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## FOREIGN DIRECT INVESTMENT AND UNEMPLOYMENT NEXUS IN INDONESIA: VECM ANALYSIS

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## ABSTRACT

The population of Indonesia was about 261 million people in 2018. As a heavily populated country, unemployment is bound to be a problem in Indonesia. Foreign direct investment is considered to have a crucial role in reducing the unemployment rate. This study examines the significance of Foreign Domestic Investment (FDI) for reducing the unemployment rate in Indonesia. Johansen Cointegration technique and Vector Error Correction Model (VECM) have been used on time series data ranging from 1991-2017 to assess the relationship in the short and long term between Foreign Direct Investment (FDI) and Unemployment Rate. The results suggest that a strong positive long-run relationship exists between Foreign Direct Investment (FDI) and Unemployment. Therefore, the government of Indonesia should pay attention to all aspects related to the FDI domain when they intend to design policies with the purpose of reducing the unemployment.

## KEYWORDS

foreign direct investment, unemployment, vector error correction model.

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## 1. INTRODUCTION

Unemployment is one of the most important problems in developing countries including Indonesia. The total population of Indonesia was over 261 million people in 2018. Bureau Statistic of Indonesia published that 133.9 million of the Indonesian population is the labor force. According to this publication, the unemployment rate was around 5.1 % of the labor force in 2018.

In recent years, numerous researchers have conducted studies about the relationship between unemployment, investment, economic growth, and other factors. Their studies have considered and examined the effects of undertaken measures for reducing unemployment. The studies have many discussions about how the foreign direct investment may be a possible solution to unemployment and economic growth. Several literatures found that Foreign Direct Investment is positively related to gross domestic production (GDP), meaning that an increase in FDI will boost the economy.

Along with this, FDI could help reduce the unemployment rate. FDI on the employment can be identified have a positive impact when the investment supplement to domestic investment and involves the creation of new factories (greenfield plants), in this condition, the demand for labor will tend to increase. FDI also can cause increased employment among local businesses as a result of backward or forward linkages in order that direct employment by using foreign affiliates might also underestimate the whole effect. There will also be spillovers for domestic firms due to training by foreign investors or technology transfer. Foreign firms that are subject to pressure in their home countries can also bring with them a higher standard of labor and wage than the norm for the host economy. If a company makes a long-term commitment, it can supply firm employment.

However, FDI also has a negative effect on employment. This can replace local investments so that the net effect on employment is lower than the amount directly employed by foreign affiliates. Where FDI involves the acquisition of a local company rather than a new company, there is no early increase in employment; if the foreign owner then rationalizes the company, the employment even tends to decline. Often, FDI is concentrated in capital-intensive industries so that employment is created low. In addition, there may be some local relationships if most of the inputs used by foreign affiliates are imported and this is a share in the local economy. The job created is possible for a relatively skilled workforce rather than for the unskilled who are oversupplied. If the investment is on footloose and can easily move to an alternative location, then the jobs are likely to be very unstable.

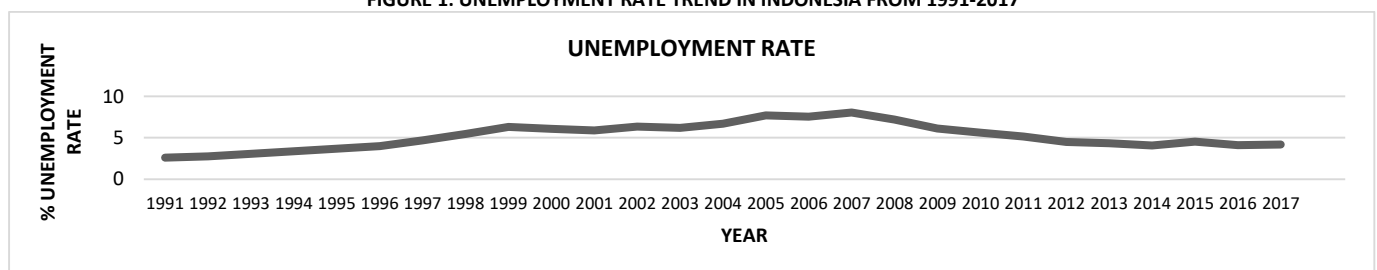
Thus, the question about relations between foreign direct investment and unemployment makes a very important and interesting scientific problem. The aim of this paper is to investigate the links between the unemployment rate and FDI and in Indonesia over the period 1991-2017.

The structure of the paper is as follows: section one which dealt with the introduction and research objective. Section two illustrates overview of FDI and Unemployment rate in Indonesia, section three focuses on reviews of relevant literature. In section four presents the data and presents research methodology. Section five provides results findings of the study. Lastly, section six presents the conclusion.

## 2. OVERVIEW OF FDI AND UNEMPLOYMENT RATE IN INDONESIA

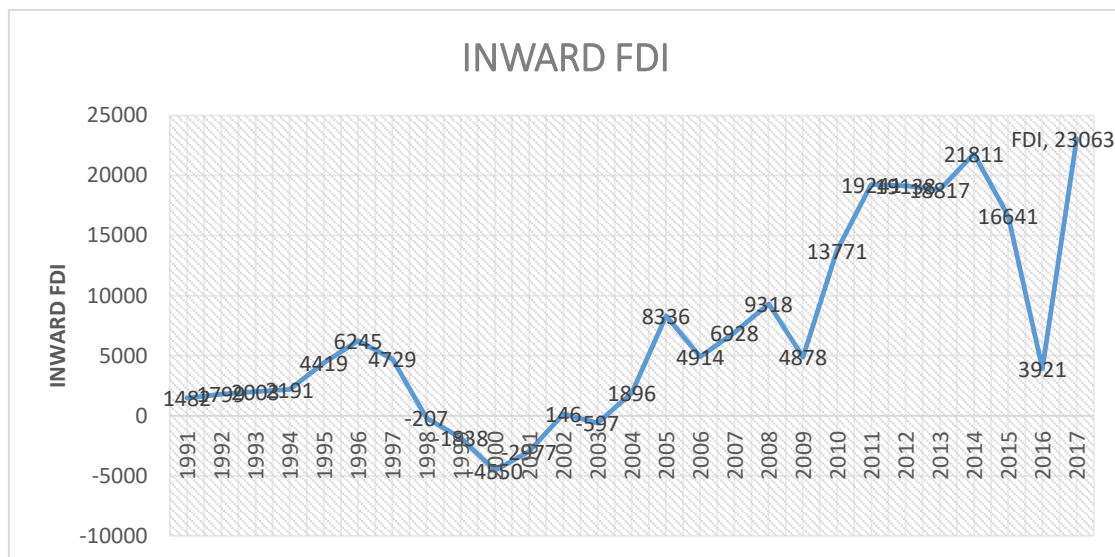
Data obtained on the unemployment rate in Indonesia from the period 1991 - 2017 fluctuated. Based on Figure 1, the amount of unemployment rate at 1991 was 2.59 percent, and it increased continually to 10.75 percent in 2005. However, since 2005 it gradually decreased to 4.18 percent in 2017.

FIGURE 1: UNEMPLOYMENT RATE TREND IN INDONESIA FROM 1991-2017



Source: World Bank

FIGURE 2: INWARD FDI TREND IN INDONESIA FROM 1991-2017



Source: World Bank

Figure 2 shows Inward FDI in Indonesia from 1998 to 2001, that FDI in Indonesia was a deficit. This is due to the global crisis that has an effect on investment in Indonesia. But since 2002, the foreign direct investment has continued to increase. This amount in 2017 exceeded US \$ 23,063 million even though in 2016 it was only US \$ 3,921 million.

### 3. LITERATURE REVIEW

Many economy literatures have extensively examined the inflow of FDI to show its effects on the labor market. There are many studies which conclude that FDI positively affects the employment level of an economy. Many of these studies also highlight the role that FDI plays to boost economic growth. He (2018) undertook a study to examine the interaction among foreign direct investment, economic growth and employment in China that applies data from 1983 to 2016. He used three variables to conduct an empirical analysis under the VAR model. The result of this study showed that foreign direct investment has a positive effect on economic growth and employment, and that economic growth has a positive effect on employment. The employment and economic growth happened to be bidirectional causality. According to this study, foreign direct investment increases employment.

Likewise, concerning the Malaysian economy, Shaari, Hussain, and Halim (2012) examined the impact of foreign direct investment (FDI) on the unemployment rate and economic growth in Malaysia during 1980 to 2010 using ordinary least squares method to analyzed the data. Their study found that FDI helped reduce the unemployment rate and increased the gross domestic product (GDP) in Malaysia. Similarly, Irpan et al. (2016) examined the impact of FDI on the employment rate in Malaysia. The study used annual data spanning from 1980 to 2012. Autoregressive distributed lag (ARDL) model is used to determine the long run relationship between the variables. The study showed that FDI, the number of foreign workers, and GDP significantly influence the unemployment rate in Malaysia.

Stamatiou and Dritsakis (2014) analyzed the relationship between unemployment rate, foreign direct investments and economic growth in Greece using annual time series data for the period 1970 to 2012. This study applied several econometric models, including the bounds testing (ARDL) approach and ECM-ARDL model. These results offer new perspectives and insight for new policies for sustainable economic development, increasing investments and reducing the unemployment. Balcerzak and Zurek (2011) investigated the relationship between FDI and unemployment in Poland using the VAR methodology to analyzed data. This study finds FDI impulse leads to decreasing of the unemployment rate.

Palat (2011) research aimed to evaluate of inward FDI flows into the Japanese economy and unemployment development. Methods of regression and correlation analysis (including testing the statistical significance) were used in the analysis of FDI and unemployment. This study showed that the correlation between FDI and the rate of unemployment has been approved.

The direct impact of FDI on employment has an inconclusive answer; FDI seems to create a positive indirect impact on employment creation. However, research on the indirect effects of FDI on employment is very limited. Banga (2005) analyzed 78 three-digit industries in India have shown the impact of FDI, trade and technological advances on wages and employment. This study finding show that higher levels of FDI in the industry lead to higher wage rates in the industry; it has no impact on his employment. Likewise, technological advances are found to be labor savings.

Henneberger and Ziegler (2006) stated that the effect of FDI on the service sector is positive. Their study divided FDI into FDI search resources, FDI search efficiency, and FDI search market and they also analyzed FDI effects on employment by comparing the cost of international mobility of manufacturers and FDI users. They conclude that if the user is inactive or has high mobility costs, then the FDI market search will dominate and have a neutral or positive effect on the domestic labor market. If user mobility costs are low, then FDI seeking resources and efficiencies will dominate, with negatively related impacts on the domestic labor market.

In terms of indirect effects, Sjöholm (2008) studied the relationship between FDI and technology and found a clear relationship between employment and technology in China. On the one hand, new technology can make companies more competitive that allows them to grow and employ more labors. On the other hand, new technologies can also reduce labor demand by substituting low-skilled employees with fewer high-skilled employees. Therefore, changes in technology policy will affect employment creation. In addition, strong ownership is also an important part of employment creation.

Rizvi and Nishat (2009) examined the effect of FDI inflows on employment rates in India, Pakistan and China from 1985 to 2008. Using employment, FDI, and gross domestic product, this model found that FDI had no impact on employment creation in three countries.

Timipere, Krokeme, & Markjackson (2018) conducted a study to examine the impact of foreign direct investment on the unemployment rate in Nigeria from 1980 to 2015. The study shows that: There is a negative and insignificant relationship between foreign direct investment and the unemployment rate in Nigeria.

Djambaska and Lozanoska (2015) analyzed the relationship between unemployment and foreign direct investment (FDI) in the Republic of Macedonia. The results it is concluded that FDI did not have a statistically significant impact on the decrease of unemployment.

Based on the findings and discussions above, it is clear that FDI can have a positive effect on unemployment in some recipient countries and in some cases FDI does not play an important role to decrease unemployment. The results are somewhat diverse. Thus, the relationship between employment and FDI remains controversial.

Finally, we can conclude that the quantification of the overall impact of FDI on unemployment remains uncertain from a theoretical and empirical point of view. As long as FDI contributes to economic growth then it can contribute indirectly to decrease unemployment.

### 4. OBJECTIVES

The main goal of this paper is to analyze the long-run and short-run causal relations between the inflows of foreign direct investments (net inflows) and the unemployment rate for Indonesia. The findings of this paper might be of interest for the policymakers when reshaping their existing policies or when designing

new policies with the purpose of attracting new capital in Indonesia's economies under the form of foreign direct investments. In another fashion, the results of this study can be used when assessing the results and the benefits (brought to the local economy by foreign direct investments) of the existing policies in this particular field.

**5. DATA AND METHODOLOGY**

**5.1. DATA**

This study uses the secondary data from the World Bank publication and the central bureau of statistics of Indonesia. More specifically, the study uses the time-series data from 1991 to 2017.

**5.2. MODEL**

The dependent variable is unemployment rate and the independent variable is FDI of Indonesia. For estimation, the following equation is used:

$$UR = \beta_0 + \beta_1 FDI + u_t$$

where:

UR = Unemployment Rate

FDI = Foreign Direct Investment and,

$u_t$  = error term

Unemployment Rate (UR) is defined as the percentage of labor force which is unemployed. For the present study, UR is measured in percent of labor force. FDI can be defined as total amount of foreign inflow to a country divide on GDP.

**5.3. METHODOLOGY**

**5.3.1. UNIT ROOT TEST**

To test the stationarity of time series data is crucial since such data sets are usually non-stationary and conducive to spurious regression. The non-stationary data affects the legitimacy of the standard statistical tests. Therefore, checking the stationarity of the variables is a prerequisite for applying any statistical method of estimation. Various solutions are proposed to deal with non-stationary time series; these include differencing of the series to reach stationarity. For the present study has used Augmented Dickey Fuller (ADF) test of stationary.

**5.3.2. COINTEGRATION TEST**

Before conduct co-integration test, an optimal lag length is selected to guarantee that the error term is normally distributed and does not have problems of heteroskedasticity and autocorrelation (Johannsen, 1995).

Johansen and Juselius (1990) co-integration test is applied to check the presence of stable long-run relation among the variables. Johansen's methodology is based on Vector Autoregressive (VAR) model of order m given by:

$$Y_t = \alpha + \sum_k^m \Pi_k Y_{t-k} + \varepsilon_t$$

Alternative from:

$$Y_t = \alpha + A_1 Y_{t-1} \dots \dots + A_m Y_{t-m} + \varepsilon_t$$

where,  $Y_t$  is a vector of the variables used in the study. The present study has used two variables (UR and FDI) so that  $Y_t$  is the vector of these two variables.  $\alpha$  is represent vector of intercepts,  $\Pi_t$  is a time invariant 2\*2 matrix and  $\varepsilon_t$  is a white noise vector of residuals.

In the first difference form, the above VAR model can be rewritten as:

$$\Delta Y_t = \alpha + \sum_{k=1}^{m-1} \Gamma_k \Delta Y_{t-k} + \Pi Y_{t-1} \varepsilon_t$$

where:  $\Pi = \sum_{i=1}^m A_i - I$  and  $\Gamma_i = - \sum_{j=i+1}^m A_j$

and  $Y_t$  and  $\varepsilon_t$  are already defined above and k is a lag length.  $\Pi$  is a 2\*2 impact matrix because the present study uses two variables.  $\Pi$  gives information on the long-run relation among the variables and its rank represents the number of cointegrating relationships. In this regard, Trace test statistic and Maximum Eigenvalue statistic have been used to check the number of co-integrating vectors (Johansen,1995).

**5.3.3. VECTOR ERROR CORRECTION MODEL (VECM)**

In order to identify the long-run relationship among the series under study, the Johansen co-integration test must be done. If there is co-movement among the variables of interest and a possibility that these variables will trend together to form stable long run, we may estimate the VECM. VECM is used to analyze the dynamics of the equilibrium both in the short and the long-run. VECM for the present study is as follows:

$$\Delta UR_t = \beta_{1,t} + \sum_{m=1}^{n-1} \beta_{11,j} \Delta UR_{t-j} + \sum_{m=1}^{n-1} \beta_{12,j} \Delta FDI_{t-j} + \delta_1 EC_{t-1} + \varepsilon_{1t} \quad (1)$$

$$\Delta FDI_t = \beta_{2,t} + \sum_{m=1}^{n-1} \beta_{21,j} \Delta FDI_{t-j} + \sum_{m=1}^{n-1} \beta_{22,j} \Delta UR_{t-j} + \delta_2 EC_{t-1} + \varepsilon_{2t} \quad (2)$$

UR and FDI denote Unemployment rate and Foreign Direct Investment. The coefficients of the  $EC_{t-1}$  term indicate causality in the long run and the joint F test of the coefficients of the first differenced independent variables confirms short-run causality.  $\Delta$  denotes first-difference operator.  $\varepsilon_{1t}$  and  $\varepsilon_{2t}$  are the stationary disturbance terms for Equation (1) and (2), respectively. N is the order of the VAR, which is translated into lag of n-1 in the error correction mechanism.  $\delta_1$  and  $\delta_2$  denote the coefficients of long run Granger causality for equations.

**5.3.4. DIAGNOSTIC TEST**

The standard VECM based diagnostic tests have been applied to determine the validity of the estimated model. Vector Error Correction residual-based Lagrangian Multiplier (LM) is tested for serial correlation. VEC residual based White Test for heteroskedasticity and VEC residual based normality test are applied in this regard

**6. RESULT FINDINGS AND DISCUSSION**

**6.1. UNIT ROOT TEST RESULT**

In this section, the result findings for the stationary test, the Johansen cointegration test and the vector error correction mechanism model are presented. Table 1 shows the result of standard Augmented Dickey-Fuller (ADF).

**TABLE 1: UNIT ROOT TEST BY AUGMENTED DICKEY-FULLER TEST**

Variables	Intercept (Probability)		Intercept and Trend (Probability)	
	Level	First Difference	Level	First Difference
UR	0.1983	0.0398**	0.9300	0.0226**
FDI	0.2944	0.0294**	0.1991	0.0715*

\*Denotes rejection of the null hypothesis at 1 percent level of significant

\*\*Denotes rejection of the null hypothesis at the 5 percent level of significance

\*\*\*Denotes rejection of the null hypothesis at the 10 percent level of significance

The test result show that all the variables are found to be nonstationary at level, I(0). After first differencing, the null hypothesis (H0) for the existence of unit root in each variables is rejected, implying that the variables used in the study are integrated at order one, I(1). The findings confirm that the Johansen cointegration

mechanism is an appropriate technique used to check whether the variables are cointegrated. The findings confirm that the Johansen cointegration mechanism is an appropriate technique used to check whether the variables are cointegrated.

**6.2. SELECTION MAXIMUM LAG LENGTH**

Before implement the Johansen cointegration test, the first thing to do is to decide the optimal lag length for the VEC mechanism. In this study, the number of lag chosen is based on the maximum value of AIC. The result of lag length shows at Table. 2

**TABLE 2: OPTIMAL LAG LENGTH**

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-80.37423	NA	4.425274	7.162977	7.261715	7.187809
1	-50.59633	51.78765	0.471732	4.921420	5.217636	4.995918
2	-44.53237	9.491417	0.398635	4.741945	5.235638	4.866108
3	-39.13009	7.516214	0.362069	4.620008	5.311178	4.793835
4	-26.11853	15.84016*	0.173562*	3.836394*	4.725042*	4.059887*

According the table above, optimal lag at VAR model is 4. To test existence of cointegration the lag length lag use is 3.

**6.3 COINTEGRATION TEST RESULT**

Table 3 presents the results of the bivariate Johansen co-integration tests. The empirical results of Johansen cointegration test shows that there is cointegration between the variables in the model as evidenced by the trace statistic of 34.61011, which is greater than the critical value of 20.26184 (probability value 0.0003) at 5% level of significance (Table 3). This result also confirm by maximum eigenvalue statistic value is 31.03657, which is greater than the critical value of 15.89210 (probability value 0.0001) at 5 % level of significance. That is to say, the variables have a long run cointegrating relationship.

**TABLE 3: RESULTS OF JOHANSEN COINTEGRATION TEST**

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value 0.05	Prob.**	Max-Eigen Statistic	Critical Value 0.05	Prob.**
None *	0.740608	34.61011	20.26184	0.0003	31.03657	15.89210	0.0001
At most 1	0.143903	3.573542	9.164546	0.4793	3.573542	9.164546	0.4793

**6.4 VECTOR ERROR CORRECTION MODEL (VECM)**

As a long run relationship has been established, the present study using Vector Error Correction Mechanism (VECM). The result findings of VECM estimation show in the following table 4.

**TABLE 4: LONG-RUN TEST RESULT**

Dependent Variable = UR			
Variable	Coefficient	S.E	t-values
Constant	-7.219394	0.33415	-21.605
FDI	1.418441	0.21977	6.45431

The result can be represented in the form of an equation as follows:

$$UR_t = -7.22 + 1.42FDI_t + u_t$$

The focus of this study is to examine the response of unemployment to FDI; therefore, cointegrating vector is normalized by unemployment rate. From table above, the result indicates that FDI is significantly related to unemployment level in Indonesia. The results show that FDI does influence a surge in unemployment rate in the long run. The 1 % increase in the flow of FDI will lead to 1.42 % decrease in unemployment rate. This result satisfies the priory expectation.

**TABLE 5: SHORT RUN TEST RESULT**

Section A		
Variables	Equation	Equation
	ΔUR	ΔFDI
Constant	-0.029874 (0.07282) [-0.41023]	0.027835 (0.19580) [ 0.14216]
D(UR(-1))	0.228730 (0.19209) [ 1.19072]	-1.624346 (0.51649) [-3.14499]
D(UR(-2))	0.108089 (0.20480) [ 0.52777]	0.359940 (0.55066) [ 0.65365]
D(UR(-3))	0.139249 (0.16732) [ 0.83223]	0.460617 (0.44988) [ 1.02387]
D(FDI(-1))	0.107251 (0.09215) [ 1.16387]	0.722533 (0.24777) [ 2.91619]
D(FDI(-2))	0.294235 (0.08520) [ 3.45366]	-0.015105 (0.22907) [-0.06594]
D(FDI(-3))	0.264825 (0.10038) [ 2.63827]	0.744215 (0.26989) [ 2.75748]
EC(t-1)	-0.211333 (0.05025) [-4.20582]	-0.468227 (0.13510) [-3.46572]
SECTION B		
R-squared	0.727328	0.601670
Adj. R-squared	0.600081	0.415783
F-statistic	5.715882	3.236751

Table 5 above shows that long rung coefficient EC(t-1) of the UR equation is negative and significantly at 5 % level (p-value<0.05). In the short run, lagged FDI has positive and significantly short-term relationship at lag 2 and lag 3 with unemployment. This implies that both of long run and short run, there are causal link

between Unemployment and FDI. The findings suggest the important role of FDI in stimulating Unemployment rate in Indonesia. The findings of this paper are consistent with a number of empirical studies of He (2018), Shari et al (2012), Stamatiou and Dritsakis (2014) and others. However, some empirical study are inconsistent with this paper (Timipere, Krokeme, & Markjackson (2018) and Djambaska and Lozanoska (2015). It can be concluded that the findings on the causal impact of FDI on unemployment are still controversial.

#### 6.5 DIAGNOSTIC TEST RESULT

In this paper conducted diagnostic tests to check the problem of autocorrelation, heteroscedasticity and normality. The present results in Table 6 show that there are no problem of autocorrelation and heteroskedasticity ( $p > 0.05$ ). Findings also confirm the model to be a normality distributed.

TABLE 6: DIAGNOSTIC STATISTIC TEST

Test Statistics	Prob.	Conclusion
LM Test	0.2983 (lag 1) 0.3382 (lag 2) 0.4365 (lag 3)	No autocorrelation
Breusch Pagan Godfrey	0.9892	No Heteroskedasticity
Jarque-Bera	0.2337	Normality Distributed

The finding of diagnostic test results is satisfactory. These satisfactory results indicate the validity of the estimates.

#### 7. CONCLUSION

The study has examined the causality of Foreign Direct Investment on Unemployment in Indonesia. The result suggests that FDI has a positive and significant long-run relationship with unemployment. In this regard, FDI can prove to be a tool for stimulating to reduce unemployment.

These findings also suggest that there is a causality relation running from foreign direct investment towards unemployment. Therefore, the government of Indonesia should be bear in mind all aspects related to the FDI domain when they intend to design policies with the purpose of reducing the unemployment.

However, the results of this study did not entirely support the hypothesis on a clear positive impact of FDI on unemployment. Also, the time series data used in this study is a short time series, which is a limitation in this study. Therefore, we believe that the results displayed in this research paper should be regarded with great caution and they should be treated more as starting points for more elaborate future research. Thus, these results should be further validated through different methods and maybe with the help of quarterly data.

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## AN EXPLORATORY STUDY ON IMPACT OF WELLBEING PROGRAMS ON EMPLOYEE PERFORMANCE IN SELECTED IT COMPANIES IN DELHI/NCR

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### ABSTRACT

*In the present times organizations are competing on the global platform, for this they need to prepare a strong work force. IT companies has been taking interest in the health and wellbeing of the workforce. Taking care of the workforce health is not only a healthcare cost but they are the expansion of various other dimensions like absenteeism, performance and productivity. The physical, mental and social health of the employees have direct relation to the organization growth in IT companies in India. The present study focuses on, the need for wellbeing of the employees at workplace and the initiatives of wellbeing taken by IT companies. In IT sector many companies focus on developing a culture of wellbeing in the organization and continuous efforts are being made, as for the company's employees are equally important as the customer. The organizations believe that if the employee is happy, they will put in maximum efforts to achieve organizational goal and the organization can competitive success along with the employees.*

### KEYWORDS

employee wellbeing, wellbeing initiatives, employee productivity, work ability, global competency, employee motivation.

### JEL CODES

M14, M52, M54, J28.

### INTRODUCTION

Employee wellbeing initiatives helps the employee to perform better. If the employees are able to achieve a good health they will be able to make a proper balance in work and life. Wellbeing program in the companies gives practical and emotional support to employee to have better mental health, physical health, financial wellbeing and social wellbeing. Wellbeing initiatives plays a vital role in flourishing a healthy workforce in the organization. Wellbeing programs at work benefit the society and the working individuals to feel happy, competent and satisfied.

### WELLBEING

The term wellbeing is used in many multi-culture organization as an initiative to empower the employees by improving their health. This include a holistic approach to improve physical, mental and social health of the employees through various activities designed for them. Miller (2016) concludes that those organizations who have wellbeing at its core, are more productive and achieve higher business profits. Miller also focuses on effective wellbeing, if the companies wants their employees to be more productive, as all wellbeing programs does bear a cost.

### EMPLOYEE WELLBEING

The wellbeing initiatives taken by the IT companies focuses on the following parameters:

1. **Mental health:** Assistance or consultation is provided on mindfulness, depression, anxiety, anger management and eating disorders. The activities involved are meditation and yoga for employees, this help in achieving good mental health.
2. **Physical health:** It is very essential for overall wellbeing of the employee. It focuses on lifestyle and provide guidance on do's and don'ts in lifestyle. The assistance is provided to cope with illness, on pregnancy, improving fitness and menopause. Many organizations provide sports based activities, fitness sessions to the employees to keep their physical health in good condition.
3. **Financial wellbeing:** It is related to financial planning by the employees. The organization provide guidance and assistance to the employee to effective plan their finances to secure the future and reap maximum benefits by making better investments.
4. **Social wellbeing:** It is not just having a packed social calendar but it's about connecting with the community, creating a strong support network and looking out for each other. The diversity and inclusion initiatives play a major role in bringing employees on a common platform and having a stronger bond.

### EMPLOYEE WELLBEING INITIATIVES

To achieve the above wellbeing goals for the employees, the companies have

- Employees assistance program:
- Workshop and Programs
- Wellbeing apps
- Workplace wellbeing groups
- Awards and recognition for performing well in these programs
- Experience sharing with other employees on the benefit of wellbeing program

### REVIEW OF LITERATURE

According to Maslow (1943), the hierarchy of need, the highest level of needs that is self-actualization has the most impact on productivity. Maslow's theory of motivation is cited as a general description of the priorities of what humans need and want. Maslow's theory of hierarchies of needs and motivation has proven helpful in the context of perspectives on growth and quality, as Maslow emphasized the potential of every human being. According to Maslow, the individual is seen as the most important actor, and his/her individual agency supersedes other motivations of action. Maslow believed that every person has a strong desire to realize his/her full potential, to reach the level of self-actualization.

O'Donnell (2002), claimed that wellbeing programs at work place enhances productivity. He stated that human performance is higher when people are physically and emotionally able to work and want to work. Thus higher human performance leads to higher productivity.

MacLeod and Clarke (2015), has given Engage for success approaches, this explains that positive employee engagement is related to higher level task performance, sense of achievement and ability to participate in workplace decisions. The research of MacLeod and Clarke shows the linkage between wellbeing and engagement and its impact on the performance in the organization.

**NEED OF THE STUDY**

In today’s service based economy, every organization needs their employees to be healthy, competent, motivated and productive. For this wellbeing initiatives at work is relevant and it has implication on the competitive advantage.

**STATEMENT OF THE PROBLEM**

A well-defined statement of the problem is important to understand the nature and scope of the study. The statement of the problem for present study is- Impact of wellbeing programs on employee performance in selected IT companies in Delhi/NCR.

**OBJECTIVES OF THE STUDY**

1. To study the importance of wellbeing programs for employees of IT companies.
2. To study the impact of wellbeing programs on employee performance.
3. To find the impact of wellbeing programs to increase employee productivity.
4. To study the impact of yoga and meditation on improving mental health of the employee.
5. To find the impact of sports activities on employee’s physical fitness.
6. To observe benefits of wellbeing initiatives for employees and their families.
7. To find the advantage of wellbeing programs to organizations to achieve competitive edge in the global competition.
8. To motivate employees through wellbeing programs.

**SCOPE OF THE STUDY**

The present study will help in understanding the importance of wellbeing programs in IT companies to improve performance and productivity of the employee, which will ultimately help in achieving global competencies. The study is conducted in IT companies in Delhi/NCR.

**HYPOTHESIS**

- H1-There is significant impact of wellbeing programs on employee performance.
- H2- There is significant impact of wellbeing on employee job satisfaction.

**RESEARCH DESIGN**

It is the blueprint of the research. It includes collection of data, tools and techniques used during the survey and deriving inferences from the data collected by the researcher. To find the impact of wellbeing on employees, it was necessary to get the insight into the initiatives by the IT companies to achieve organizational goals.

Type of research- It is explorative in nature.

**SOURCES OF DATA COLLECTION**

The data was collected through primary and secondary sources. Primary data was collected through an interview and survey based on a structured questionnaire and secondary data was collected through various journals, books, reports and published electronic sources.

Sample technique- Convenient sampling technique is used.

Sample size- 60 respondents.

Sample Area-Delhi/NCR

**STATISTICAL TOOL FOR ANALYSIS**

For the analysis of data collected Chi square test method is used.

**FINDINGS**

Through this study it has been found that wellbeing at workplace plays a vital role for the organization and the employees. As the wellbeing programs helps both the organization and employees to achieve competencies through improved performance, productivity and better work life balance.

It has been observed by many organizations that yoga, meditation, sports activities and other physical activities help the employees in achieving overall good health, which ultimately contribute in the employee and organizational competencies.

Though it has been observed that organizations are continuously making efforts for employee wellbeing, but the cost of wellbeing program is biggest constraint. The effective wellbeing program is a win-win situation for the organization while a poor wellbeing program is loss on cost and employee front.

It is observed that there is lack of motivation among employees towards wellbeing initiatives, this might be to lack of confidence in the effectiveness and success of these programs. It has been found that in the study that both organization and employees agrees on the importance and long term benefits of the wellbeing programs.

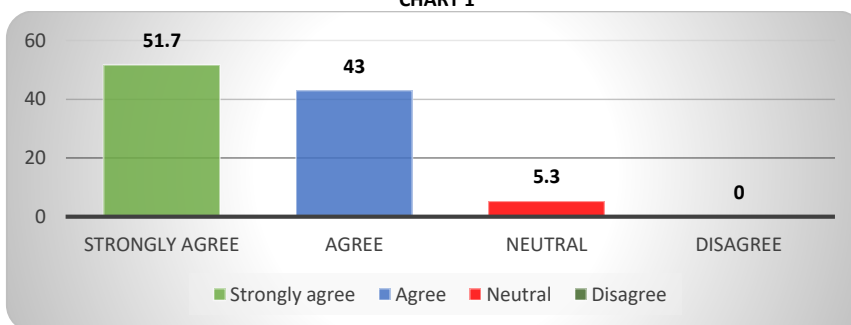
**HYPOTHESIS 1: THERE IS SIGNIFICANT IMPACT OF WELLBEING PROGRAMS ON EMPLOYEE PERFORMANCE**

**TABLE 1: WELLBEING AT WORKPLACE HELP PERFORM BETTER BY COPING UP WITH WORK PRESSURE, HAVING BETTER WORK LIFE BALANCE**

Options	Frequency	Percent
Strongly agree	31	51.7
Agree	26	43
Neutral	3	5.3
Disagree	0	0
Total	60	100

Source: Primary data

**CHART 1**



Source: Primary data



TABLE 2

Scale	f%	O	E	O <sub>ij</sub> -E <sub>ij</sub>	(O <sub>ij</sub> -E <sub>ij</sub> ) <sup>2</sup>	(O <sub>ij</sub> -E <sub>ij</sub> ) <sup>2</sup> /E <sub>ij</sub>
Strongly agree	51.7	31	15	16	256	17.07
Agree	43	26	15	11	121	8.07
Neutral	5.3	3	15	-12	144	9.6
Disagree	0	0	15	-15	225	15
					<b>Chi value</b>	49.74

Source: Primary data

**Interpretation-** As per the study 51.7% strongly agree and 43% agree on the fact that wellbeing programs are important in achieving better performance and work life balance. As per the calculated part, we found that the calculated value of X<sup>2</sup> (49.74) is greater than the tabular value of 7.81. This states that the difference is more significant.

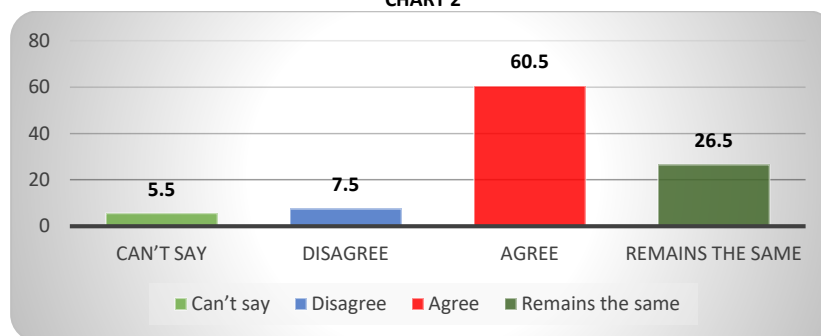
**HYPOTHESIS 2- THERE IS SIGNIFICANT IMPACT OF WELLBEING ON EMPLOYEE JOB SATISFACTION**

TABLE 3: WELLBEING AT WORKPLACE HELPS IN ACHIEVING JOB SATISFACTION

Options	Frequency	Percent
Can't say	3	5.5
Disagree	5	7.5
Agree	36	60.5
Remains the same	16	26.5
Total	60	100

Source: Primary data

CHART 2



Source: Primary data

TABLE 4

Scale	f%	O	E	O <sub>ij</sub> -E <sub>ij</sub>	(O <sub>ij</sub> -E <sub>ij</sub> ) <sup>2</sup>	(O <sub>ij</sub> -E <sub>ij</sub> ) <sup>2</sup> /E <sub>ij</sub>
Can't say	5.5	3	15	-12	144	9.6
Disagree	7.5	5	15	-10	100	6.67
Agree	60.5	36	15	21	441	29.4
Remains the same	26.5	16	15	1	1	0.07
					<b>Chi value</b>	45.74

Source: Primary data

**Interpretation-** The response of the employee regarding the impact of wellbeing programs on job satisfaction explains that an effective wellbeing program can help in achieving job satisfaction along with other factors. The study shows 60.5% agrees and 26.5% says that it remains the same. As per the calculated part, we found that the calculated value of X<sup>2</sup> (45.74) is greater than the tabular value of 7.81. This states that the difference is more significant.

**SUGGESTIONS**

- The IT companies must motivate employees to participate in wellbeing programs.
- The organization must ensure the regularity of the sessions of yoga and meditation, and also ensure the participation of the employees.
- The sports activities and other physical activities should be organized keeping in view the interest of the employees.
- Those employees who have been good sports person, they must be supported to showcase their talent and motivate other employees to participate.
- The employees should be rewarded for participating and performing well in wellbeing activities conducted by the company.
- The companies should focus more on social wellbeing activities; the employees should be involved in activities which contribute to the society. This promotes sense of belongingness among employees and it gives psychological satisfaction to the employees.
- The organizations should focus on effectiveness and quality of wellbeing programs by employing better tools to measure wellbeing and tools to implement the wellbeing programs.
- There is needed an effective feedback mechanism to track the impact of wellbeing efforts for the employees.
- The company must keep the record of the employee's visit to psychiatrist/ counsellors, and administer the needed support/treatment for the employee.
- The organizations must conduct town hall meetings to make aware employees about the efforts made by other employees in wellbeing programs.
- The organization must share success stories of wellbeing programs through publication of the company and various employee sessions to motivate employees.

**LIMITATIONS**

- Sample size was small and restricted to sixty respondents only.
- The study was restricted to limited area.
- The respondents were reluctant to respond.
- Time and cost involved is the major constraint of this research.

**CONCLUSION**

The study shows the implication of wellbeing programs on employee's performance and productivity. In order to have globally competent work force, the health and wellbeing of the employee is must for IT companies. On the other hand, wellbeing programs promote the organization's brand image. An effective and structured wellbeing program will build a stronger workforce which can help the organization achieving the organizational goals and build a brand image of the organization.

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## THE TRANSFORMATION OF TOURISM IN THE ECONOMY OF TELANGANA STATE

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### ABSTRACT

*The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15.24 trillion (US\$ 234.03 billion) in 2017 to Rs 32.05 trillion (US\$ 492.21 billion) in 2028. India was ranked 7th among 184 countries in terms of travel & tourism's total contribution to GDP in 2017. Travel and tourism is the third largest foreign exchange earner for India. During 2018, FEEs from tourism increased 4.70 per cent year-on-year to US\$ 28.59 billion. Foreign Tourist Arrivals (FTAs) increased 5.20 per cent year-on-year to 10.56 million in the same period. Foreign tourist arrivals for medical purpose increased from 427,014 in 2016 to 495,056 in 2017(P). During 2018, arrivals through e-tourist visa increased 39.60 per cent year-on-year to 2.37 million. During January 2019, arrivals through e-tourist visa increased by 21.10 per cent year-on-year to 0.29 million. As of 2017-18, 81.1 million people are employed in the tourism sector in India which was 12.38 per cent of total employment in the country. The Government of India has set a target of 20 million foreign tourist arrivals (FTAs) by 2020 and double the foreign exchange earnings as well. The state of Telangana is full of diversity and is one of the preferred destinations for domestic and foreign tourists as it is a home for famous heritage monuments, natural spots, and divine shrines. It is endowed with heritage sites, natural beauty, divine spots and adventure destinations. Telangana contributed 6.60% of the total domestic tourists in India during 2015. The tourist visits (including domestic and foreign) in Telangana is nearly about 94.6 Million. Tourist visits have increased by 30% in 2015 from 72.5 Million in 2014. The state has seen increasing number of Tourists from 2014 after its formation as the 29th state.*

### KEYWORDS

Telangana state, tourism & hospitality, economy, foreign tourist arrival, foreign exchange earning.

### JEL CODES

Z32, M20

### INTRODUCTION

India is a large market for travel tourism and hospitality. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. In March 2019, Rs 720 crore had been allocated by Uttar Pradesh towards strengthening the infrastructure for tourism.

The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian government has also released a fresh category of visa - the medical visa or M visa, to encourage medical tourism in the country. Incredible India 2.0 campaign was launched in September 2017. In September 2018, the Indian government launched the 'Incredible India Mobile App' to assist the traveller to India and showcase major experiences for travelling. The Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.

In October 2018, Statue of Sardar Vallabhbhai Patel, also known as 'Statue of Unity', was inaugurated as a tourist attraction. It is the tallest statue in the World standing at a height of 182 metre. It is expected to boost the tourism sector in the country and put India on the world tourism map. In February 2019, the visiting hours has been increased by two more hours and has been equipped with e-bike tours.

The Government has also been making serious efforts to boost investments in tourism sector. In the hotel and tourism sector, 100 per cent FDI is allowed through the automatic route. A five-year tax holiday has been offered for 2, 3 and 4-star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai). Total FDI received by Indian hotel & tourism sector was US\$ 12 billion between April 2000 and December 2018. India is a large market for tourism and hospitality. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists.

The Tourism and Hospitality sector is growing and needs more and more personnel with a higher education, a good grasp of the industry, sound management skills and international experience. Our approach suits future employers: Two of every three graduates start their careers less than three months after graduation or final year of Tourism & Hospitality. The Hospitality and Tourism industry has also expanded and is no longer limited to only five-star Hotel and now includes Airlines, Catering Service, Travel Agencies, Cruise Liners, Health Resorts, Night Clubs, Tourism & Hotel management Colleges and many more. Now a days Hotel & Tourism both domestic & foreign has grown, new avenues such as Ecotourism, Health Tourism have developed in India.

The hospitality & tourism industry this is increasingly being viewed as a viable and attractive career option with best growth prospects. The tourism and hospitality industry is rapidly expanding and the demand for well-trained manpower is constantly on the rise. Moreover, the diversity of role in tourism & Hospitality Management is greater than in any other profession. Hotel requires trained staff for these entire roll. There is high demand for Indian hotel manager and staff in the entire department such as housekeeping, front office, food & beverage (service), food & beverage (production), and many more. In international Tourism & Hospitality industry. Around 20 to 30 % Tourism & Hotel management graduated go to foreign countries.

### REVIEW OF LITERATURE

After completing a general introduction on tourism a next attempt has been made on review of literature on the subject. The literature on various aspects of impact of tourism on economy of Telangana State a brief review of existing literature on different aspects of tourism will be made in this chapter.

M.A. Khan (2005) wrote a book on "Principles of Tourism Development" which deals with hotel industry and tourism, these are the two significant sectors of the modern day economy, tourists are honored guests and the hotels offer them the demanded hospitality. He also focused on the role of information technology in the tourism industry.

Kandari O.P. and Chandra Ashish (2004) wrote a book entitled "Tourism Development Principles and Practices". He noted that planning and assessment are important parts of sustainable development of tourism. He focused on issues of tourism development, particularly from economic, ethnic and environmental perspectives and also explained the Goals and strategies for effective tourism practices, I identified and key issues of carrying capacity and community participation. He also stated that role of tourism in rural development is fundamentally an economic one and can help to sustain and improve the quality of life in rural areas.

Sharma, A. and Kukreja, S. (2013) explains that "Hotel Industry is one of the important components of tourism industry. The definition of tourism industry can't be completed without mentioning the presence of a hotel. A hotel is a place which provides a space to stay, some food & beverages to eat and drink, and some facilities to enjoy. Hotel industry is playing a vital role in earning millions of dollars from foreigners and thus contributing towards revenue generation and increasing employment opportunities to the host community"

Kaur M (2011) in a research article "Tourism and its impact on economy" discussed the importance and impact of tourism in Indian economy. The importance of tourism for economic development has been recognized widely due to its contribution to the balance of payment, GDP and employment. Since last few year Indian tourism has been growing rapidly in the field of employment generation and earning foreign exchange revenue that helps in enhancement of national income. The objective of study was to identify the growth and development of tourism industry in India and to study the contribution of tourism in employment and income generation and earnings of foreign exchange revenue. The results showed that economic growth rate is expanding with the cultural exchange and its impact on economy is recognizable.

Sharma A, Prajapati R, Dhiman S (2014) a research paper entitled "Tourism: A Source of Economic Development in Uttarakhand" examined the tourism practices and evaluates the possible enhancements towards a sustainable tourism in the Uttaranchal Himalaya. The modes of tourism are discussed broadly and suggestions are given appropriately for sustainable development of tourism. It reveals that the pilgrimage tourism has been practicing here for centuries. Presently, mass tourism as mountaineering, trekking, skiing and river rafting is being common. The practices of tourism have a significant impact on the economy as many of the small towns emerged as the major service provider centers and the economy of the region grew tremendously. But, at the same time, its impact fell badly on the environment and the tourist places and pilgrimages have received severe environmental implications. Kedarnath tragedy is a recent example.

Suntikul W (2015) in a research paper entitled "Tourism Development: The Challenges of Achieving Sustainable Livelihoods" reported on research into the potential of tourism to transform this ethnic minority's economic way of life through the introduction of tourism into the local livelihood mix. Sustainable livelihoods issues are investigated through a consideration of both economic and socio-cultural aspects of the local way of life, based on observation and the findings of a survey of local people, semi-structured interviews with village leaders and government officials concerning development of the area.

## OBJECTIVES OF THE STUDY

1. To find out the significance of tourism in Telangana State
2. To evaluate the contribution of tourism sector to Telangana economic growth
3. To comprehend the present scenario of Telangana Tourism sector
4. To study the various services of Tourism industry
5. To analyze the government initiatives towards Tourism industry.

## METHODOLOGY

The present study is based on the secondary data published by various agencies and organizations. The present study makes use of data and information provided by FICCI, India Tourism Statistics, Telangana Statistics reports, Newspapers, Magazines, Books, Economic journals, Internet etc.

## TOURISM CONTRIBUTION TO EMPLOYMENT

Travel & Tourism generated 25,394,500 jobs directly in 2016 (5.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.

By 2027, Travel & Tourism is expected to account for 31,910,000 jobs directly, an increase of 2.1% pa over the next ten years.

## FOREIGN EXCHANGE EARNINGS (FEEs) FROM TOURISM IN INDIA

TABLE 1: FOREIGN EXCHANGE EARNINGS THROUGH TOURISM

YEAR	FOREIGN EXCHANGE EARNINGS	
	Rupees in crores	% change over previous year
2005	33123	
2006	39025	17.8
2007	44360	13.7
2008	51294	15.6
2009	53700	4.7
2010	64889	20.8
2011	77591	19.6
2012	94487	21.8
2013	107671	14
2014	123320	14.5
2015	135193	9.6
2016	154146	14.0
2017	180379	17.0

Source: India Tourist Statistics 2017

The above table showing the Foreign Exchange Earnings from tourism in India during 2005 to 2017. FEEs recorded very high in the year of 2013 (107671 crores) and FEEs recorded low in the year of 2005 (33123 crores). The percentage of changeover previous year earnings of foreign arrival high in the year of 2012 (21.8 %) and very low in the year of 2015 (9.6 %).

## TOURISM IN THE TELANGANA STATE

Telangana is the twelfth largest state and the twelfth-most populated state in India with a geographical area of 112,077 km<sup>2</sup> (43,273 sq mi) and 35,193,978 residents as per 2011 census. On 2 June 2014, the area was separated from the northwestern part of Andhra Pradesh as the newly formed 29th state with Hyderabad as its historic permanent capital. Telangana is bordered by the states of Maharashtra to the north, Chhattisgarh to the east, Karnataka to the west, and Andhra Pradesh to the east and south. The state is strategically located in the Deccan plateau region and situated in the middle of the country. It has an urban population of 38.8%, and Hyderabad, the Capital City constitutes about 30% of the total urban population.

The terrain of Telangana region consists mostly of hills, mountain ranges, and thick dense forests distribution of 27,292 sq. km. as of 2019, the state of Telangana is divided into 33 districts. It has an urban population of 38.8%, and Hyderabad, the Capital City constitutes about 30% of the total urban population.

The cultural hearts of Telangana, Hyderabad and Warangal, are noted for their wealth and renowned historical structures— Charminar, Qutb Shahi Tombs, Paigah Tombs, Falaknuma Palace, Chowmahalla Palace, Warangal Fort, Kakatiya Kala Thoranam, Thousand Pillar Temple and the Bhongir Fort in Yadadri Bhuvanagiri district. The historic city Golconda during the Kakatiya reign was once known for the mines that have produced some of the world's most famous gems, including the Koh-i-Noor, Hope Diamond, Daria-i-Noor, Regent Diamond, Nassak Diamond and Noor-ul-Ain. Religious edifices like the Lakshmi Narasimha Temple in Yadadri Bhuvanagiri district, Makkah Masjid in Hyderabad, and Medak Cathedral are several of its most famous places of worship.

## TOURISM CIRCUITS AND DESTINATIONS

### Tourism circuits

The government of Telangana has identified the following tourism circuits in the state.

#### Mega circuits

- Warangal - Karimnagar Mega Circuit

- Kondapalli - Ibrahimpatnam and surrounding areas Mega Circuit.

**Other Tourism circuits**

- Rachakonda Fort - Arutla (Temple) - Rangapur Observatory - Galishahid Darga - Allapuram Village (Temples) - Narayanpur (Temples) - Sivanna Gudem Rock Formations - Valley of Bazaras Circuit.
- Guttikonda Bilam Cave-Pidugurali-Kondaveedu Fort- Kotappa Konda Temple Circuit, Guntur District
- Buddhist Circuit Srikakulam

**Destinations**

The State Government has classified tourist destinations in the following categoriesSource:

**Divine Destinations**

- Hyderabad, Khammam, Nalgonda, Warangal, Nizamabad, Karimnagar and Rangareddy

**Heritage**

- Hyderabad, Khammam, Nalgonda, Warangal, Nizamabad and Karimnagar

**Nature**

- Hyderabad, Khammam, Nalgonda, Warangal, Nizamabad, Karimnagar and Rangareddy

**Adventure**

- Bhongir, Vikarabad

The state of Telangana is full of diversity. It is endowed with heritage sites, natural beauty, divine spots and adventure destinations. The top four destinations of Telangana are-

- Hyderabad - Tourist attractions in the city include Charminar, Makkah Masjid, Golconda Fort, Hussain Sagar Lake and Birla Mandir among others
- Warangal - The city includes Kakatiya Kala Thoranam, Ramappa Temple and Laknavaram Lake
- Karimnagar - The famous Vemulawada Temple is situated in this city.
- Nizamabad

Other destinations are Khammam, Warangal, Adilabad, Nalgonda, Karimnagar, Medak, Basar, Rangareddy, Hanamakonda, Bhadrachalam and Mahabubnagar.

**INFRASTRUCTURE ASSESSMENT**

**CONNECTIVITY**

**TABLE 2**

AIR	RAIL	ROAD
Rajiv Gandhi International Airport, located at Shamshabad near Hyderabad is the only International Airport in the state. It connects Hyderabad with various other national and international cities and capitals. The airport offers visa-on-arrival facility for citizens from more than 140 countries, which is a boon for overseas tourists. The state has also other airports connecting Telangana to various cities in the country.	Major cities of Telangana are already connected with the important cities of India. The landmark building Rail Nilayam in Secunderabad is the Zonal Headquarter office of South Central Railway. Secunderabad and Hyderabad are the main divisions of South Central Railway that fall in the state.	The state has a total of 2,573 km of National Highways. There are six national highways that run through the state of Telangana making commuting between cities easier. NH7 is the longest national highway in Telangana that enters the state from Adilabad in the north and goes till Mahbubnagar before exiting the state on its South. The other important highways present in the state include NH16, NH9, NH 221 and NH 202.

**MICE (Meetings, incentives, conferencing, exhibitions)**

Telangana particularly Hyderabad has a competitive advantage in terms of MICE in India. It has HICC (Hyderabad International Convention Center), HITEX exhibition centre, Leonia International Centre for Exhibitions & Conventions (LICEC), VPR Centre for Exhibitions & Conventions and Shilpakala Vedika which offers an outstanding venue of events, exhibitions, meetings and conventions.

**Regulatory and Policy Initiatives**

**Tourism Policy**

The Tourism Policy of Andhra Pradesh, 2010 is applicable to the state of Telangana till the State Government comes up with its own policy. The objectives of the policy are-

- To position the state competitively for attracting private sector investments in the tourism and hospitality sectors.
- To target the incentives to the private sector better as per the state government's priorities in terms of geographical areas and tourism products.
- To focus on maximum generation of employment in the sector through development of human resources by capacity building.

**Upcoming projects**

**Developing tourism circuits**

- TSTDC is planning a separate "Ramayana circuit" that will include Bhadrachalam and Rehapalli in Khammam, Jeedikal in Warangal, Jataprolu in Mahbubnagar and Ramagiri Hills in Karimnagar.
- The State has plans to develop the Kakatiya Heritage Circuit and lesser known areas. The government will promote Jannaram near Kawal tiger sanctuary and Kadem lake resort in Adilabad, Alisagar lake resort in Nizamabad, and Saraswati temple of Basara. Developing tourist destinations
- Kinnersani reservoir in Palvancha mandal, Khammam District is poised to emerge as a major hub of eco-tourism with the Telangana State Government sanctioning Rs 7 crore for renovation of Kinnersani sanctuary into a popular tourist destination.
- Towns of Khammam and Warangal will be developed into smart international cities.
- NITI Ayog of Government of India sanctioned a grant of INR 33 crore to develop tourism infrastructure at Nagarjuna, Sagar, Karimnagar, Ramappa, Kinnersani, Kothagodem and Gajwel.
- The State Government has announced INR100 crores for development of Yadagirigutta devasthanam on the lines of TTD. This project aims at development of Narasumha Abhyaranyan in 400 acres besides construction of parks, marriage halls, meditation centres, Veda patashala and cottages in another 1600 acres.

**Others**

- Rural tourism projects have been identified in Telangana, by the Ministry of Tourism, Government of India are Pochampally Rural Tourism Project, Nalgonda, Nirmal Rural Tourism project, Adilabad, Cherial Rural Tourism Project and Pambathi Rural Tourism Project Warangal.
- The Telangana tourism department has identified 60 ancient ghadis (palatial houses) of zamindars and forts scattered across the state to acquire and develop into tourist spots. The department is currently in talks with the ASI to take forward the plan.
- "Telangana Kala Bharati" at Hyderabad and "Kaloji Kala Kendram" at Warangal have been proposed for construction to promote culture and to provide world class facilities.
- Business District & Trade Towers are being set up to promote MICE tourism in the state as a Public Private Partnership model, the cost of the project being INR 5290 crore.

**Innovative practices**

- Adventure and Eco Tourism: TSTDC is organizing adventure clubs at Bhongir Fort for rock climbing activities and trekking, adventure jeep ride into the forest at Kawal Wildlife Sanctuary, Jannaram in Adilabad District.
- The state has developed jungle resorts on the Telangana-Maharashtra border.

- Cruises: TSTDC owns the largest water fleet about 95 which comprises small and big boats — when compared with any other Tourism Corporation. The corporation operates leisure based cruises and water sports at different lakes and rivers of the State. Parasailing activity at Hussain Sagar, etc., are very popular for leisure cruises apart from American phontoon boats.
- Bathukamma: Bathukamma, the state festival of Telangana is unique floral festival attracts tourists from all over the country and has become an annual feature. Telangana State Government released an amount of INR 10 crores for conduct of this festival in 2014 and plans to conduct this festival on a grand scale every year. Tour packages on the eve of Bathukamma were launched by TSTDC and steps are being taken to attract tourists from all over the country for this unique floral festival.
- TSTDC has launched a Nizam Palaces tour package covering Falaknuma and Chowmahalla palaces a Hyderabad by Night daily tour covering Sound & Light show at Golconda Fort and Taramati Baradari.
- The ‘Zilla Khazana’ programme, launched by Intach, has called for volunteers from across the state to collect basic information about heritage monuments in their village, mandal or district. The information can be very basic and people can also write about the incidents or problems at heritage sites, like say encroachment or similar issues. The aim of the initiative is to document all the heritage structures in the state at a decentralized level, so that protection and restoration becomes easier.
- Cinema City: The State Government has proposed to develop a mega Cinema City spread over nearly 2,000 acres in Rachakonda in Nalgonda-Ranga Reddy border.

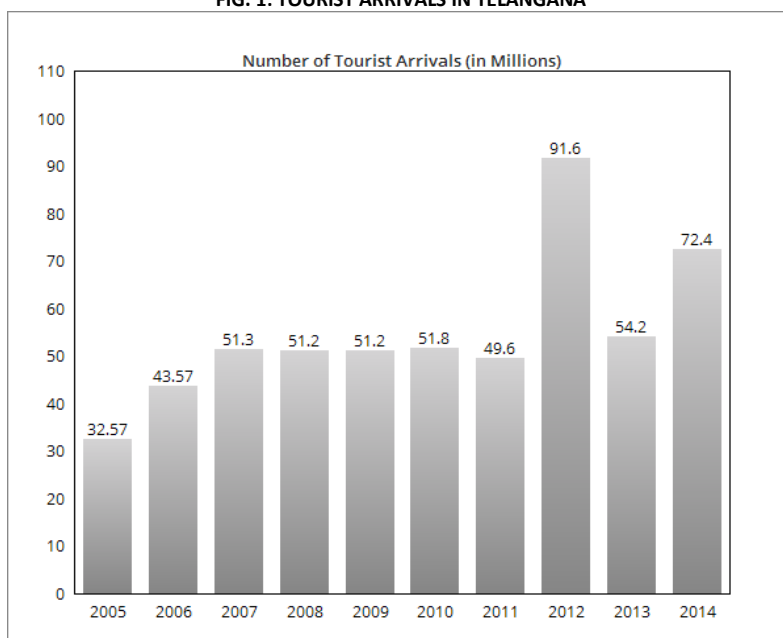
Following table & Figure shows Domestic and Foreign Tourists arrivals in Telangana State (2005 – 2014)

**TABLE 3: YEAR WISE TOURIST VISITS IN TELANGANA**

YEAR	Arrivals of tourists (in Millions)
2005	32.57
2006	43.57
2007	51.3
2008	51.2
2009	51.2
2010	51.8
2011	49.6
2012	91.6
2013	54.2
2014	72.4

Source: Telangana State Statistical Year Book, 2015

**FIG. 1: TOURIST ARRIVALS IN TELANGANA**



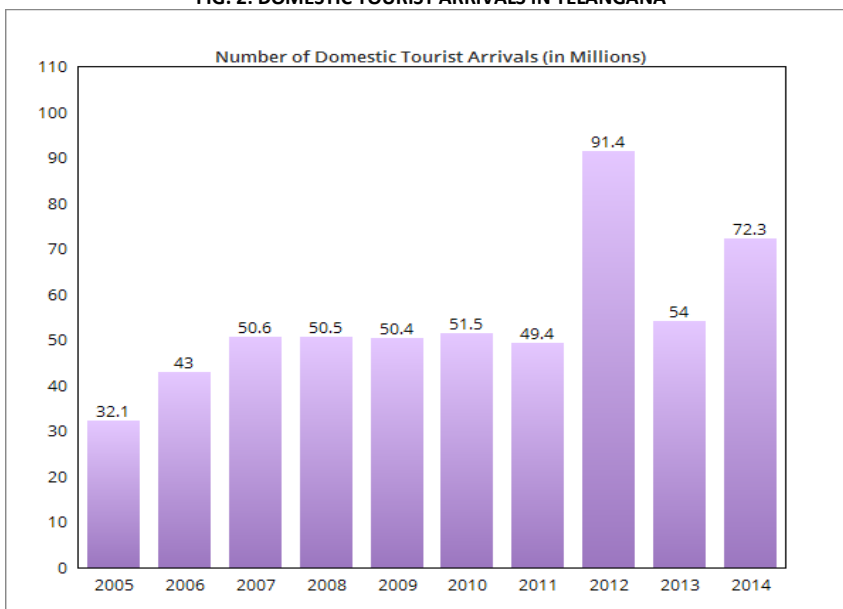
The above Table and figure showing the Tourist arrival in Telangana during 2005 to 2014. The Tourist arrivals increasing from 2005 to 2010 and downfall in the arrival of tourists for the year of 2011. Again in the year of 2012 the arrival of tourists very good but the decreasing was seen in 2013. It was seen very well for the year of 2014.

**TABLE 4: DOMESTIC TOURIST VISITS IN TELANGANA**

YEAR	domestic tourist arrival (in Millions)
2005	32.1
2006	43
2007	50.6
2008	50.5
2009	50.4
2010	51.5
2011	49.4
2012	91.4
2013	54
2014	72.3

Source: Telangana State Statistical Year Book, 2015

FIG. 2: DOMESTIC TOURIST ARRIVALS IN TELANGANA



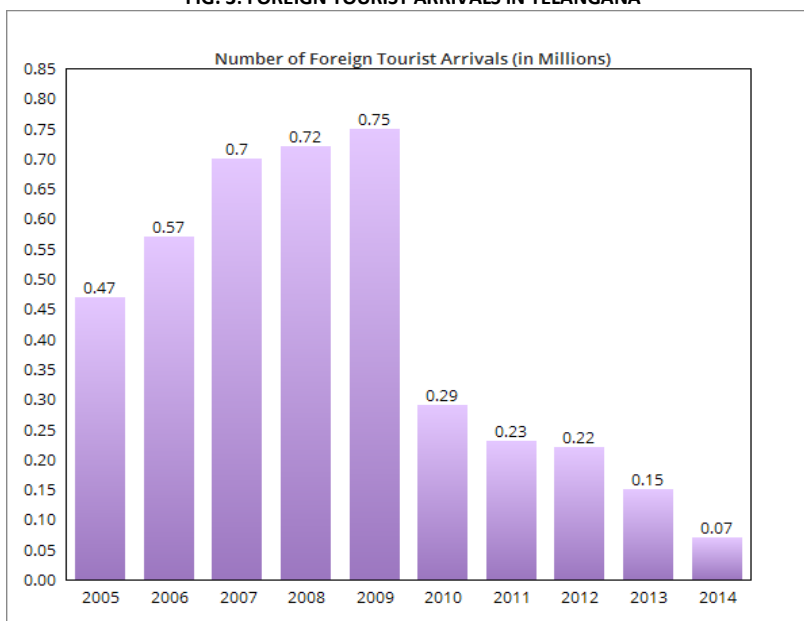
The above Table and figure showing the domestic tourist arrival in the state of Telangana during 2005 to 2014. The domestic tourist arrival increasing from 2005 to 2010 and downfall in the arrival of domestic tourists for the year of 2011. Again in the year of 2012 the arrival of domestic tourist very good but the decreasing was seen in 2013 and it was seen very well for the year of 2014.

TABLE 5: YEAR WISE FOREIGN TOURIST ARRIVAL IN TELANGANA

YEAR	foreign tourist arrival (in Millions)
2005	0.47
2006	0.57
2007	0.7
2008	0.72
2009	0.75
2010	0.29
2011	0.23
2012	0.22
2013	0.15
2014	0.07

Source: Telangana State Statistical Year Book, 2015

FIG. 3: FOREIGN TOURIST ARRIVALS IN TELANGANA



The above Table and figure showing the Foreign Tourist Arrival(FTA) in the state of Telangana during 2005 to 2014. The Foreign Tourist Arrival increasing from 2005 to 2009 and downfall in the arrival of foreign tourists from 2010 to 2014

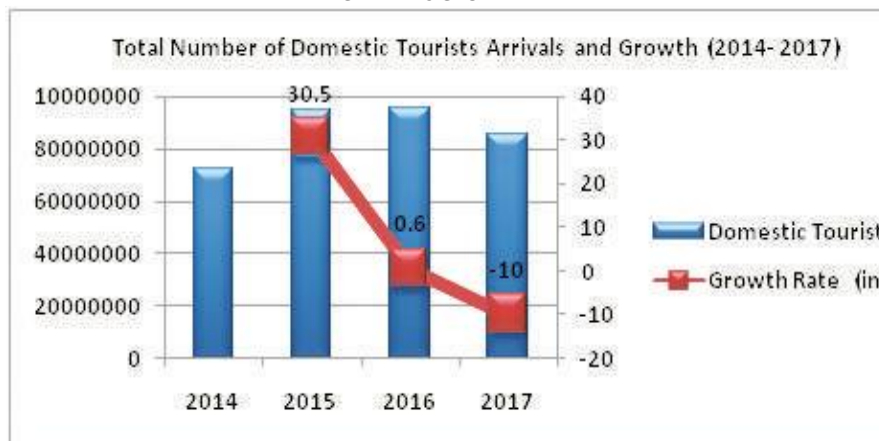
Table shows Growth Rate of DTAs & FTAs in Telangana State (2014 – 2017)



TABLE 6: GROWTH RATE OF DTAs

Year	Domestic Tourist Arrivals	Growth Rate in (%)
2014	72399113	
2015	94516316	30.5
2016	95160830	0.6
2017	85266596	-10

FIG. 4: FTA'S GROWTH RATE



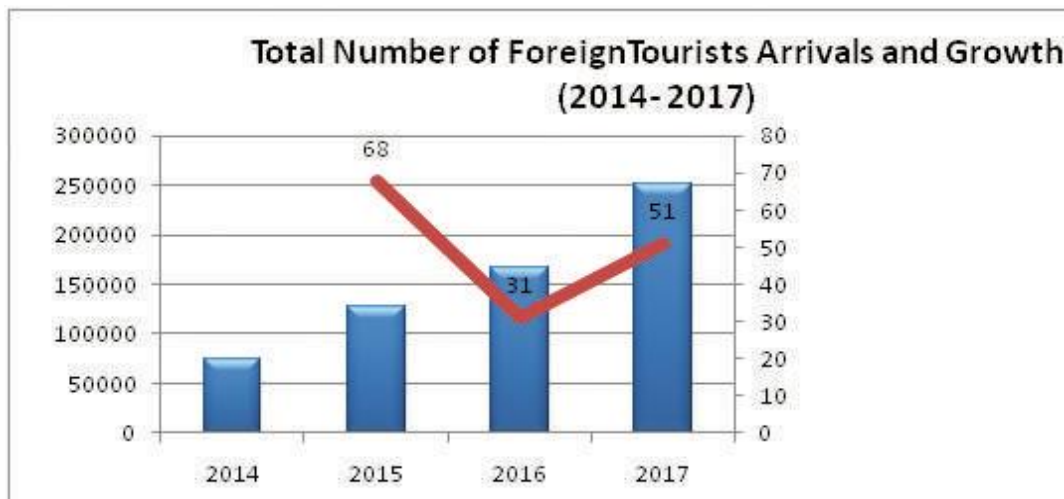
Though there is a huge jump in the total number of domestic tourist's arrivals in 2015 compared to 2014, the next two years 2016 and 2017 recorded negligible and even negative growth rate in DTAs.

TABLE 7: GROWTH RATE OF FTAs

Year	Foreign Tourist Arrivals	Growth Rate in (%)
2014	75171	
2015	126678	68
2016	166570	31
2017	251846	51

Source: Ministry of tourism, Telangana state

FIG. 5: FTA'S GROWTH RATE



It is observed that there is a huge jump in the total number of foreign tourist's arrivals in 2015 compared to 2014, then downfall the total number of foreign tourist arrivals in the year of 2016. Again in the year of 2017 the foreign tourist arrivals increased.

TABLE 8: DISTRICT WISE (ERSTWHILE 10 DISTRICTS) DOMESTIC AND FOREIGN TOURISTS ARRIVALS IN TELANGANA STATE

Districts	2014		2015		2016		2017	
	DTA's	FTA's	DTA's	FTA's	DTA's	FTA's	DTA's	FTA's
Adilabad	69,35,126	80	1,63,06,399	67	59,99,969	10	54,73,080	11
Hyd & RR Dist	92,97,426	70051	95,98,946	1,22,838	2,33,94,705	1,63,631	2,71,60,242	2,47,179
Karimnagar	1,19,48,325	0	3,09,27,387	0	11,970,590	0	1,56,99,622	0
Khammam	52,24,220	0	1,13,54,693	9	58,94,061	0	56,36,720	0
Mahbubnagar	53,91,195	2789	68,44,742	1470	94,76,778	942	86,31,974	1136
Medak	19,70,837	0	23,40,260	0	45,99,600	0	1,16,96,040	0
Nizamabad	6880	3	13819	0	6569	0	22,489	0
Nalgonda	83,97,827	10	73,20,908	500	75,87,061	0	72,43,644	2
Warangal	2,32,27,277	2238	98,09,162	1794	2,62,31,497	1,987	37,02,785	3,518
<b>Total</b>	<b>7,23,99,113</b>	<b>75,171</b>	<b>9,45,16,316</b>	<b>1,26,678</b>	<b>9,51,60,830</b>	<b>1,66,570</b>	<b>8,52,66,596</b>	<b>2,51,846</b>

Source: Ministry of Tourism, Telangana state

The above table showing the Domestic and Foreign tourists' arrivals recorded Year Over Year growth in Hyderabad and Ranga reddy Districts. The number of foreign tourists to the State, though recorded a positive growth is very low. Except Hyderabad, Ranga Reddy, Warangal and Mahbubnagar there were no foreign tourists to other districts. There is a considerable fall in number of tourists in 2017 (8.52 crore) compared to 2016 (9.51 crore)

**CONCLUSION**

The Tourism industry is very sensitive to creation of employment and is therefore essentially linked to the state of the economy. It's totally like a agriculture industry in India because the Tourism Industry effect by nature up-down like agriculture as per the last one decade data is witnessed of the telangana economic downturns and a historic growth period during this time. After analyzing all the information/data collected from various sources, it may be concluded that the Telangana Tourism Industry is expected to show a healthy growth in the coming years on the base of previous years which provide good and healthy economy to Telangana state, Tourism development programme in the state, favorable government policies to telangana and other international events, those establish the strong economy. Telangana is an extremely important market for Tourism, one that we are always looking for the right opportunities to invest in. With international tourism increasing year-on-year and the continued strength of domestic tourism, we see incredible opportunities for growth to boost trade in Telangana.

**RECOMMENDATIONS**

- Setting up Skill development and training centres for tourist guides.
- Setting up of Tourists Information Centres for convenience of foreign as well as domestic tourists.
- Development of selected tourist circuits and centers which are popular with the tourists instead of spreading limited resources over a large number of circuits centers.
- Restoration and balanced development of national heritage projects of both cultural, historical and tourist importance to exploit advantages of India's unique place as a cultural tourism destination and to utilize tourism as a major force in support of conservation of national heritage.
- Improving regional accessibility to the tourist centre and tourist destination and transport linkages to other important centers of tourist interest within the region.

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## A STUDY ON CONSUMERS PERCEPTION AND THE USAGE TOWARDS ELECTRONIC WALLET 'PAYTM' WITH SPECIAL REFERENCE TO ANGAMALY MUNICIPALITY, ERNAKULAM, KERALA

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### ABSTRACT

*Over the last few decades, with the advent of internet based banking and shopping the electronic payment system has developed progressively more. The global transformation with technological advancements, we can witness the ascend in electronic payment systems and payment processing devices. The most popular form of online payments is net banking, credit and debit cards. Unconventional payment methods, such as bank transfers, electronic wallets, smart cards or bitcoin wallet (bitcoin is the most popular crypto currency) Mobile Wallets or Digital Wallets or e-Wallet applications will allow us to pay electricity bills, mobile recharge, book movie tickets, travel tickets, payments for groceries and lot more. Hence, E-Wallet is an online money account which can make transactions without the need for plastic cards. Today an e-wallet app is an ideal payment tool. In order to set up an E-wallet account, the user needs to install the software on their device and enter the relevant information required. Almost similar facilities are offered by various online payment platforms. Nevertheless, Paytm have dominated the market with its high security features and quick user interface. In the context of security concerns, Paytm is RBI approved Wallet which signifies that the money deposited in this wallet is protected under Escrow account with a reputed Bank. The total number of Paytm users crossed 300 million registered users till 2019. The aim of this research paper is to analyze the consumer perception and the usage of paytm in Angamaly Municipality under Ernakulam district, Kerala.*

### KEYWORDS

E-Wallet, Paytm, technological advancements, bitcoin wallet, online payment platform, security, user interface.

### JEL CODES

M31, L86.

### 1.1 INTRODUCTION

**M**obile Wallets or Digital Wallets or e-Wallet apps will allow you to pay electricity bills, mobile recharge, book movie tickets etc. In India mobile wallets are of four types namely open, semi-open, semi-closed and closed. Consumers may purchase goods and services, withdraw cash at ATMs or banks and transfer funds with open wallets. In spite of these, this platform also allows you to send money to any mobile number bank account. Airtel Money is a semi-open wallet, which allows you to transact with merchants who have a contract with Airtel number bank account. You can withdraw cash or receive it back. You may spend what you have deposited. Paytm is a type of semi closed wallets, which do not give consent for cash withdrawal or redemption, but allow you to buy goods and services at listed merchants and perform financial services at listed locations. Closed Wallet is quite popular with e-commerce companies, where a certain amount of money is locked with the merchant in case of a cancellation or return of the order, or gift cards.

The ideal payment tool today is an e-wallet app. In order to set up an E-wallet account, the user needs to install the software on their device and enter the relevant information required. Paytm were established in August 2010 under One97 Communications Ltd as a prepaid mobile recharge website. The company is based out of Delhi NCR, India with Vijay Shekhar Sharma as CEO. Over the years, the company has undergone a paradigm shift moving from a mobile recharge website to becoming India's leader in e-commerce. The Paytm mobile wallet launched in 2013 now has over 300 million registered users.

The company has expanded its base to allow users pay utility bills, book hotels, buy movie tickets, bus and flight tickets, pay their loans and engage in many other financial services. Various offers given by Paytm ranging from primary mobile recharges to buying apparels or electronics enabling customers to get everything at one place. Thus, it has become both a payment platform as well as the marketplace. Paytm enables to serve multiple needs of the customers, giving them a holistic experience by saving their time and efforts. Its high security features and quick user interface makes Paytm dominated in the market. It has even obtained the license from Reserve Bank of India to run a Payments Bank. Paytm is RBI approved wallet. Paytm is one among the top 7 e-commerce companies in India to have billion-dollar valuation and transformed the business model of Paytm from a recharge web site to a payment cum e-commerce marketplace. Thus paytm is likely to have a far reaching impact on customer, retailers and the whole society and there is a significant need for a broad understanding of the phenomenon.

### 1.2 REVIEW OF LITERATURE

- Akhila Pai H in her paper "Study on Consumer Perception Towards Digital Wallets" (2018) has discussed about consumer perception towards e-payment system and Digital Wallets. The study analysed that paytm is leading among other wallet.

The study reveals that digital –wallet is getting more and trendier among the consumers.

- Dr. T. Venkatesan in his paper "Usage of Paytm-A study in Madurai City" (2018) has discussed about the usage of paytm. His study states that the usage of paytm is only at satisfactory level. He also concluded that paytm can establish a separate wing with trained staff to address the issues and problems related to paytm services.

### 1.3 SIGNIFICANCE OF THE STUDY

The research was conducted to analyze the consumers' perception and its usage from different groups. Paytm accounts for more than 21 percentage of the countries e-commerce transactions. This number is expected to increase many folds in the coming digital ages. As the importance and need of digitalization increases day by day, the study has a significant and undermining role in assessing the benefits that attracted the digital users as well as identifying and understanding the future of India's rapidly growing e-commerce network as well as determining its place in the chase towards digitalization.

### 1.4 SCOPE OF THE STUDY

This study is based on the increasing importance of paytm for the customers and users of Angamaly municipality in Ernakulam District, Kerala and is focused on the satisfaction level made by paytm in the customer market. As demonetization has triggered the up scaling of digital platforms in India the study also attempts to analyze the influence of paytm on the digital transactions which are rising on a tremendous speed. In this study, on a convenience basis a sample of 60 respondents are selected from Angamaly Municipality.

### 1.5 OBJECTIVES OF THE STUDY

- To analyze the usage of Paytm in the Angamaly municipality.
- To study the satisfaction level of paytm users in Angamaly municipality.
- To analyse the significant relationship between gender of respondents and level of satisfaction towards the benefit of 'time saving' enjoyed through paytm.

## 1.6 RESEARCH METHODOLOGY

The area under study is Angamaly Municipality. The study was conducted by taking a sample size of 60 respondents from Angamaly municipality on random basis. The respondents were categorized on the basis of various parameters. Primary data was collected through structured questionnaire. Information was also collected from different customers through personal interview. Secondary data were collected from, editorials, books, internet etc. Primary data was collected with the help of questionnaire and personal interviews. Interviews were personalized so as to ascertain the suggestions from the view point of every single person. The interviews do not have a structured format. They are asked when the respondents have extra information to share. The following tools was be used to analyze and interpret the data collected from the respondents

- Percentage Analysis was used to analyze the personal details of respondents classified on the basis of age, Gender, Occupation and also for analyzing frequency of paytm usage and purpose for which paytm is used.
- Chi-square analysis was used to study whether there is any association between two attribute namely socio-demographic variables and the benefit enjoyed through paytm.
- Ranking scales were used to rank data collected for certain questions.

## 1.7 ANALYSIS AND INTERPRETATION OF DATA

The main aim of data analysis and interpretation phase is to transform the data collected into credible evidences about the development of the intervention and its performance. This process of data analysis and interpretation usually includes the following steps:

- Organizing the data for analysis.
- Describing the data.
- Interpreting the data.

### 1.7.1 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF AGE

The distribution of respondents based on the age is shown in Table 1.7.1.

TABLE: 1.7.1

AGE GROUP (Years)	NO: OF RESPONDENTS (Frequency)	PERCENTAGE
20-30	15	25
30-40	24	40
40-50	13	22
Above 50	8	13
<b>TOTAL</b>	<b>60</b>	<b>100</b>

Source: Primary Data

The above table and diagram shows the categorization of respondents according to the age group. Only 13 percent of respondents belong to above 50 age group. Majority of the respondents belong to 30-40 age group. 40-50 age group have a percentage of 22 percentage.

### 1.7.2 GENDER WISE DISTRIBUTION OF RESPONDENTS

The classification of the respondents based on gender is shown in Table 1.7.2.

TABLE: 1.7.2

GENDER	NO. OF RESPONDENTS	PERCENTAGE
Male	39	65
Female	21	35
<b>TOTAL</b>	<b>60</b>	<b>100</b>

Source: Primary Data

The above analysis shows that out of 60 respondents, 39 are male and 21 are female. The selection of respondents is purely based on probability. No personal bias is in sample selection. Accordingly, majority of the users appears to be males, thus they use paytm more often in a day as compared to female users.

### 1.7.3 OCCUPATION WISE CLASSIFICATION OF RESPONDENTS

The classification of respondents based on occupation is shown in Table 1.7.3.

TABLE: 1.7.3

OCCUPATION	RESPONDENTS	PERCENTAGE
Government Employee	7	12
Private Employee	15	25
Students	18	30
Others	20	33
<b>TOTAL</b>	<b>60</b>	<b>100</b>

Source: Primary Data

An occupation signifies a person's current state of affair in the financial perspective. The 'other' category includes business as well as profession. From the table it is clear that the other category accounts for 33 percent of total respondents. The least number of respondents are 12 percent who are government employee's. Students and private employees account for 30 and 25 percent respectively.

### 1.7.4 CLASSIFICATION OF RESPONDENTS ON THE BASIS OF FREQUENCY OF PAYTM USAGE

The frequency of usage of paytm is classified as daily, weekly and monthly. The distribution of respondents is presented in Table 1.7.4

TABLE: 1.7.4

USAGE	FREQUENCY	PERCENTAGE
Daily	13	22
Weekly	30	50
Monthly	17	28
<b>Total</b>	<b>60</b>	<b>100</b>

The frequency of use depends upon the attitude, perception and mind set of people. The above table shows that 50 percent of the respondents are engaged in paytm transactions weekly. 28 percent of the respondents engage monthly and the remaining 22 percent daily engage in paytm transactions.

### 1.7.5 Classification on the basis of purpose of using paytm

The purpose of using paytm by respondents in the present study is classified as for ticket booking, mobile recharge, bill payment and for shopping.

TABLE 1.7.5

PARTICULARS	NO: OF RESPONDENTS				Cumulative Sum	Rank
	Rank1 (Weight 4)	Rank2 (Weight 3)	Rank3 (weight 2)	Rank 4 (weight 1)		
Ticket Booking	14(56)	22(66)	20(40)	4(4)	166	3
Mobile recharge	24(96)	22(66)	10(20)	4(4)	186	1
Bill payment	15(60)	30(90)	12(24)	3(3)	177	2
Shopping	9(36)	4(12)	15(30)	30(30)	108	4

As per cumulative Sum, 'Mobile recharge' is ranked first. So it is clear that more number of respondents are using paytm for Mobile recharge 'Bill payment' is ranked second. The third rank goes to 'Ticket Booking'. The least purpose of using paytm by respondents is come under category 'shopping'. Hence it is ranked last.

**1.7.6 Classification of respondents according to the device used to download paytm.**

Paytm can be used only after downloading it in the device used by respondents. So the device may be mobile, personal computer, tablet or any other devices.

TABLE: 1.7.6

DEVICE	RESPONDENT	PERCENTAGE
Mobiles	40	67
Personal Computer	10	17
Tablet	5	8
Others	5	8
<b>Total</b>	<b>60</b>	<b>100</b>

Electronic medium plays an important role in the usage of paytm. The above table shows that 67 percent of the respondents use paytm through mobiles. 17 percent of respondents use Personal Computers to access paytm. While tablets and other devices both account for 8 percent.

**1.7.7 Analysis of level of satisfaction of respondents on the benefits enjoyed through paytm**

Levels of satisfaction on paytm have been measured on the basis of different variables.

TABLE 1.7.7

PARTICULARS	NO: OF RESPONDENTS					Cumulative Score (Sum of No: of respondents * weight	RANK
	Highly Satisfied (Weight 5)	Satisfied (Weight 4)	Neutral Opinion (Weight 3)	Not Satisfied (Weight 2)	Highly Dissatisfied (Weight 1)		
No Need to carry debit or credit card	38	11	5	4	2	259	1
Secured	8	12	23	11	6	185	4
Speed	2	45	10	2	1	225	2
Time Saving	5	38	11	4	2	220	3

As per cumulative frequency, 'No need to carry debit and credit card' benefit is ranked first. 38 are highly satisfied and 11 are satisfied on this benefit. The benefit of 'speed' is ranked second. The third rank goes to 'Time Saving'. 23 respondents have neutral opinion about security and it comes the fourth rank.

**1.7.8 Analysis Of Relation Between Gender Of The Respondents And Level Of Satisfaction Towards The Benefit Of 'Time Saving' Enjoyed Through Paytm**

TABLE: 1.7.8

Gender/Satisfaction Level	Highly Satisfied	Satisfied	Neutral	Not satisfied	Highly Dissatisfied	Total
Male	2	21	6	2	0	31
Female	3	17	5	2	2	29
Total	5	38	11	4	2	60

**CHI-SQUARE TEST**

Ho: There is no significant relationship between gender of respondents and level of satisfaction towards the benefit of 'time saving' enjoyed through paytm.

Ha: There is significant relationship between gender of the respondents and level of satisfaction towards the benefit of 'time saving' enjoyed through paytm.

TABLE 1.7.9: COMPUTATION OF CHI-SQUARE VALUES

O	E	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
2	2.58	.336	.130
21	19.63	1.88	.096
6	5.68	.102	.018
2	2.07	.005	.002
0	1.03	1.06	1.03
3	2.42	.336	.139
17	18.37	1.88	.102
5	5.32	.102	.019
2	1.93	.005	.003
2	.97	1.06	1.09
CHI-SQUARE			2.63

Degree of freedom = (2-1) (5-1) = 1\*4=4

Table value at 5% significance level is 9.49

Since the calculated value is less than table value, Ho is accepted. That is Gender and satisfaction level towards the benefit of time saving are not related.

**1.8 FINDINGS**

1. Majority of the users appears to be male, thus male respondents use paytm more often in a day as compared to females.
2. The study reveals that respondents consist of people from different occupation. Majority of the respondents are 'others'. They are followed by students' category and private employees.
3. The data reveals that half of the respondents engage in paytm transactions weekly. The other half engages both daily and monthly.
4. As per this study the most remarkable feature according to the survey was that 'no need to carry debit and credit cards'. At the same time a majority of the respondents limit the usage of this application due to their security concerns, which shows that the users are not aware of the security being provided by the company and hence calls for more awareness programmes.
5. The study reveals that majority of the respondents are satisfied with the present services rendered by paytm. Only a small percent of the total respondents is unsatisfied.
6. There is no significant relationship between gender of respondents and level of satisfaction towards the benefit of 'time saving' enjoyed through paytm

**1.9 SUGGESTIONS**

Mobile phones are the primary device through which paytm is used. Thus the website should increase its efficiency and should be compatible with all models of Smartphones. It should be supported by all operating systems in the market. The app should be made available in all app downloading platforms. In order to increase the satisfaction level attractive offers and benefits should be offered from time to time. Paytm as a payment option should be made available in all physical stores as well as booking sites to amplify its reach towards the consumer public.

**1.10 CONCLUSION**

The "Study on the consumers perception and the usage towards electronic wallet 'paytm' with special reference to Angamaly municipality, Ernakulam, Kerala" is conducted to know the usage of Paytm and the satisfaction level of consumers in the Angamaly municipality. From the study it can be concluded that the usage of paytm is only at a satisfactory level. Paytm supports their customers to transfer their payment with the usage of their mobile phones in the easiest way. In order to increase customer satisfaction it has to work upon discounts/offers, transaction time and bring about innovation in the facilities being provided to the consumers thus inviting new consumers as well retain the existing ones.

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**WEBSITE**

4. [www.paytm.co.in](http://www.paytm.co.in)



**A STUDY ON CONSUMER BEHAVIOUR TOWARDS LEATHER PRODUCTS IN AHMEDABAD**

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**ABSTRACT**

*This study examined the consumer behaviour towards leather products in Ahmedabad, which are the factor affecting the consumer decision at the time of purchase and by which parameters consumers chooses the leather product. This study also aims to know that customer really understand the difference between original leather and duplicate leather and does the consumer had been cheated by the sale staff for duplicate leather. The research had been done through descriptive research design. This study had targeted the Ahmedabad city only. Customers of both the genders had been surveyed. The primary data has been collected through questionnaire by using convenience sampling method and sample size was 100. The findings reveal that majority of respondent does not understand the difference between original and duplicate leather. Price is the main reason for which customer does not prefer leather and People does not spend more money towards leather products in Ahmedabad as compared to other states and countries. You will get further detail after reading the whole report.*

**KEYWORDS**

Ahmedabad, consumer behaviour, consumer preference, duplicate leather, original leather, leather industry.

**JEL CODES**

L67, M30, R20, M31.

**INTRODUCTION**

Leather is a prominent industry in India. The main sectors from which its demand is derived are fashion, footwear, furniture, interiors and automotive. Indian leather totals up to 13% of the world's total production of skins, around 10% of world's footwear production also comes from India. India's leather industry is bestowed with skilled manpower, innovative technology, increasing industry compliance to international environmental standards and the support of allied industries.

The global leather goods market is USD 95.4 billion in 2018 and will reach USD 128.61 billion by 2022 at a growth rate of 4.36% during the forecasted period. Retail stored hold the major share in this market that is over 90%, however online sales will increase during the period due to the growing popularity of e-commerce. As per officially notified DGCI&S monthly export data, the export of Leather and Leather products for the financial year April-Jun 2017-18 touched US\$ 1420.04 million as against the performance of US\$ 1438.79 million in the corresponding period of last year, recording a negative growth of -1.30%. In Rupee terms, the export touched Rs. 91533.21 million in April-Jun 2017-18 as against the previous year's performance of Rs. 96241.93 million registering a negative growth of -4.89%.

The major markets for Indian Leather & Leather Products are USA with a share of 14.66%, Germany 11.22%, UK 10.05%, Italy 7.03%, France 5.15%, UAE 5.04%, Spain 4.63%, Hong Kong 4.52%, China 3.09%, Netherlands 3.05%, Poland 2.23% and Vietnam 1.88%.

Source: - Council for leather exports (CLE)Ministry of commerce and Industry, Govt of India, www.commerce.nic.in., ResearchAndMarkets.com

**LITERATURE REVIEW**

(P.P.Ajith Kusum, 2018) This paper explores the effects of entrepreneur's perceptions on product innovations which have impact on industry enterprises sustainability in leather products and footwear industry of Sri Lanka. The research has found that the majority of entrepreneurs do not have an intention to engage in new product innovations in near future. They use designs already available which lead to competitiveness and sustainability issues in this industry. Level of innovations and use of Internet for routine business activities in enterprises in the industry remains low.

(Muthusamy & Karpagalakshmi, 2015) India is second largest exporters of leather footwear, third largest exporters of leather apparels and fifth largest exporters of Leather Goods & Accessories. This study has brought into light; some short comings the industry of they need an urgent attention so as to help in the proper functioning of the industry. The industry will achieve the global standards of export management; if at all a great and absolute professional approach will be exercised regarding its operations.

(Waghmare, 2017) Leather industry is one of the significant resource-based industry providing employment to leather workers, artisans and distribution. However, the performance of the industry has been unsatisfactory. In order to enhance the performance of leather industry, there is need of modernization, proper marketing and adequate investment.

(Dr. B. Saranya, 2016) The above study was carried out with the prime objective of analysing the export performance of leather in India. The study also found that there was beer tremendous increase in leather exports to many countries while it is low only in few countries. Therefore, the government should take various steps to improve the exports of leather to greater levels and provide more policies to promote exports and the countries should take active part to increase export performance.

(Madhava, 2016) The main aim of this research paper is to evaluate the extent to which the Indian Leather manufacturing firm adapts the international marketing strategies (i.e. price, product, promotion, and distribution) depending on the characteristics of the foreign environment. The results further signposted that the degree to which these firms adapt their pricing strategy depends on the degree of standardization or adaptation of the remaining marketing-mix elements (product, promotion, and distribution).

(Adamu, 2018) This study found that the majority of respondents favoured imported shoe. The study findings indicated that among other factors quality, style and price, were a reason for the majority of respondent's shoe choice. Regarding the style of leather shoes, the study found that the style of domestic shoes was less attractive in terms of fashionable and has less variety than imported shoes according to local shoe market perception. Concerning the quality of shoes, the study found that domestic leather shoes were better durable but less comfortable than their peers' imported ones. With reference to the price of the shoes, the study discovered that domestic leather shoes were lower priced than foreign shoes. For this reason, the domestic leather shoe highly dominated the shoe market of most of price mattered consumers.

(Triswanto Edi, 2018) The researcher studied the Various problems experienced by the leather processing industry located in Sidoarjo and Surabaya. These problems include management which includes poor accounting system and procedures, transaction recording is still done manually and do not have profit balance report. The purpose of this research is to know the strengths, weaknesses, opportunities, and threats faced by the leather craftsmen in Surabaya and Sidoarjo in the short and long term and to know how the participation of local government and related agencies in developing leather processing industry. The strategy that needs to be developed is the Diversification strategy so that the processed leather craft can continue to survive and develop.

(Bliss, 2017) Global demand for leather, leather products and leather footwear are worth approximately \$215 billion a year. However, as leather is capable of being replaced by other materials such as synthetics, the industry competes by promoting luxury and quality products-both aesthetically and functionally.



(Chaudhury, Syed, & Agarwal, 2015) This paper examines the relationship between the market mix strategies (with respect to place, product, price and promotion) and export performance. This exploration has been done in exporting leather footwear SME segment with 174 firms as sample size from four different clusters within India. The findings suggest that though the exporting firms are at a comfortable zone as far as their export destinations (strategy with respect to place) is concerned; they by and large are at a huge gap with respect to the product, pricing and promotional strategies and thus are losing out considerably as far as their export performance is concerned.

(Onwumere J., 2015) This study critically analyses the innovation types and the effect on the performance of the leather-based manufacturing enterprise in Abia state. Random samples of 120 leather-based manufacturing firms were obtained and the data were collected using a well-structured questionnaire. It was observed that the innovations used to enhance performance among leather based agro-industries were product, market and technological innovations. Specifically, innovation has a positive significant effect on the performance (profit) of the enterprise. The significant determinants of innovation were enterprise size, competitors, output level, and credit availability for the venture and education status of firm operators.

(Mwinyihija, 2013) During the study, it was observed that the leather sector is vastly impacted by certain socio-economic factors in attaining improved performances which otherwise are dismal particularly in Africa. For instance, in reference to some of the factors identified, nine important aspects needed to have been considered alongside the analytical process of the value chains to provide width and adequately cover the leather sector such as employment, trade, costs, price, productivity, competitiveness, income, technology, and research and development (i.e. innovation). However, a huge knowledge gap in associated research related to the leather sector.

**IMPORTANCE OF THE STUDY**

This study will help the Leather Retailers or Leather Good Manufacturers to understand the current market situation and accordingly they can make or change their strategy and take corrective steps and they can determine the consumer preference and their need.

**OBJECTIVES OF THE STUDY**

1. To study the consumer preference towards leather products of Ahmedabad people.
2. To know factor affecting consumer behaviour at the time of purchase.
3. To know consumer really understand the difference between genuine leather and Duplicate leather.

**HYPOTHESIS**

H0 (1) Price is not the main reason while purchasing leather products.

H1 (1) Price is the main reason while purchasing leather products.

H0 (2) There is no relationship between gender and spending money annually on Leather products.

H1 (2) There is relationship between gender and spending money annually on Leather products

**RESEARCH METHODOLOGY**

The study has been done through descriptive research design. Primary data has been collected through questionnaire and secondary data has been collected through research papers, some online portals and newspaper articles. The study had targeted Ahmedabad city only. Data has been collected from the respondents who had bought leather products earlier by using convenience sampling method and sample size was 100 respondents.

**ANALYSIS AND INTERPRETATION**

**TABLE 1: DURATION OF BUYING LEATHER PRODUCTS**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	4	4.0	4.0	4.0
	Monthly	9	9.0	9.0	13.0
	Bi Annually	19	19.0	19.0	32.0
	Annually	36	36.0	36.0	68.0
	More than yearly	29	29.0	29.0	97.0
	Other	3	3.0	3.0	100.0
Total		100	100.0	100.0	

**INTERPRETATION:** According to our research, 36% of our respondent buy leather products Annually, 29% of them buy more than yearly and rest of them buy weekly, monthly and Bi Annually.

**TABLE 2: SOURCE OF BUYING LEATHER PRODUCTS**

		Responses		Percent of Cases
		N	Percent	
From where do you buy?	Local Retailer	58	33.0%	58.0%
	Brand Outlet	35	19.9%	35.0%
	Malls	30	17.0%	30.0%
	Abroad	14	8.0%	14.0%
	Online	36	20.5%	36.0%
	Other	3	1.7%	3.0%
Total		176	100.0%	176.0%

**INTERPRETATION:** According to our research, 58% of our respondent buy leather products from local retailer, 20.50% of respondents buy online, 19.90% buy from brand outlets, 17% of them buy from malls and 8% of respondents buy from abroad.

**TABLE 3: TYPE OF LEATHER PRODUCTS BUY**

		Responses		Percent of Cases
		N	Percent	
Which type of leather products do you buy?	Shoes	54	16.8%	54.0%
	Bags	46	14.3%	46.0%
	Jackets	43	13.4%	43.0%
	Belts	63	19.6%	63.0%
	Wallets/Purse	70	21.7%	70.0%
	Mobile case	16	5.0%	16.0%
	Hand Gloves	16	5.0%	16.0%
	Diaries/Folders	13	4.0%	13.0%
	Others	1	0.3%	1.0%
Total		322	100.0%	322.0%

**INTERPRETATION:** The response above clearly shows that, 21.70% of respondents buy leather wallets/Purses, 19.60% and 16.80% of them buy leather belts and leather shoes.

**TABLE 4: MONEY SPEND ANNUALLY TOWARDS LEATHER PRODUCT (APPROX.)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-1000	12	12.0	12.0	12.0
	1001-2000	25	25.0	25.0	37.0
	2001-3000	27	27.0	27.0	64.0
	3001-5000	19	19.0	19.0	83.0
	More than 5000	17	17.0	17.0	100.0
	Total	100	100.0	100.0	

**INTERPRETATION:** The above results show that 27% of our respondents spend around 2001 to 3000 rupees annually on leather products. And there are only 17% respondents who spend more than 5000 towards leather products. While 12% of them does not spend much towards leather products due to availability of substitute material.

**TABLE 5: UNDERSTAND DIFFERENCE BETWEEN GENUINE LEATHER AND DUPLICATE LEATHER**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	46	46.0	46.0	46.0
	No	13	13.0	13.0	59.0
	Maybe	41	41.0	41.0	100.0
	Total	100	100.0	100.0	

**INTERPRETATION:** 46% of our respondents says that they understand the difference between the genuine leather and duplicate leather, 13% says that they do not understand the difference and while rest of the 41% were not sure that they really understand the difference so they have said maybe. So, as per the results 13% and 41% respondents i.e. total 54% of respondents, which means half of our respondents don't understand the difference between the genuine leather and duplicate leather or they are in the dilemma.

**TABLE 6: SALE STAFF EVER BEEN CHEATED FOR DUPLICATE LEATHER**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	41	41.0	41.0	41.0
	No	29	29.0	29.0	70.0
	Maybe	30	30.0	30.0	100.0
	Total	100	100.0	100.0	

**INTERPRETATION:** As per the above data 41% of our respondents has been cheated by the sale staff for duplicate leather by saying that it is original/genuine leather and 30% of them were not sure about they have been cheated by the sale staff or not.

**TABLE 7: PRICE IS THE MAIN REASON FOR NOT PURCHASING THE LEATHER**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	64	64.0	64.0	64.0
	No	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

**INTERPRETATION:** 64% of our respondents think that price is the main reason for not choosing or purchasing the leather, while 36% of respondents said No, that price does not affect their purchasing behaviour.

**TABLE 8: FACTORS CONSIDER BEFORE BUYING**

		Responses		Percent of Cases
		N	Percent	
Factor consider before buying?	Quality	87	19.2%	87.0%
	Brand	50	11.0%	50.0%
	Passion/Taste	28	6.2%	28.0%
	Smell	29	6.4%	29.0%
	Colours	44	9.7%	44.0%
	Originality	65	14.3%	65.0%
	Durability	52	11.5%	52.0%
	Texture	42	9.3%	42.0%
	Look	55	12.1%	55.0%
Total	Other	1	0.2%	1.0%
Total		453	100.0%	453.0%

**INTERPRETATION:** The above result indicates that 19.20% of respondent consider the quality of the leather as more important factor before purchasing leather products and Brand, Colours, Originality, Durability and look are also the important factor which affect the consumer.

**TABLE 9: REASON FOR NOT CHOOSING THE LEATHER PRODUCTS**

		Responses		Percent of Cases
		N	Percent	
Reason for not choosing the leather product?	More Expensive	48	17.5%	48.0%
	Hardness	15	5.5%	15.0%
	Non-Washable	39	14.2%	39.0%
	Limited Variety	32	11.7%	32.0%
	Quality	19	6.9%	19.0%
	Smell Issue	28	10.2%	28.0%
	High care required	40	14.6%	40.0%
	Colour evaporate risk	22	8.0%	22.0%
	Substitute material	29	10.6%	29.0%
	Other	2	0.7%	2.0%
Total		274	100.0%	274.0%

**INTERPRETATION:** 17.50% of our respondents said that price is the main reason for not choosing leather, 14.20% does not prefer leather because it cannot be washed, 11.70% said that there are less variety in leather as compared to other materials, 10.20% of them does not prefer leather due to its embarrassing smell, 14.60% of says that it requires high care to preserve and other 0.70% does not choose leather due to their religious issue.

**TABLE 10: SUBSTITUTE MATERIAL**

		Responses		Percent of Cases
		N	Percent	
Instead of genuine, which material do you prefer?	Foam leather	59	22.1%	59.0%
	Furr leather	16	6.0%	16.0%
	Rexine	33	12.4%	33.0%
	Faux/Synthetic leather	17	6.4%	17.0%
	Microfibre leather	11	4.1%	11.0%
	Canvas	24	9.0%	24.0%
	PVC	10	3.7%	10.0%
	Textile Polymer	16	6.0%	16.0%
	Apparel	19	7.1%	19.0%
	Rubber	14	5.2%	14.0%
Cotton	44	16.5%	44.0%	
Other	4	1.5%	4.0%	
Total		267	100.0%	267.0%

**INTERPRETATION:** As per the above result, 22.10% prefer foam leather instead of genuine leather because foam leather is cheaper than genuine leather, 16.50% of our respondents prefer cotton material while other remaining respondents prefer Furr leather, Faux leather Microfiber leather, Canvas, PVC, Textile polymer, Apparel etc. and other materials.

**TABLE 11: RELIABILITY STATISTICS**

Cronbach's Alpha	N of Items
.945	12

**INTERPRETATION:** Cronbach alpha of 12 Likert statement is 0.945. That shows data is properly scattered and data is accurate.

**TABLE 12: OVERALL SATISFACTION AND AGE CROSS TABULATION**

		Age					Total
		Less than 18	18-25	26-33	34-41	More than 41	
Overall Satisfaction towards leather product	1 Customer terrorist	1	0	1	1	3	6
	2 Dissatisfied customers	1	3	1	0	1	6
	3 Neutral	0	13	4	2	4	23
	4 Satisfied customers	0	23	13	2	3	41
	5 Delighted customers	0	13	4	4	3	24
Total		2	52	23	9	14	100

**INTERPRETATION:** The above result indicates that 23% of our respondent have given 4<sup>th</sup> rank from 1<sup>st</sup> to 5<sup>th</sup>, which means that they are satisfied with the leather products and their age group is 18 to 25 years and 13% of our respondent have given 5<sup>th</sup> rank from 1<sup>st</sup> to 5<sup>th</sup>, which means that they are delighted customers and their age group is 18 to 25 years.

**TABLE 13: FACTORS CONSIDER BEFORE BUYING AND GENDER**

			Gender		Total	
			Male	Female		
Factor consider before buying and gender.	Quality	Count	71	16	87	
	Brand	Count	40	10	50	
	Passion/Taste	Count	25	3	28	
	Smell	Count	24	5	29	
	Colours	Count	38	6	44	
	Originality	Count	55	10	65	
	Durability	Count	45	7	52	
	Texture	Count	36	6	42	
	Look	Count	43	12	55	
	Other	Count	1	0	1	
Total			Count	80	20	100

**INTERPRETATION:** 71% of our male respondents and 16% of our female respondents consider quality as an important factor before buying the leather products, 12% female respondents consider Look as an important factor while Brand, Colours, Durability, Texture etc. are also an important factor which are affecting the consumer behaviour at the time of buying leather products.

**TABLE 14: MONEY SPEND ANNUALLY AND AGE CROSS TABULATION**

		Age					Total
		Less than 18	18-25	26-33	34-41	More than 41	
How much money do you spend annually on leather product (Approximately)	0-1000	0	6	3	1	2	12
	1001-2000	2	15	3	1	4	25
	2001-3000	0	15	7	3	2	27
	3001-5000	0	7	6	2	4	19
	More than 5000	0	9	4	2	2	17
Total		2	52	23	9	14	100

**INTERPRETATION:** 15% of our respondent spend around 1000 to 2000 annually on leather products and their age group is 18 to 25 years and only 9% of respondents spend more than 5000 and their age groups is 18 to 25 years. So as per the above data, most of our respondents has spent 2000 to 3000 annually on leather products.

TABLE 15: DURATION OF BUYING LEATHER PRODUCTS AND ANNUAL INCOME CROSS TABULATION

		Annual income				Total
		Less than 5 lakhs	6-10 lakh	11-15 lakh	More than 15 lakhs	
How often do you buy?	Weekly	3	1	0	0	4
	Monthly	8	0	1	0	9
	Bi Annually	8	6	4	1	19
	Annually	26	5	3	2	36
	More than yearly	17	4	6	2	29
	Other	2	0	0	1	3
Total		64	16	14	6	100

**INTERPRETATION**

26% of our respondents buy leather products annually having an annual income less than 5 lakh and from the same income group 17% of them buy more than yearly, while 6% of our respondents also buy more than yearly having an annual income from 11 lakh to 15 lakhs. So above data clearly shows that the majority of our respondents has purchased Annually or more than yearly.

TABLE 16: SOURCE OF BUYING LEATHER PRODUCTS AND GENDER CROSS TABULATION

			Gender		Total	
			Male	Female		
From where do you buy and Gender	Local Retailer	Count	49	9	58	
	Brand Outlet	Count	27	8	35	
	Mall	Count	22	8	30	
	Abroad	Count	10	4	14	
	Online	Count	32	4	36	
	Other	Count	2	1	3	
Total			Count	80	20	100

**INTERPRETATION:** 49% of our male respondents buy from local retailer, 27% male buy from brand outlet, 32% male buy from online, while 9% of female respondents buy from local retailer, 8% female buy from brand outlet, 4% female buy from online.

TABLE 17: MONEY SPEND ANNUALLY AND ANNUAL INCOME CROSS TABULATION

		Annual income				Total
		Less than 5 lakhs	6-10 lakh	11-15 lakh	More than 15 lakhs	
How much money do you spend annually on leather product (Approximately)	0-1000	11	0	1	0	12
	1001-2000	18	4	2	1	25
	2001-3000	14	4	7	2	27
	3001-5000	10	4	2	3	19
	More than 5000	11	4	2	0	17
Total		64	16	14	6	100

**INTERPRETATION:** 18% of them spend around 1000 to 2000 annually having an annual income less than 5 lakh and 14% from same income group spend 2000 to 3000 annually on leather products. 11% spend more than 5000 annually having an annual income less than 5 lakh and 7% spend 2000 to 3000 annually having an annual income of 11 to 15 lakh.

TABLE 18: UNDERSTAND THE DIFFERENCE BETWEEN GENUINE LEATHER & DUPLICATE LEATHER AND GENDER CROSS TABULATION

			Gender		Total
			Male	Female	
Do you understand the difference between genuine leather and duplicate leather?	Yes		39	7	46
	No		9	4	13
	Maybe		32	9	41
Total			80	20	100

**INTERPRETATION:** 39% of our male respondents and 7% of female respondents understand the difference between genuine and duplicate leather. 32% of male respondents and 9% of female respondents has said that they may or may not be understand the difference.

TABLE 19: UNDERSTAND THE DIFFERENCE BETWEEN GENUINE LEATHER & SALE STAFF HAVE EVER BEEN CHEATED FOR DUPLICATE LEATHER CROSS TABULATION

		While purchasing any leather product, does sale staff have ever been cheated you for duplicate leather by saying that it is original or genuine leather?			Total
		Yes	No	Maybe	
Do you understand the difference between genuine leather and duplicate leather?	Yes	18	19	9	46
	No	7	2	4	13
	Maybe	16	8	17	41
Total		41	29	30	100

**INTERPRETATION:** 18% of our respondents understand the difference between original and duplicate leather and they are saying that they are cheated by the sale staff for duplicate leather, which means that they do not understand the difference. So majorly most of the people does not understand the difference and they are cheated by the sale staff by giving them duplicate leather.

**HYPOTHESIS TESTING**

**HYPOTHESIS 1**

H0: - Price is not the main reason while purchasing the leather products.

H1: -Price is the main reason while purchasing the leather products.

TABLE 20: BINOMIAL TEST OF HYPOTHESIS (1)

		Category	N	Observed Prop.	Test Prop.	Exact Sig. (2-tailed)
Do you think price is the main reason for not purchasing the leather?	Group 1	Yes	64	.64	.50	.007
	Group 2	No	36	.36		
	Total		100	1.00		

**INTERPRETATION:** H0 is rejected because here significance level is 0.007 which is less than standard value 0.05. So, this indicates that, Price is the main reason while purchasing the leather products.

#### HYPOTHESIS 2

H0: - There is no relationship between gender and spending money annually on Leather products.

H1: - There is relationship between gender and spending money annually on Leather products.

**TABLE: 21 CHI-SQUARE TESTS OF HYPOTHESIS (2)**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.593 <sup>a</sup>	4	.628
Likelihood Ratio	2.699	4	.609
Linear-by-Linear Association	.559	1	.455
N of Valid Cases	100		

**INTERPRETATION:** Hence H0 is Accepted because here the significance level is 0.628 which is greater than standard value 0.05. So according to result there is no relationship between gender and spending money annually on Leather products.

#### FINDINGS

- Consumer consider the quality of the leather as more important factor before purchasing, 71% of our male respondents and 16% of our female respondents consider quality as an important factor before buying the leather products.
- 12% female respondents consider Look as an important factor and Brands, Colours, Originality, Durability and look also plays an important role for consumer before buying.
- As per the result, most of the respondents buy leather products Annually.
- 58% buy leather products from the local retailer, 20.50% buy online, 19.90% buy from brand outlets, 17% buy from malls and 8% of respondents buy from abroad.
- Only 7% spend more than 5000 towards leather products annually.
- Majority of the respondent does not understand the difference between original and genuine leather.
- 41% has been cheated by the sale staff for duplicate leather by assuming that it is original or genuine leather.
- Price is the main reason for not choosing or purchasing the leather.
- 14.20% does not prefer leather because it cannot be washed, 11.70% said that there are less variety in leather as compared to other materials and 10.20% of them does not prefer leather due to its embarrassing smell, 14.60% says that it requires high care to preserve and 0.70% does not choose leather due to religious issue.
- 22.10% prefer foam leather instead of genuine leather because foam leather is cheaper than genuine leather and people also prefer rexine, cotton, Furr leather, Faux leather Microfiber leather, Canvas, PVC, Textile polymer, Apparel etc
- 23% respondents have given 4<sup>th</sup> rank from 1<sup>st</sup> to 5<sup>th</sup>, which means that they are satisfied with the leather products and their age group is 18 to 25 years and 13% have given 5<sup>th</sup> rank, which means that they are delighted customers and they are also from the same age group.
- Only 39% of our male respondents and 7% of female respondents understand the difference between genuine and duplicate leather.
- There is no relationship between gender and spending money annually towards Leather products.

**TABLE: 22 SUMMARY OF HYPOTHESIS**

Hypothesis	Particular	Result
H0 (1)	People don't think price is the main reason for not purchasing leather products.	Rejected
H0 (2)	There is no relationship between gender and spending money annually on Leather products.	Accepted

#### SUGGESTIONS

- There must be authentic leather shops which sells genuine leather at affordable rate due to which customer may not be cheated by the sale staff or by any local retailer.
- Many of our respondent suggest to update the smell issue of leather, while some suggest that there must be more colors and varieties in leather products.
- Government should also promote and focus on the development of this precious industry. They should make perfect policies and take some action for development of this industry which will help to generate more revenue and foreign income. They should also focus on the international market for leather, because as compared to Indian market there is a huge demand of leather in foreign market and government should also focuses on leather export.

#### CONCLUSION

By conducting this research, Researcher came to know that price is the main reason for which customer does not prefer leather. People does not spend more money towards leather in Ahmedabad as compared to other states and countries. And the major problem is People does not understand the difference between original leather and duplicate leather.

There are certain brand outlets and mall in which also there might be possibility that they are selling foam leather which is more attractive and having good look and texture as compared to original leather and its prices are less as compared to genuine leather, and due to the image of brand outlet or mall consumer gets attracts and buy the duplicate leather by the perception of original leather and they are cheated. So, from buying anywhere customer should have proper knowledge and understanding for identifying the genuine leather.

Mostly customer is cheated when they buy from local retailer or from the local street vendor. They are selling their products starting from just 200 Rs, but if customer practically thinks the price of original leather, it would start from around 500 Rs. Customer should avoid buying such fake products from local retailer or local street vendor and they should check the quality and material of the product before buying it.

#### LIMITATION

This study is held in Ahmedabad city only and there is a huge population. As we have used convenience data collection method, we cannot reach each and every consumer who are consuming leather products and due to convenience data collection method, there is a possibility that we had miss good and accurate respondents. This study is conducted in Ahmedabad city only so it cannot reflect whole market or all consumer preference and time for research is limited.

#### ACKNOWLEDGEMENT

I am thankful to our Dean, Faculty of Management, Dr. Hitesh Ruparel and our HOD, Faculty of Management, Dr. Kavita Kshatriya for providing us constant support from the institute. My deepest gratitude to project guides Prof. Chinmay Gandhi, Prof. Amish Soni, who in spite of their busy schedules have provided us with their invaluable guidance, suggestions and directions, which enabled us during all stages of this research.

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