the benefit of ample liquidity to consumers by lowering lending rates.

However, the flip side of this has been that banks have cut their deposit rates as well which is natural considering that any cuts to lending rates have to be accompanied by cuts to deposit rates. This has resulted in a situation where banks with enough deposits seem to be encouraging spending more than saving and this can indeed create demand in the system since more money with consumers means more spending thereby leading to an uptick in sales of goods and services and which has the "multiplier effect" of resulting in more growth.

On the other hand, with more taxes being collected due to higher deposits in banks that can be taxable as well as increased compliance due to greater scrutiny and oversight by the IT (Income Tax) Department, the government too might be tempted to announce lower rates for taxes and other aspects of what are known as fiscal measures. In this context, it is worth remembering that fiscal stimulus which is by lowering taxes and providing more incentives to consumers as well as producers by boosting supply can be complemented and supplemented by the monetary stimulus which is by boosting demand for goods and services by lowering lending rates thereby putting more money in the hands of consumers.

As economic theory states, both fiscal and monetary stimulus can be implemented in isolation or taken together and hence, the Demonetization or the Demo as it is being called might indeed act as a catalyst for growth. Having said that, one must remember that India is primarily a cash transaction based economy and hence, removing 86% of the money in circulation is indeed a "brave" move since there are reports that large sections of the informal economy have come to a grinding halt.

Moreover, there are also reports of farming sector taking a hit due to lack of cash as well as sales of automobiles and other capital goods falling even though inventories are building up. Thus, it remains to be seen as to how the growth figures for the next quarter and the overall financial year turn out to be. Given that mainstream economists tend to debate and argue both sides with equal passion and vigor, it is the case that as the cliché goes, the "proof of the pudding is in the eating" and hence, the actual growth figures have to be watched.

Of course, there are other indicators to keep track of as well in the form of various Indices such as the PMI or the Purchasing Managers Index which tracks industrial activity as well as the rates of investment and the credit pickup as well as the Inflation figures. Having said that, one must also note that given the lack of communication about some of the economic indicators from the government is indeed worrying given that Demonetization has been billed as the "Biggest Monetary Experiment" in recent times in the entire world.

TABLE 2

Demonetization: Impact on the Economy

Extent of Impact	Reason	Sectors
Positive Impact	Higher taxes to spend	Infrastructure, public health, education
Minimal Impact	Low cash usage or Low value bills	IT Companies, Utilities, Telecom
Temporary Impact	High cash usage / low value transactions	Pharma, Consumer Products, Oil Marketing Companies, Banks
Sustained Impact	High cash usage High value transactions	Jewellery, Real Estate, Construction Material, Luxury products, Wedding arrangements

ADVANTAGES

The main advantages of demonetization are given below:

BLACK MONEY TRACKING

This move will help the government to track unaccounted black money or cash on which income tax has not been paid. Individual who are sitting on a pile of cash usually do not deposit the amount in the bank or invest anywhere as they would be required to show income or submit PAN for any valid financial transactions. They would hide it somewhere and use it as when necessary. Banning high – value currency will impact people who will have no option, but to declare income and pay tax on the same or destroy the cash somehow. Now it is not possible to hide the money as the notes have been declared invalid.

REDUCTION IN ILLEGAL ACTIVITY

Banning high- value currency will halt illegal activity as the cash provide for such activity has no value now. Black money is usually used to fund the illegal activity, terrorism, and money laundering. Fake currency circulation will come to halt in a single shot. Corrupt officers, money launders are under threat as income tax department is taking all the measures to track such people.

TAX PAYMENT

Most of the businessmen who have been hiding some income are ready to pay advance tax as current year's income. Tax payers who have been hiding some income can come forward to declare income and pay tax on the same. Individuals are required to submit PAN for any deposit above Rs. 50000 in cash, which will help tax department to track individuals with high denominations. Also deposit up to Rs, 2.5 lakh will not come under tax scrutiny.

JAN DHAN YOJANA

Now individuals are depositing enough cash in their Jan Dhan Yojana accounts which they were reluctant to do so a few days back. The amount deposited can be used for the betterment of the country.

DISADVANTAGES

The main disadvantages of demonetization are as follows:

- There has been a drastic Decrease in the Purchasing Power of People.
- The biggest disadvantage of demonetization is that once people in the country gets to know about it than initially for few days there is chaos and frenzy among public as Everybody wants to get rid of demonetized notes which in turn sometimes can lead to law and order problem and chaotic situation especially in banks and ATMs which are the only medium to change the old currency units to new currency units.
- Another disadvantage is that destruction of old currency units and printing of new currency new units involve costs which has to be borne by the government and if the costs are higher than benefits then there is no use of demonetization.
- Another problem is that majority of times this move is targeted towards black money but if people have not kept cash as their black money and rotated or used that money in other asset classes like real estate, gold and so on then there is no guarantee that demonetization will help in catching corrupt people.

CONCLUSION

Demonetization in India is a great decision taken by central government of India to combat the corruption and black money tracking. The government of India has become success to some extent. Most of the black money amount has been crushed. The demonetization drive will affect some extent to the general public, but for larger interest of the country such decision is inevitable. Also it may not curb black money fully but definitely it has major impact in curbing black money to large extent.

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GOODS AND SERVICES TAX (GST): PRE AND POST ROLLOUT ANALYSIS

SAUMYA GARG
STUDENT
DEPARTMENT OF COMMERCE
INDRAPRASTHA COLLEGE FOR WOMEN
DELHI UNIVERSITY
DELHI

SIMRAN KAPOOR
STUDENT
DEPARTMENT OF COMMERCE
INDRAPRASTHA COLLEGE FOR WOMEN
DELHI UNIVERSITY
DELHI

ABSTRACT
The Goods and Services Tax (GST)is being considered as an opportunity to fill the gap that has been left in India's development. With effect from 1st July 2017, GST aims at removing a maze of state and central taxes and makes the country unified. This paper is an attempt to discuss the basic meaning of GST, its types and compares it from the previous taxation system. In this paper we have covered a period of three months: PRE GST (25th May 2017 to 30th June 2017) and POST GST (1st July 2017 to 30th August 2017) to identify the expectations and reality of this regime. In the PRE GST period we have analyzed the expected impact of GST rates on different sectors of the economy. In the POST GST period we have covered the various changes and reactions on the sectors covered in PRE GST after its implementation. Though it is a short period and does not cover the major impacts, but this paper will give you an insight into the significant changes in the early months of the new taxation system.

KEYWORDS
GST, Indian economy.

INTRODUCTION
1. WHAT IS GST?

Goods and Services Tax (GST)is an indirect tax applicable throughout India with effect from 1st July 2017. It aims at eliminating inefficiencies in the tax system that results in tax on tax. GST is a tax levied at every stage of value addition in the supply of goods and services. It is considered as an important economic reform of Modi government's agenda. It is drafted on the concept of one nation, one market, and one tax. GST will unify the country into a single market. Various taxes on production such as central excise duty, import duties, custom duties, state taxes like VAT, central sales tax on interstate trade of goods, luxury tax, entertainment tax, state cess and surcharges on supply of goods and services are subsumed into GST. Government of India has set four slabs 5%, 12%, 18% and 28%.

2. TYPES OF GST
The three types of GST have been imposed in this regime which has been discussed below:
Central Goods and Services Tax (CGST)is a tax levied by Central Government.
State Goods and Services Tax (SGST)is a tax levied by State Government.
Integrated Goods and Services Tax (IGST)is a tax levied by central government on interstate supply of goods and services.
Union Territories Goods and Services Tax (UTGST)The GST Council has introduced the UTGST Act, to levy a tax, called UTGST, in the union territories of Chandigarh, Lakshadweep, Daman and Diu, Dadra and Nagar Haveli and Andaman and Nicobar Islands. UTGST will be levied in place of SGST in these union territories.

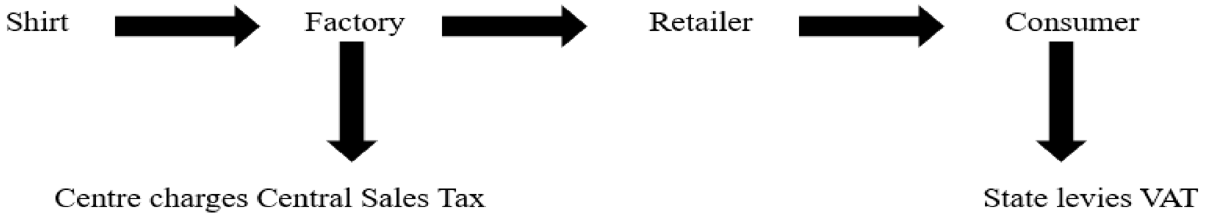
TABLE 1

Transaction	After GST	Before GST	Effect
Sale within the state	CGST+SGST	VAT+ Central excise/ service tax	Sharing between Centre and State
Sale to another state	IGST	Central Sales Tax + Excise / Service tax	One tax

Example 1 A dealer in Punjab sold goods to a customer in Punjab for ₹2000. GST is at 18 % (9% CGST + 9%SGST). In such case dealer collects ₹360 as tax (₹ 180 to central government + ₹ 180 to state government).
Example 2 Suppose Delhi dealer sold goods in Gujarat for ₹ 2000. GST is at 18%. Now ₹360 tax will go to Centre as IGST. There is no need to pay CGST and SGST.

3. OLD TAXATION SYSTEM NEW TAXATION SYSTEM
In the old taxation system, power was divided between the Centre and the State government. The direct taxes (tax levied on income or profits of those person who pays it) were collected by the Centre. Indirect tax is a tax levied on goods and services where burden of tax can be shared. Tax on manufacturing of goods was collected by the Centre and tax on consumption was under State.
There are two problems associates with old taxation scheme
Problem 1: WHEN GOODS ARE SOLD IN THE MANUFACTURING STATE
Example1 the central government levies its indirect tax called central excise when the good leaves the factory.
When this good reaches a retailer and bought by the customer, the state government, at this stage, levies value added tax (VAT). So a tax at the factory and a tax at the final price add to the cost of the good.

FIG. 1



Problem 2: WHEN INTERSTATE TRANSACTIONS TAKE PLACE

Example 2 A shirt manufacturer in Punjab buys dye from Himachal Pradesh. He pays Central excise and Himachal Pradesh's state tax. On this cost the manufacturing state levies tax when it is sold in its state. If it is sold across its borders it collects export tax.

This makes India economically divided. These multiple taxes raise the cost of products and makes economic activity complicated.

4. HOW GST WILL HELP IN SOLVING THE PROBLEMS OF OLD TAXATION SYSTEM?

GST is an indirect reform which aims to remove all interstate taxes and create a single market. From consumer's point of view all taxes will be collected on consumption stage. Once the multiple taxes are removed consumers will not be paying tax on tax when goods move from one state to another.

One of the main features of Old Taxation system was **the Cascading Effect** of taxes where the tax liability passes at every stage of transaction. Here tax is paid on tax and the value of item increases.

Example

TABLE 2

Action	Cost	10% tax	Total
1. Good manufacturer buys raw material for ₹200	₹200	₹20	₹220
2. Wholesaler buys from manufacturer for ₹220. He adds some value to it, increasing its cost by ₹40.	₹220+₹40=₹260	₹26	₹260+₹26=₹286
3. Retailer pays ₹286 for the article. He does the packaging and advertising. His value addition is ₹30.	₹286+₹30=₹316	₹31.6	₹347.6

The customer pays ₹347.6 for a good whose cost price was ₹270 (200 + 40 + 30). Here tax liability passes at each stage and comes to rest with the consumer.

To solve the problem of Cascading Effect, GST introduces the concept of input tax credit. It is the credit that individual gets for the tax paid on inputs used in manufacturing the product

TABLE 3

Action	Cost	10% tax	Actual tax liability	Total
1. Manufacturer buys raw material for ₹200	₹200	₹20	₹20	₹220
2. Wholesaler buys good from manufacturer for ₹200. Adds value to the shirt for ₹40 Now he has already paid ₹10 as tax to the manufacturer. He pays only ₹4 as tax and ₹10 becomes his input tax credit.	₹200+₹40=₹240	₹24	₹24-₹20=₹4	₹240+₹24=₹264
3. Retailer buys from the wholesaler and pays ₹264. He adds value for ₹30. Since he has input tax credit of ₹14 (as he has already paid to the wholesaler) his tax liability reduces to ₹3. He sells the shirt to the customer for ₹297	₹240+₹30=₹270	₹27	₹27-₹24=₹3	₹270+₹27=₹297

The final value of the shirt reduces from ₹347.6 to ₹297. Thus reducing tax burden on the customer.

5. PRODUCTS AND SERVICES UNDER VARIOUS GST SLABS

Indian government has fixed four categories of taxes on goods and services. Some of the goods and services are exempted from GST and some attract an additional cess.

Products which are **currently exempt from GST** are: Crude oil, Diesel, Petrol, Natural Gas, Jet fuel and Liquor. More than half of the consumer goods like unpacked food grains, milk, curd, eggs, unpacked paneer, unbranded natural honey, Maida, Atta, besan, kajal, salt are exempted from GST. Education and Healthcare services are out of GST regime. A business whose annual turnover in a financial year does not exceed ₹20 lakh is out of GST. For northeastern and hilly states, the annual turnover should be below ₹10 lakhs.

GST will be **5%** for the following goods: sugar, tea, coffee, edible oils, packed paneer, footwear (upto ₹500), apparels (upto ₹1000), cashew nuts, raisins, fabric, domestic LPG.

Under **12%** slab goods like butter, ghee, almonds, fruit juice, pickle, murabba, jam, mobile phones etc. are included.

Goods like hair oil, soap, ice creams, pasta, pesticides, corn flakes, computers, soups, toiletries will attract **18%** GST.

28% tax will be levied on white goods, cars, television, 5 star hotel services and cinema.

Luxury cars, pan masala, tobacco products will attract an additional cess.

PRE GST PERIOD (25TH MAY TO 30TH JUNE 2017)

Despite the benefits of GST, this system has faced a lot of opposition. The finance minister of West Bengal, Amit Mitra said that "GST must be rolled out systematically with full preparation. But we are heading towards an impending catastrophe. GST will be a double-burden on the states that are yet to recover from the shocks of demonetisation" Markets in Old Delhi also witnessed protests demonstrated by small business traders in the form of a lockdown of the market. But despite these hurdles, India is moving forward with the implementation of GST and rightly said by the Chairman of GST Council and the Finance Minister of India, Mr. Arun Jaitley "To begin with, people could face some difficulties because any change over has its own problems, but it will settle down and the country will benefit"

1. **CHANGES DUE TO GST REGIME**

- **ON GOVERNMENT**

1. Though the real impact on GST on government revenue can be known only after the implementation of GST, the government is expecting a fall in income in the first year due to implementation problems.
2. With destination based tax (DBT)is replaced by Origin Based Taxation, the revenue earned by the manufacturing state will fall and the revenue earned by the consuming states will rise. The producing states fear loss of revenue and expect compensation from central government. The Centre will compensate the states for revenue losses in the first five years of GST.
3. Since technical glitches are expected for the first few months after the implementation of GST, the government has agreed to no penalty on wrong filing of tax for the first 2-3 months.

- **ON CONSUMERS**

1. Before July 1, consumers have derived benefits in the form of reduced prices on various goods. Pre GST sales and discounts were offered by retailers to consumers particularly on goods whose prices are expected to rise after the implementation of GST like Cars, AC, TV, Washing Machines, Clothes, Mobile

Phones, etc. These sales were also offered by online e-commerce websites like Amazon and Flipkart. Heavy discounts on electronics attracted many new buyers into the market. Consumers purchased even those goods that they don't need in advance to avoid paying more in the form of taxes after GST.
2. With the amount spent on the purchase of clothes of the value Rs. 1000 and more to be increased after GST, the usual end of season sale were also pushed back in malls and summer sale started quiet earlier than usual. Consumers benefitted from these sales along with the retailers who wanted to clear their pre GST inventory. These discounts were not only on apparels but on high end accessories too.
3. Other than electronics and home appliances, consumers have not stocked up items of daily use beforehand because eatable items are expected to become cheaper after GST.

- **ON COMPANIES**

1. Retailers from Big Bazaar to Amazon set up huge last minute discounts to clear their stock. BMW was the first company to pass on discount of up to 12% on all its luxury models to customers since cars attract a GST of 28% and cess depending on the model features.
2. New entities have been formed such as Pune based Vayana Network that will help small and medium enterprises to arrange funds. These entities are called GSPs (GST Service Provider). ASPs (Application Service Provider) have also come in place and will convert sales and purchases to GST online filing returns.
3. Companies have also hired more consultants and chartered accountants to help with the new tax return. Demand for specialists in GST has increased with some firms willing to pay a salary of more than ₹ 2,00,000
4. CEO of Levi Strauss, Charles V Bergh said that the dip in sales due to GST would be less than that of the one suffered during demonetisation. According to him, GST would be good for India as it simplifies the tax structure.
5. While some small retailers fear the collapse of their industry due to high GST on their product like the Agarbatti industry that earlier faced a vat of 0% but now has a GST rate applicable that too of 12%. Similarly, the Pickle Industry fears collapse due to a GST rate of 18% in comparison to an earlier VAT of 7%
6. Firms are also facing a lot of problems as many SMEs are not equipped in dealing with online registration for GST. Suppliers are unwilling to register for GST such as the textile traders in Surat who had protested against tax on fabrics. With the hike in fees of chartered accounts, the firms have no option but to pay the required fee as GST requires monthly filing. There is also confusion regarding products as all products need to be mapped with a code and different items have different tax rates even if they belong in the same category of code.
7. Companies selling processed foodgrain feared losing out to unregistered foodgrains. These companies feared that with a levy of 5% tax on processed food-grains, consumers will shift to unbranded commodities.
8. GSTN (GST Network) is a non-profit company and is partnered by Tech Mahindra and Infosys. GSTN will set up two call centres to handle turnover details of companies and uploading invoices of businesses. The central and the state government together own an equity of 49% in GSTN.

PRE GST EFFECT ON DIFFERENT SECTORS

1. PRIMARY SECTOR

1.1 AGRICULTURAL SECTOR

- While the produce of farmers like foodgrain, vegetables, pulses, flour are exempt from GST but indirectly the products involved in making these products does attract GST. The government introduced a GST of 12% on fertilizers against the earlier tax of 5%. With the request of several farmers, the government decided to put fertilizers in the 5% slab fearing an increase in the price of foodgrains by farmers. Now, the decrease in the prices of fertilizers can lead to overuse of fertilizers.
- Earlier, the tractor parts were put in the 28% tax bracket. But the GST council later put the parts in the 18% tax bracket to help small farmers. This move will go a long way in making the small and medium farmers more profitable.

2. SECONDARY SECTOR

1.1 VEHICLE SECTOR

- Automobiles will attract a GST of 28% plus an additional cess
- Hybrid cars to be more dearer by at least 1.5 lacks to 45 lacks and SUVs and large sedans to be cheaper after GST and enjoy lower tax
- Tax burden on SUVs down from 55% to now 43% and Hybrid cars up to 43% from 30%
- Cess on luxury cars will be 15% and on small petrol cars will be 1% and on small diesel cars will be 3%
- Retailers of luxury cars like Mercedes Benz cut prices on all models by up to 4%

Chairman and director of Toyota said that this move is an anti-environment policy as hybrid cars don't run on fuel and help in conserving the environment and now they face more tax than large SUVs.

1.2 CLOTHING

- GST on apparels above Rs.1000 will be 12% than the existing 7%
- GST on apparels below Rs.1000 will be 5%
- Footwear above Rs.500 will attract a tax of 18% and below Rs.500 will be charged at 5%
- Cotton, silk, wool, nylon and other artificial fibres also come under 5% bracket
- Prices of clothes are expected to rise but the impact would be small as input tax can be availed by retailers.
- Offers were raining in all stores pre GST period with all branded shops offering up to 40-50% discounts

3. TERTIARY SECTOR

1.1 RESTAURANTS

GST proposed for restaurants has the following tax slabs:

- 18% for Five Star hotels
- 18% for air conditioned restaurants with liquor license (Present 10.6%)
- 12% for non AC restaurants (Present 6%)

Eating out is bound to become more expensive after GST.

1.2 HOTEL STAY

According to the prices of hotel rooms per night, the GST rates proposed are

- For rooms costing Rs.1000 - Rs.2500 = 12%
- For rooms costing Rs.2500 - Rs.7500 = 18%
- For rooms costing Rs.7500 and above = 28%

According to Pradeep Shetty of Federation of Hotels and Restaurants Association of India this move will have a negative impact on the economy as "Tourism is the biggest grosser and biggest employment generator."

1.3 HEALTHCARE SECTOR

- The healthcare sector is **exempt** from GST. Exemption is in the form of service provided by medical practitioners and transportation of patients.
- Medical devices attract a GST of 12% against the present tax of 13%
- Lifesaving drugs will be charged at 5%
- Overall other medicines will be charged at 12%
- Ayurvedic medicines will be charged at 12% against the present 7%

Baba Ramdev expressed his disappointment since ayurvedic medicines provide cure to common people at affordable prices are now taxed higher.

1.4 EDUCATION SECTOR

- Education from pre-school to higher secondary is **exempt** from GST
- Student necessary items like bags, books, notebooks, coloring books are to be made cheaper after GST

- Since tax on coaching centres has been increased from 15% to 18%, the cost of education is to rise in the form of more coaching fee, food, laundry, security of students

1.5 TELECOM INDUSTRY

- GST on telecom services has been decided at 18%

Since telecom services are used by more than a billion users, Cellular Operator Association of India wrote a letter to Mr. Arun Jaitley to put telecom in the 5% bracket as all other services or it would lead to an increase in the tax burden faced by consumers in the more of increased bill.

1.6 ENTERTAINMENT SECTOR

TABLE 4

GST RATE	PARTICULAR
28%	Cinema
28%	Amusement Park
28%	Race
28%	Casino
28%	Sports events like IPL

- The tax rate of 28% on cinema can have a positive or a negative impact depending from state to state. Before GST, a few states like Punjab had nil tax on cinema while Jharkhand had a tax of 110% on cinema. States like Delhi and Maharashtra had a tax of 40%. So it might be a fall in movie tickets for some states while an increase in others
- Tickets of Rs.100 or less will face 18% tax compared to 28% faced by tickets above Rs.100
- The tax on food and beverages provided inside cinema halls has been kept at 18%. Thus, the cinema hall owners can gain by the F&B sector
- On TV and DTH services also, GST has been decided at 18%

TABLE 5

GST RATE	PARTICULAR
18%	Circus
18%	Indian Classical Dance
18%	Theatre
18%	Drama

1.7 FMCG

- FMCG is the fourth largest sector in the economy and items in this sector includes all consumable items. Keeping in mind the items of mass consumption, the government has put most of the products under the 18% slab.
- Items like toothpaste, soaps, hair oil have been kept under 18%. The prices of such goods is expected to fall and FMCG companies would pass on the benefits to consumers in the form of reduced prices due to the anti-profiteering law.
- Colgate – Palmolive is expected to be the biggest beneficiary as the present tax on toothpaste is 25% and now the reduced tax under GST will be 18%
- Some of the items like shampoo, detergents, paints, hair dye, and skincare products attract 28%. Their prices are expected to rise but sales will remain static.
- A 12% tax on sanitary napkins was criticised by many people, as they are not an item of luxury but a basic necessity for sanitation and menstrual health of women. An online campaign was also launched called "Lahu ka Lagaan"

POST GST (1ST JULY TO 30TH AUGUST 2017)

The Goods and Services Tax which came into effect on July 1 is considered as the one of the important economic reform. It is expected to yield many macroeconomic gains. Ironically it is known as the Goods and Simple tax as it will bring an end to the 14 year struggle to replace 20 federal and state taxes. Though GST was welcomed with all pomp and show at the parliament on 1st July, it did not appeal to many traders. Traders of popular markets like Chandni Chowk, Kashmere Gate, Khari Baoli, Karol Bagh and Nehru Place protested against the implementation of GST by shutting down their shops for several days. Nehru Place market even faced a 60% downfall. Others faced confusion about the new billing system and GST requirements.

POST GST EFFECT ON DIFFERENT SECTORS

1. PRIMARY SECTOR

1.1 AGRICULTURAL SECTOR

A few hours before the rollout, the tax rate for fertilizers was brought down to 5% from 12% to avoid protests in the agricultural sector and bring relief to farmers. Similarly, there was a tax reduction of 18% from 28% on tractor parts. This has led to easy and better transport services and reduced the workload of farmers as the tractor sector saw many new buyers. Check posts have also been removed and have helped in reducing travelling time.

2. SECONDARY SECTOR

2.1 VEHICLE SECTOR

Benefits offered by Automobile companies remained even as GST kicked in. Benefits of upto ₹4150 were offered by TVS for scooters. Heavy discounts were offered by Toyota particularly for the SUVs that became cheaper after GST. Toyota Fortuner had offers upto Rs. 2.69 Lakhs. Luxury vehicles such as Jaguar had a price reduction of over Rs. 5 Lakhs.

The government has approved to hike up the cess of larger SUVs and luxury cars from 15% to 25%.

2.2 CLOTHING SECTOR

The prices of various brands have increased after GST. Many companies like United Colors of Benetton, Arrow, US Polo offered discounts but they were exclusive of taxes. Thus, spending on clothes has become dearer.

Traders in Gujarat continued to protest against the 5% levy on textiles in Surat. These traders continue to demand that tax should be on apparels and not fabric. GST on all job work related textile items has been reduced to 5% from earlier 12%

3. TERTIARY SECTOR

3.1 RESTAURANT SECTOR

The tax rate for AC restaurants was 18% and five star hotels charged 28% GST. The Central Board of Excise and Customs ruled out that tax will be 18% irrespective of the takeaway being from AC or non-ac area. Sweet makers are reducing their variety because of the confusion regarding different taxation rates.

3.2 HOTEL STAY

GST of 28% on restaurants at luxury hotels has been brought down to 5%. There might be a drop in the first few months, but after that the occupancy in hotels would be same as before.

3.3 HEALTHCARE SECTOR

Though health care services are exempt from GST, People will have to spend more for availing the following services:

TABLE 6

SERVICE	EARLIER RATE	NEW RATE
Dialysis	5%	12%
Pacemaker	5.5%	12 – 18
Support devices in orthopedics	5%	12%
Support devices for cancer	5%	12%

3.4 EDUCATION SECTOR

The impact of GST on the education sector is ambiguous. Mid day meal schemes under the rules of government are exempt till higher secondary schools.

3.5 TELECOM SECTOR

The tax rate after GST is now 18 percent from the previous 15 percent resulting in a load over the telecom sector which is already under financial burden.

3.6 FMCG SECTOR

FMCG sector showed a positive response to GST as it stocks grew after the rollout. Godrej Consumer Products hit their 52 week high. ITC and Colgate Palmolive touched their yearly high. Many companies reduced the prices of their products among them was AMUL, GODREJ and HUL which aimed at passing the benefits of GST to the consumers. Even the BSE FMCG rose by 32.6% becoming the best performer in equity indices.

CONCLUSION

The GST regime has been greeted with mixed reactions of the masses, some support and some oppose. On one hand the system brings hope for a better India by unifying it in one nation. On the other a lot apprehensions and glitches are faced by the council. From the producers and sellers point of view GST has brought more transparency, fewer tax filings and less tiring book keeping. Consumers will also pay less for few items and the government aims at earning more revenue. Though consumers will now pay a tax at higher rate but this doesn't mean it will increase their spending provided the producers pass on the benefits in terms of lower input cost and improved productivity.

In the recent article of The Economic Times, we came across the total GST collections of ₹92,283 CR. The total CGST collection is ₹14,894 CR and the total SGST collection is ₹22,722 CR. It is a good news for the government as they had not thought of crossing this remark in the first month itself. Government is expecting these figures to go up as big chunk of taxpayers hasn’t filled returns yet.

Since the time frame that we are covering doesn't indicate much change, the new system will evolve as we go along. To judge the current impact, it is ambiguous in different sectors. It is the government to see how to make amendments and make them fast. All in all GST is a good reform to replace the old taxation system to unify the country, but the GST council will have to review its rates and policies frequently so that India’s taxation system comes par with the world.

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