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STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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

A STUDY ON FACTORS DETERMINING FOREIGN INSTITUTIONAL INVESTMENTS IN INDIA

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ABSTRACT

Developing country like India will be able to develop with adequate flow of foreign capital. Foreign Institutional Investors help to supplement the domestic savings and meet the capital requirements. FII flows are fluctuating in nature and India is among the best performers in the stock market. India becoming an attractive destination for foreign investors can be attributed to many factors. This paper is an effort to identify the factors determining the growth of FIIs in India by taking monthly data for a period of fifteen years. Granger causality test was applied to find the cause and effect of FII investments with the macroeconomic variables and it was found that CPI and money supply causes an effect in FII and FIIs are influencing a change in the exchange rate and IIP.

KEYWORDS

FIIs, IIP, inflation, MIBOR, money supply.

INTRODUCTION

In India, the major change in the capital flows, particularly in portfolio flows, took place due to the reforms in trade and industrial policy. FIIs are entities that are incorporated outside India but invest in India. FIIs are allowed to invest mostly in secondary markets and dated Government Securities. Allowing FIIs reduced the dependence on external commercial borrowing. Private foreign capital accounted for 70.29% of the total net capital account in 2001-02 against 21% in 1985-86. There has been a consistent upsurge in FIIs since 2002-03. The inflow of FII investments has helped the stock market to rise enormously. The policies of liberalisation and reforms have led to a favourable macro-economic environment. As per the reports, net FII investments contributed to nearly 28% of the country's foreign exchange reserves.

The evolution of various policy reforms on FIIs undertaken by the Indian Government made the presence of FIIs felt in the stock market of India. FIIs are generally interested in investing in capital market and this provides liquidity to capital markets and raises expectations of higher trading volume. Increase in the flow of capital would increase the stock prices. the cost of capital for a company would decrease with the higher flow of investments in the primary markets by FIIs. This would also help a corporation to have higher price earnings ratio.FII inflows are an alternative for the domestic savings and provides for the growth and performance of the economy.

LITERATURE REVIEW

Reetika Garg and Pami Dua (2014), studied the macroeconomic determinants of portfolio flows to India and found that the FII investments are attracted by the lower exchange rate volatility and a better opportunity for risk diversification. Apart from this FIIs are also influenced by the performance of domestic companies, higher interest rate and the growth of the host country. The study was conducted on BSE and the ADR/GDR flows were also considered. Results suggest that India may be able to attract FPI flows by maintaining strong domestic growth, lower exchange rate volatility and making domestic financial market performance, less vulnerable to global shocks and this can be achieved by increasing the investor base in financial markets. Sonia Chawla and Priyanka Sharma (2014) presented a review of studies on FIIs. Though various studies have shown that FDI investment is high in service sector, movement of FDI and FPI in India is affected by many macroeconomic variables like Balance of trade, money supply which may be M_1 or M_2 or M_3, inflation represented in India by CPI or WPI, economic indicators like GDP or IIP, foreign exchange rate, etc., this study has conducted a review of studies so as to establish a relation between macroeconomic variables and the flow of FIIs in India Sunil Kumar (2014) analysed the trends of Foreign Institutional Investments during and beyond economic crises and found that there is a variance of FIIs which is influenced by foreign exchange reserves and market capitalisation. The impact of market capitalisation on FII was found significant in the long run. Vanita Tripathi and Shilpa Maggo (2014), investigated the determinants of foreign institutional investment in the Indian debt market using multivariate regression analysis and factor analysis to identify the major determinants of FIIs in the debt market. It was found that IIP and exchange rates were the major determinants of FII flows to debt market in India. Krishnan Dandapani and Edward R.Lawrence (2013) studied the effect of FII on the stock market in India and found that FII has a direct significant effect on the returns of the Indian stock. They also studied the factors influencing the FII investment in India. Vinod K.Bhatnagar, (2011) analysed the trends of monthly inflows of FIIs investment in India during 2004-2010, and found that, FIIs investment behaviour is determined by the stock market returns and risk in economic factors of India. Higher Sensex indices and high PE ratios are the country level factors attracting FIIs in India and there is a growth trend in FIIs investment in India Mishra.P.K (2010) attempted to investigate the dynamics of relationship between FIIs investment flows and the economic growth in India over the period 1993-2009. It was found that the growth of real GDP may promote FIIs investment in India. The statistical results and interpretation can be delimited by the fact that FIIs flow can also influence the economic growth of the country. Ashish Garg and Bodla.B.S (2009) examined the determinants of FIIs in Indian stock market and found that the Indian equity market return is the prime mover of the net FII inflows into India. Nidhi Dhamija (2008) made and exploratory analysis of the investment of FIIs patterns across firms to examine the role of various factors relating to individual firm level characteristics and macro level conditions influencing FII investments. It was found that the regulatory environment of the host country plays a major role impacting the FIIs. Tripati Rao and Rudra Sen Sarma (2007) studied the dynamic relationship between monetary policy, stock market and FII inflows and found that a good monetary policy stabilising the foreign exchange market to attract capital flows, together with stock market returns determine FII inflows. Indrani Chakraborty (2006), examined the capital inflows during post liberalisation period in India by analysing the quarterly data from 1993 to 2003. The econometric results indicated that an error correction mechanism was operating between net inflows of capital and the real exchange rate in India. A co integration relationship existed between net inflows of capital, real exchange rate and interest rate differential and the intervention of RBI in the forex market helped to prevent the volatility of the real exchange rate in spite of the volatility in the capital inflows. Pushpa Trivedi & Abilash Nair (2006) studied the determinants of FIIs investments inflows to India, their results indicate that the returns and volatility in the Indian Markets emerge as the principal determinants of FIIs inflow. Ram Mohan T.T (2005) had taken stock of FIIs in terms of volatility and found that the real problem caused by the variation in FIIs inflows was not due to stock market volatility but the difficulty posed in management of money supply and exchange rate. Kulwant Rai and N.R.Bhanu Murthy (2004) studied the role of risk, return, and inflation as determinants of FIIs. They found that stabilising the stock market volatility and minimising the expected risk in future would help attract more FIIs which will have a positive impact on the real economy.

NEED FOR THE STUDY

Studying the impact of major factors influencing FII flows will be more effective in helping the decision-makers, policy makers and investors. It will help to understand the market forces and to analyse a wider spectrum which is beyond the mere demand and supply levels. This will also help to understand the macro economic factors that directly or indirectly affect the appreciation / depreciation of the market and in turn could impact the investment decisions. Macro factors like inflation, monthly returns in the stock market, volatility in the stock market. Few factors affect the volatility called as the casual factors. They are macro-economic impacts, global markets, role of institutional investors and industry performance.

OBJECTIVES OF THE STUDY

- To study the growth of foreign institutional investments in India.
- To identify the factors influencing the FII investments in India.

METHODOLOGY

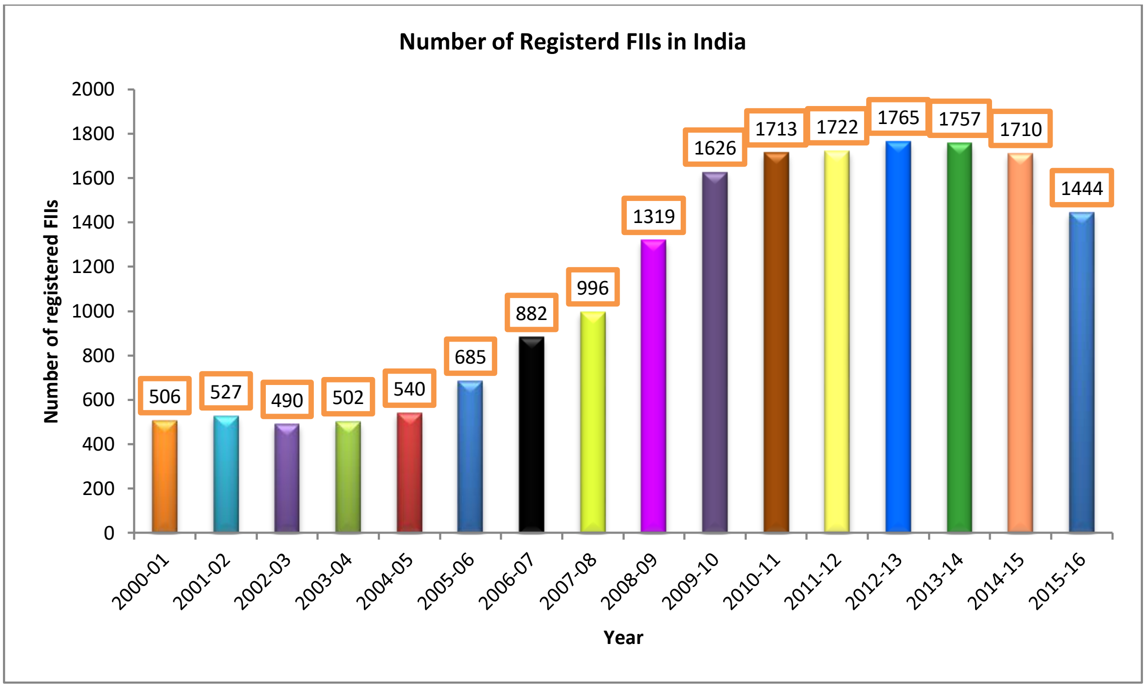
The required data for the study has been collected from secondary sources from the official websites of BSE, SEBI and RBI. Since the data is time series, tests for checking the stationarity was conducted. To find out the lag lengths at which the data could be analysed, Auto Regressive Distributed Lags method was followed and the cause and effect of the determinants of FII was found out using Granger causality test.

PERIOD OF THE STUDY

The study was conducted for a period of 15 years from 2001-2016 and monthly data was used for the study. To find the impact of global financial crisis, the period is split up into two as April 2001 to August 2008 and November 2008 to March 2016. The month of September and October 2008 were taken as the crisis period and not considered for the study and this was decided after fitting a trend to identify the crisis period.

GROWTH OF FIIs

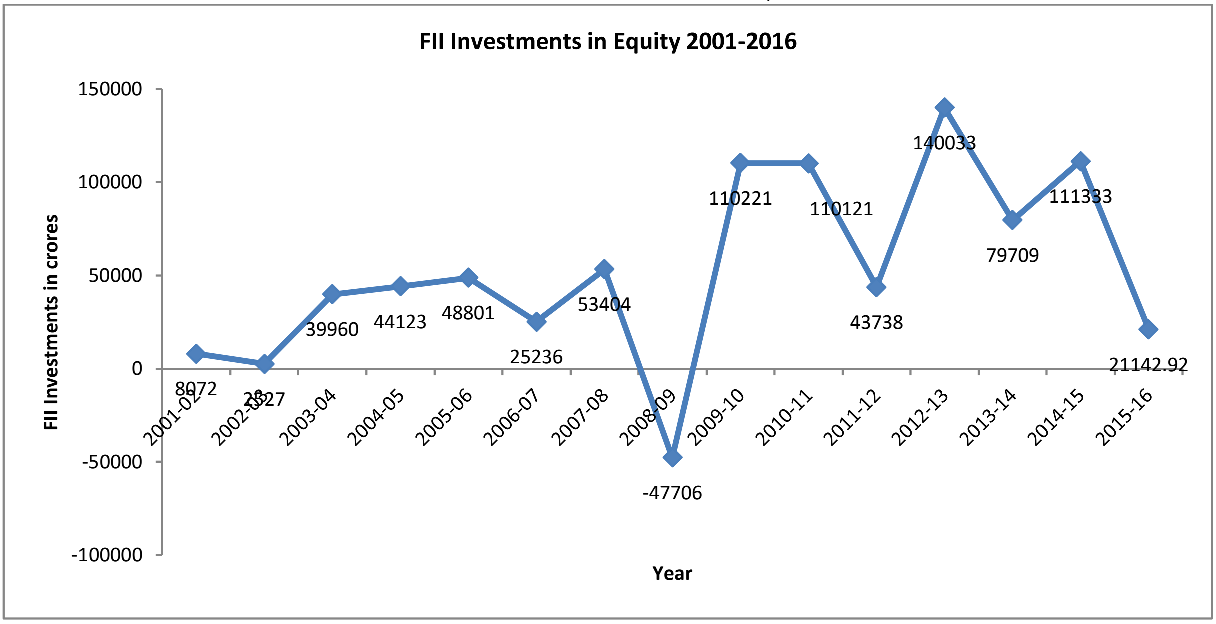
CHART 1: NUMBER OF REGISTERED FIIs



Source: SEBI

The above chart clearly depicts the increase in the number of FIIs registered with SEBI for the purpose of trading in India. The number registered touched a peak of 1765 in the year 2012-13 but has slowly declined to 1444 in the year 2015-16.

CHART: 2 FIIs INFLOWS INTO INDIA IN EQUITY



Source: SEBI

The above chart shows the growth in FII investments from the year 2001-02 to the year 2015-16.

- From Rs. 8072 crores in 2001-02, there was a gradual increase up to 2007-08 and the investments have touched Rs. 53404 crores.
- Due to the global financial crisis in the year 2008-09, there was a sudden fall in the net FII investments where the outflows were more than the inflows [Rs. 47706].
- The year 2009-10 has seen a sharp rise in the inflows and it has touched Rs. 110121 and it can be identified with the confidence in the Indian Stock market by the FIIs.
- FII investments touched its peak of Rs. 140033 crores in the year 2012-13.
- By the year 2015-16, there is a decline in the flows and is at Rs. 21143 crores.

DETERMINANTS OF FOREIGN INSTITUTIONAL INVESTMENT FLOWS

There is no consensus about the factors which is determined as influencing the flow of FIIs. This is because, the factors favouring or being unfavourable for attracting FIIs differ from country to country including the micro and macro-economic factors prevailing in that country. Broadly, the following are considered as the major factors influencing FII investments after reviewing previous studies in this aspect.

1. INFLATION

Inflation has an inverse relation with the foreign investment inflow, as the investor will always keep into consideration, the purchasing power of the funds invested and the inflation increase. When there is an increase in inflation rate, it leads to the decline in the purchasing power of the investor. Therefore, the investor would prefer to withdraw his funds invested. Similarly, if the inflation in foreign country increases, the purchasing power of funds invested in foreign country would decline. This would make the investor to withdraw and invest in the county where inflation is lesser.

2. INDEX OF INDUSTRIAL PRODUCTION (IIP)

IIP is also as important reflex on the growth of an economy. IIP reflects the growth of different sectors of an economy like manufacturing, mining, quarrying, power, etc. IIP in India indicates the short- term changes in the production volume of certain industrial products which are blanketed together for a particular period in relation with the base period taken for calculation. Since FIIs are motivated by the growth of the companies / sectors in which they are investing, IIP as a factor determining FII flows into India is justified.

3. INTEREST RATES IN INDIA AND OTHER COUNTRIES [MIBOR]

When the interest rates in India are high, it increases the cost of capital for a company and in turn will affect the profitability of the company. Decreasing corporate profitability, in turn, will reduce the market value of a company's equity share. This will be less attractive for domestic as well as foreign investors. In such a situation, FIIs will shift their focus from equity markets to debt markets because they will get higher returns in the debt market. Therefore, rising interest rates in an economy will affect FII investment flows in equity and equity related instruments.

4. FOREIGN EXCHANGE RATE

Foreign Exchange Rate prevailing between the currency of host country and the currency the investor's domestic currency fluctuates based on the demand and supply of currencies against each other. The exchange rate affects the effective or expected rate of return on investments. When the value of home currency is stronger, the FII investments will definitely increase. This is because; the percentage of returns of FIIs will increase with the strong value of currency and its appreciation. In other words, if the currency value of the host country is weaker or depreciates then this will give a better appreciation in the value of FII investments.

5. MONEY SUPPLY

In an economy, the amount of money in circulation at a given point of time is called as money supply. It includes cash, coins, balance in savings account, short term investments etc., held by individuals and business houses. The increase in money supply will help to reduce the interest rates and when the money supply reduces, there will be a decline in the growth of an economy. M_3 is a broader concept which includes the savings and time deposits held by banks.

6. IMPACT COST

Impact cost is otherwise called as the transaction cost which would be incurred by a buyer or seller of the stock at the time of executing the contract and it is a good measure for checking the liquidity of a market.

7. GOVERNMENT POLICIES

Investment flows of FIIs also largely depend upon the Government Policies of a country in which the investment is to be done. For Instance, when the Indian Government announced capital gains tax and minimum alternate tax for FII's that sent a very negative signal and FII's started pulling out their investments leading to volatility in the stock market. Since the Government policies cannot be measured numerically, it is not considered in this study.

TABLE 1: STATIONARITY TEST- AUGMENTED DICKEY FULLER TEST RESULTS FOR SELECTED VARIABLES

Variable	Form	t-statistic	Probability
FII RATIO	Original Form	-9.215674	0.0000
MIBOR [Mumbai Inter Bank Offered rate]	Original Form	-2.896766	0.0477
	First Differenced	-51.74174	0.0001
FOREX	Original Form	-0.146044	0.9414
	First Differenced	-10.95268	0.0000
CONSUMER PRICE INDEX[CPI]	Original Form	-1.683589	0.4379
	First Differenced	-13.21869	0.0000
INDEX OF INDUSTRIAL PRODUCTION [IIP]	Original Form	-2.341777	0.1601
	First Differenced	-18.56862	0.0000
MONEY SUPPLY [M_3]	Original Form	-0.937551	0.9483
	First Differenced	-1.961706	0.6414
	Second Differenced	-12.07298	0.0000
IMPACT COST	Original Form	-5.535268	0.0000

The above table presents the results of Unit Root Test conducted on the FII ratio and other variables like MIBOR, FOREX, CPI, IIP, Money Supply[M_3] and Impact Cost (cost of transaction). Unit Root Test has been conducted by using Augmented Dickey Fuller (ADF) Test. The null hypothesis of the test is that the variable is not stationary. If the variables are not stationary at their original form or level form, then the test has to be conducted in the first differenced level or the second differenced level till the variable becomes stationary.

Results

- FII ratio is stationary at the original form[P<0.01]
- MIBOR is stationary at the first differenced form.
- FOREX is stationary at the first differenced form.
- CPI is stationary at the first differenced form.
- IIP is stationary at the first differenced form.
- Money Supply[M_3] is stationary at the second differenced form
- Impact cost is stationary at level form.

As the variables considered for the study are becoming stationary at different orders, Auto Regressive Distributed Lag Model [ARDL] has to be applied. This model is used to examine if there exists any relationship between the variables in the long run.

TABLE 2: RESULTS OF ARDL MODEL

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
FII RATIO(-1)	0.166511	0.071326	2.334498	0.0208
FII RATIO(-2)	0.046201	0.071843	0.643082	0.5211
FII RATIO(-3)	0.10563	0.07386	1.430137	0.1546
FII RATIO(-4)	0.133086	0.067794	1.963103	0.0514
MIBOR	0.000271	0.008681	0.031193	0.9752
FOREX	-4.08718	0.66233	-6.17091	0
FOREX(-1)	3.991583	0.649841	6.142395	0
CPI UNIFORM BASE	0.083632	0.044424	1.882609	0.0616
IIP UNIFORM BASE	0.333544	0.157824	2.113389	0.0361
IIP UNIFORM BASE(-1)	-0.36616	0.160444	-2.2822	0.0238
LNM3	-0.0625	0.069726	-0.89629	0.3714
IMPACT COST	-0.14351	0.18847	-0.76142	0.4475
IMPACT COST(-1)	-0.21907	0.185652	-1.18001	0.2397
IMPACT COST(-2)	-0.35209	0.184025	-1.9133	0.0575
IMPACT COST(-3)	0.346688	0.186383	1.860083	0.0647
CRISS DUMMY	0.109333	0.063467	1.722675	0.0869
C	1.453795	0.722144	2.013164	0.0458
R-squared				0.437510
Adjusted R-squared				0.381261
S.E. of regression				0.158966
Log likelihood				83.29834
F-statistic				7.778093
Prob(F-statistic)				0.000000

- The results of ARDL model reveal that one month lagged FII ratio has significant positive on the current month values of the same variables. Whereas, the second, third and the fourth months lagged FII ratio though has a positive influence, it is not significant statistically.
- MIBOR does not have significant impact on the FII ratio.
- Current month FOREX has significant negative impact while the one month lagged FOREX has significant positive impact.
- CPI has a moderate impact on the FII inflows, but its impact is significant at 10 % level of significance.
- Current month IIP has significant positive impact while one month lagged IIP has significant negative impact.
- Money supply does not have any significant impact on FII flows.
- Impact cost also does not have any significant impact on the flow of FIIs.
- 'R' squared value denotes that the change in FII flows can be attributed to the above determinants and it can be predicted at 43.75%.

Examining the causal relationship between FII ratio and various other variables by applying Granger Causality Test

TABLE 3: ESTIMATION OF DIRECTION IN DIFFERENT LAG LENGTHS BETWEEN FII RATIO AND EXCHANGE RATE

Null Hypothesis	Lag Length	N	F-statistic	Prob.
FOREX does not Granger Cause FII RATIO	1	180	0.02542	0.8735
FII RATIO does not Granger Cause FOREX			8.13272	0.0049
FOREX does not Granger Cause FII RATIO	2	179	0.63132	0.5331
FII RATIO does not Granger Cause FOREX			2.75196	0.0666
FOREX does not Granger Cause FII RATIO		178	0.19539	0.8994
FII RATIO does not Granger Cause FOREX	3		1.93930	0.1251

Result

Lag-1 [5% Level Of Significance]

At 5% level of significance, there is uni-directional causality between the FII ratio and foreign exchange rate, where the FII ratio is the cause for the exchange rate depreciation or appreciation but the exchange rate does not cause the increase or decrease in the flows of FII.

Lag-2 and Lag-3 [5% Level Of Significance]

At 5%, Level Of Significance in the second and the third lag i.e. in the second and the third month, there is no causation between the FII ratio and the exchange rate. Both the variables do not cause any effect on each other mutually.

TABLE 4: ESTIMATION OF DIRECTION IN DIFFERENT LAG LENGTHS BETWEEN FII RATIO AND CONSUMER PRICE INDEX

Null Hypothesis	Lag Length	N	F-statistic	Prob.
CPI uniform base does not Granger Cause FII RATIO	1	180	10.2255	0.0016
FII RATIO does not Granger Cause CPI uniform base			0.34800	0.5560
CPI uniform base does not Granger Cause FII RATIO	2	179	4.60629	0.0112
FII RATIO does not Granger Cause CPI uniform base			0.41456	0.6613
CPI uniform base does not Granger Cause FII RATIO		178	2.11544	0.1001
FII RATIO does not Granger Cause CPI uniform base	3		1.74574	0.1595

Result

Lag-1 [5% Level Of Significance]

There is uni-directional causation between CPI and FII ratio. The Consumer Price Index is causing the increase or decrease in the flow of FIIs into India, whereas, the FII ratio do not cause any impact on the CPI in India at 5%.

Lag-2 [5% Level Of Significance]

In the second lag too, there is uni-directional causation between CPI and the FII ratio where, CPI is causing the change in the FII investments in India whereas, FII investments do not cause any change in the Consumer Price Index in India.

Lag-3 [5% Level Of Significance]

At 5%, in the third month, it is found that there is no causation between FII ratio and CPI. That is, both the variables are not causing any change in the other variable mutually.

It can be concluded that the uni- directional causation exists only in the first two months at 5% Level of Significance LOS, where, CPI attracts the FII investments.

TABLE 5: ESTIMATION OF DIRECTION IN DIFFERENT LAG LENGTHS BETWEEN FII RATIO AND INDEX OF INDUSTRIAL PRODUCTION:

Null Hypothesis	Lag Length	N	F-statistic	Prob.
IIP uniform base does not Granger Cause FII RATIO	1	180	0.77998	0.3783
FII RATIO does not Granger Cause IIP uniform base			0.00309	0.9558
IIP uniform base does not Granger Cause FII RATIO	2	179	1.48759	0.2288
FII RATIO does not Granger Cause IIP uniform base			2.87865	0.0589
IIP uniform base does not Granger Cause FII RATIO		178	0.56582	0.6383
FII RATIO does not Granger Cause IIP uniform base	3		4.10727	0.0076

Result

Lag-1 [5% Level Of Significance]

There is no causation between FII ratio and Index of Industrial Production in the first lag as the 'p' value is more than 0.05 at 5%.

Lag-2 [5% Level Of Significance]

At 5%, there is no causation between FII ratio and IIP in the second month.

Lag-3 [5% Level Of Significance]

FII investments are Granger causing the IIP in the third month, but there is no effect caused by IIP on the FII flows at 5%.

It is found that FII investments cause the change in the Index of Industrial Production in the second and the third months of their investments in India.

TABLE 6: ESTIMATION OF DIRECTION IN DIFFERENT LAG LENGTHS BETWEEN FII RATIO AND MONEY SUPPLY [M_3]

Null Hypothesis	Lag Length	N	F-statistic	Prob.
M3 does not Granger Cause FII RATIO	1	180	5.03930	0.0260
FII RATIO does not Granger Cause M3			0.03991	0.8419
M3 does not Granger Cause FII RATIO	2	179	2.92745	0.0562
FII RATIO does not Granger Cause M3			0.22159	0.8015
M3 does not Granger Cause FII RATIO		178	1.57470	0.1973
FII RATIO does not Granger Cause M3	3		0.38277	0.7656

Result

Lag-1 [5% Level Of Significance]

In the first lag, Money supply is causing an effect on the FII investments as there is uni directional causality between the two variables. On the other hand, FII investments are not causing any impact on the money supply in India in the first month at 5%.

Lag-2 [5% Level Of Significance]

Both the variables are not causing any effect on each other in the second month at 5%.

Lag-3 [5% Level Of Significance]

In the third lag, there is absolutely no causation between the two variables. Neither FII investments nor the money supply are influenced by each other at 5.

It is found that a good money supply position is causing an impact on the flow of FIIs in the first lag at 5% Level of Significance.

TABLE 7: ESTIMATION OF DIRECTION IN DIFFERENT LAG LENGTHS BETWEEN FII RATIO AND IMPACT COST

Null Hypothesis	Lag Length	N	F-statistic	Prob.
IMPACT COST does not Granger Cause FII RATIO	1	180	0.71358	0.3994
FII RATIO does not Granger Cause IMPACT COST			3.24232	0.0735
IMPACT COST does not Granger Cause FII RATIO	2	179	0.75238	0.4728
FII RATIO does not Granger Cause IMPACT COST			2.14253	0.1204
IMPACT COST does not Granger Cause FII RATIO		178	2.21624	0.0880
FII RATIO does not Granger Cause IMPACT COST	3		2.22314	0.0873

Result

Lag-1, 2 and 3 [5% Level of Significance]

In all the three lags, at 5%, there is no causation between the FII ratio and the impact cost in both the directions.

It is found that the impact cost is not having any effect on the flow of foreign investments and vice versa in the first month. This scenario changes slowly and by the third month, both the variables are affected by each other.

CONCLUSION

The FII inflows into a country depend upon various factors and there are certain factors which are very much influential. In this study, it was found that there was unidirectional causation from FII investments towards the exchange rate and IIP in India. Also it was found that there was a unidirectional causation from money supply and CPI towards the FII inflows and there was no causation between impact cost and MIBOR towards the FII investments.

LIMITATION OF THE STUDY

The factors influencing the FII investments are very wide, but only the macro economic variables are considered for the study.

SCOPE FOR FURTHER STUDY

A study can be conducted considering micro economic variables also like the price earnings ratio, returns and volatility of the companies constituting the index.

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BANKING REGULATION AND FINANCIAL PERFORMANCE (INSTITUTIONAL THEORY PERSPECTIVE)

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ABSTRACT

A research aims to examine the effect of banking regulation toward financial performance. The banking regulation was measured by using a proxy of Corporate Governance, risk disclosure and capital adequacy as measured using a minimum Capital Adequacy Ratio (CAR) with institutional theory perspective. The financial performance was measured by a Return on Assets (RoA). The research used SPSS version 20. An analysis tool used was multiple linear regression to examine the effect of banking regulation toward financial performance. The research used secondary data which obtained from officially published annual report of the company. These samples included 32 companies of the banking industries listed in Indonesia Stock Exhange in period of 2010-2014. The research proves that the Corporate Governance and Capital Adequacy Ratio are positively effected on financial performance although the risk disclosure does not affect the bank's financial performance. The implication of research indicates that the management of the bank based on the principles of Corporate Governance and fulfillment of minimum capital provides the evidence that can reduce a risk of business and investment in banks and boost financial performance. The risk information does not give confidence to the community on investment in the bank. So, it does not contribute to improve the financial performance.

KEYWORDS
banking regulation, corporate governance, risk disclosure, minimum capital adequacy, financial performance.

INTRODUCTION

The research aims to examine the effect of bank regulation toward financial performance with institutional theory perspective. The banking regulation in this research is the terminology which used to describe the compliance of banking to Indonesia Bank Regulation (IBR). This research focuses on the compliance of banking in the three regulations. It consisted of; (1) Corporate Governance which abbreviated as CG; (2) Disclosure of risk; and (3) Minimum Capital Adequacy Ratio (CAR)..

The research is based on decline phenomenon in financial performance of bank as a result of non-compliance with the regulations. The decrease case in the bank's financial performance in Turkey showed that non-compliance toward regulations are negatively impacted the decrease of bank's financial performance (Ozkan, Katmai Balsari and Varan, 2014). Also, a similar case occurred in Indonesia that was Bank Mega Ltd, PLC in 2011 which suffered a loss of 598 Billion Rupiah due to embezzlement caused by a weak internal control and non-compliance with regulations' (Suarapembaruan.com 2011). The incident resulted in the decrease in financial performance of Bank Mega Ltd, PLC.

FIGURE 1.1: THE DECLINE IN FINANCIAL PERFORMANCE OF BANK MEGA LTD, PLC

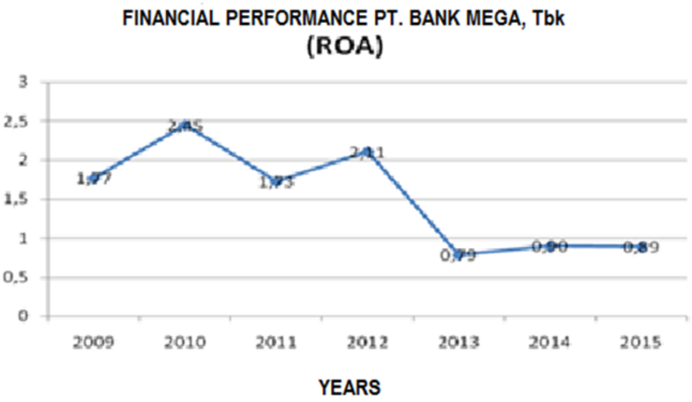

Figure 1.1 showed that a decline in financial performance, Bank Mega Ltd, PLC, during the period of 2012-2015 (after the case of Bank Mega Ltd, PLC). Another fact was shown by the results of the Indonesian Supreme Audit Institution for the management of 17 Indonesian Regional Development Bank and the Indonesian Citizen Credit Bank during the period of 2011 to 2013. The findings found that 80 cases due to the weakness of the internal control system and 133 cases due to non-compliance with the regulations that affected the bank's financial performance (finansial.bisnis.com, 2014).

The financial performance information is needed for the community in terms of avoiding high-risking the bank (Hunjak and Jacovevic, 2001). Meanwhile, the regulators, the information of bank's financial performance is helpful to assess compliance with the regulations set (Taswan, 2010). For investors, the information of financial performance is very useful to assess the performance and the success rate in managing the bank's management (Westen and Copeland, 1992; Booth, Cornett, and Thracian, 2002). Thus, the higher level of bank's compliance toward regulations, the smaller risk faced. With the lack of risk faced indicates that the bank is able to use and manage the assets efficiently. The higher level of bank efficiency, the higher financial performance of the acquired bank got (Naceur and Omran, 2011).

The difference of this research with a variety of previous study lies in compliance with banking regulations in developed countries and countries that have bank regulation good, but it does not much research that explains about the compliance of banking regulations in developing countries, especially in Indonesia. There are two reasons why the researchers conducted the research in Indonesia:

a. The past research conducted in many developed countries and has a degree of compliance with bank regulations were good (For example, Pasiouras, Tanna, Zopounidis, 2009; Hagendorff, Collins, and Keasey, 2010;Naceur and Omran, 2011; Altunbas, Manganelli, Marques-Ibanez 2011; Vallascas and Keasey, 2012; Demirgüç-Kunt, Huizinga, 2012; Sum, K. 2015; Ozkan, Balsari and Varan 2015); and
b. The limited similar studies in developing countries (For example, Ahmad and Hassan, 2007; Oladejo, Oladehinde and Oladipupo, 2011)

Based on the explanation above, the research is structured to provide an overview of compliance with bank regulations to improve financial performance. This research focuses on aspects of the bank's compliance with banking regulation. The banks follow the rules and norms to create legitimacy in society (Pfeffer and Salancik, 1978). It was reaffirmed by Scott (1995) that an organization legitimacy obtained through: 1) comply with the existing regulations; and 2) comply with existing systems. It shows that the importance of the role of institutions (regulator) to ensure that the management is able to manage the accountable company and reflect the role of the institution as part of the environment that may affect the company.

LITERATURE REVIEW

INSTITUTIONAL THEORY

According to North (1991), the institution or institutions are the rules (constraints) created by man to organize and form the interaction of political, social and economic. It is also supported by Scott (1998) who stated that the institution is a social structure that has reached the highest resistance and consisting cultural cognitive, normative and dynamic regulative. These elements affect together with the activities in providing stability in social life. An effort to provide the stability of an institution needs to consider the elements such as rules, norms, cultural benefits, roles and resources, basis and resources.

In performing its duties, the institution must have a useful function for some parties interested in the company. According to Rodrik (2003), there are four functions of institutions in relation to supporting the performance, namely:

1. Market creating is the institutions that protect rights property and ensure the implementation of the contract;
2. Market regulating is the institutions in charge of addressing market failure that institutions regulate the problem of externalizes, economies of scale and the imperfection of information for reducing transaction costs (for example, the regulatory body for telecommunications, transport and financial services);
3. Market stabilizing is the institutions that keep the inflation low rate, minimize the macroeconomic instability and control the financial crisis (for example, central banks, foreign exchange system, monetary and fiscal authorities); and
4. Market legitimizing is the institutions that provide social protection and insurance, including arranging for the redistribution and manage conflict (for example, the pension system, insurance for unemployment and other social funds).

Based on the explanation above, it can be concluded that the institutions that could affect the bank management are institutional environment. This institution deals with the creation of the rule of law (especially property rights), the constitution, legislation, judiciary and bureaucracy. This institution is expected to create formal rules of a good (first-order economizing). Organizations follow the rules and norms to create the legitimacy of the company and community (Pfeffer and Salancik, 1978).

FINANCIAL PERFORMANCE

According to Malik and Nadeem (2014), financial performance can be defined as it measures the financial position of a company over a specified time period to know how efficiently a company is using its resources to generate income. Meanwhile, Brigham and Gapenski (2006) states that the financial performance reflects the company's ability to manage and allocate resources. Thus, the financial performance demonstrates the effectiveness and efficiency in the use of resources for getting revenue. The important financial performance assessment was conducted by the company's management, shareholders, creditors, regulators, and stakeholders, because it involved the distribution of wealth between them (Adams and Tehran, 2011).

The improvement of financial performance is an achievement, to the expectations of the owners of the company. It is expected to improve the welfare of the owners (Pasternak and Rosenberg, 2002). The financial performance is the result of a policy manager in managing the company and assessment of financial performance, which in turn evaluate the company's goals.

BANKING REGULATION

According to Stigler (1971), the regulations are some policies that govern the market based on the strength of the government's power. Meanwhile, Chang (1997) argues that the regulation is a service to the community with the goal of efficiency. Another opinion came from Demirguc-Kunt and Detragiache (1998) who improved the regulatory environment that can prevent a banking crisis. In the line with them, Supriyanto (2006) argued that the higher capacity of regulatory compliance, the better the bank's efforts to overcome the threat of trouble continuance efforts, so that the effect on the financial performance. According Taswan activities (2010), the banking industry needs regulation in this regard due to:

a. Banking institutions besides aiming for national business also mandated that welfare people. To that regulation would force banks act fairly and boost the prosperity of the people;
b. Equation interests of stakeholders. Bank operates for the public that serve the public. Stakeholders' interests take precedence because it has an interest in the survival of a bank;
c. Bank is an institution of trust. Stakeholders feel safe to invest in banks based confidence in the management of the bank; and
d. Bankruptcy or liquidation of the bank may cause a domino effect, if it occurs would disrupt the national banking system and the national economy.

Furthermore, according to Dendawijaya, L., (2009), the bank regulation made aims to: 1) safety is to prevent the market failure and deposits withdrawal by public result in a loss to the bank, 2) Stability is related to the goal of macroeconomic stabilization or maintain the stability of macro economy, 3) Structure is the issue of competition and efficiency bank.

Related the regulation, the banking industry in Indonesia's regulation issued by Indonesia Bank. It has the mandate in accordance with Article 29 paragraph (1) of Act 7 of 1992 for the banks guidance and supervision and then given the authority and duty to conduct banks training and supervision to make efforts in both preventive and repressive. Nevertheless, in accordance with Law No. 21 Year 2011 on the Financial Services Authority (FSA), in the 2014, the bank supervision on the original by Indonesia Bank would shift to the Financial Services Authority (FSA).

Based on the 30 of PBI, this research focuses on the three regulatory compliance of banking, namely PBI regarding (1) Corporate Governance, (2) risk management, and (3) capital adequacy. It is expected to provide information about the banking industry compliance with Indonesia Bank regulation to improve financial performance.

METHODOLOGY

RESEARCH PURPOSES

1. Knowing the effect of compliance practices of Corporate Governance to the financial performance of the banking industry which are listed in the Indonesia Stock Exchange.
2. Knowing the influence of compliance risk disclosures on the financial performance of the banking industry which are listed in the Indonesia Stock Exchange.
3. Knowing the influence of compliance with the minimum capital requirement affect the financial performance of the banking industry which are listed in the Indonesia Stock Exchange.

HYPOTHESIS

H1: There is a positive influence on the financial performance of corporate governance.
H2: There is a positive influence on the financial performance of risk disclosure
H3: There is a positive influence on capital adequacy ratio of financial performance.

RESEARCH METHODS

The research is explanatory variables to examine the influence of Corporate Governance, disclosure of risk and Capital Adequacy Ratio of the bank's financial performance. The population in this research is the banking industry listed in Indonesia Stock Exchange 2010-2014. This research used the banking industry due to the banking company in Indonesia, Corporate Governance, has been specially arranged through Indonesia Bank Regulation No.8 / 14 / PBI / 2006 on Corporate Governance in the Indonesian banking industry. In addition to these regulations, there is a special treatment for the banking industry regarding the application of risk management in accordance with the Indonesia Bank Regulation No.11 / 25 / PBI / 2009 on the implementation of risk management. In this research, the sample frame used is the annual report listed banks in BEI period 2010-2014. This is consistent with the observation period during the research after the implementation of the Indonesia Bank Provisions No.11 / 25 / PBI / 2009 on the implementation of risk management.

FINDINGS AND ANALYSIS

TABEL 1: DESCRIPTIVE STATISTICS

Variabel	Minimum	Maksimum	Mean	Median	Std. Dev
CG	0,73	0,98	0,88	0,90	0,57
RD	0,50	1,00	0,77	0,77	13,45
CAR	9,41	28,29	16,24	15,78	3,55
ROA	-1,64	5,15	1,91	1,79	1,19
Ln_Credit	33	751996	54668	17048	80157

Variabel Description:
CG : *Corporate Governance,* was measured by index of CG
RD : *Risk Disclosure*, was measured by PBI items
CAR : *Capital Adequacy Ratio*, is the minimum capital adequacy based on PBI
ROA : *Return on Asset*, was measured by ratio of net income to total asset
Ln_Credit : *Lending amount by the bank per year*

From the table above, it shows that the financial performance of the banking industry listed in Indonesia Stock Exchange has an average value of **1.91**. This value is categorized as **good.** It is because the level of compliance with banking regulations proxies by corporate governance, disclosure of risk and capital adequacy has good value (see table 1). Thus, the improved financial performance of the banking industry in Indonesia is influenced by an increase in the banking regulation.

TABLE 2: INFLUENCE OF CORPORATE GOVERNANCE, RISK DISCLOSURE, CAPITAL ADEQUACY RATIO THE FINANCIAL PERFORMANCE

Variabel	Koefisien Regresi	*T-Test*	Sig
CG	3,090	1,930	0,056**)
RD	-0,13	-0,169	0,866
CAR	0,046	1,803	0,074**)
Ln_Credit	0,027	0,358	0,721
ToB	-1,039	-3,928	0,000***)
years_2011	0,098	1,210	0,232
years_2012	0,023	0,293	0,770
years_2013	-0,074	-0,931	0,353
years_2014	-0,662	-2,886	0,005***)
R *Square*	0,199		
Adjusted RSquare	0,176		
F	8,650		
Sig	0,000		

***) : significance α = 1 %
**) : significance α = 5 %
*) : significance α = 10 %

From the results of processing the data to test the hypothesis, the model chosen is fit it is due to have a value of ANOVA highest at 40.459 and p-value of **0.000**, which means that this model is a model that is most significant for predicting the effect of banking regulation proxies by the adherence of corporate governance, disclosure of risk and capital adequacy ratio of financial performance proxies by return on assets in the banking industry.

The coefficient of determination (R2) in this research will use Adjusted R2 value, because the number of independent variables more than two. Adjusted R2 value indicates the number **0,199,** it shows that **19.9%** ROA can be explained by the variation of three independent variables, and the remaining **80.1%** can be explained by other variables outside the model.

Based on ANOVA test, the values obtained Whiting **8.650** with a significance of **0.000,** meaning that the significance level is less than **0.05**. It can be said that the regression model can be used to estimate the ROA.

The variable Corporate Governance (CG) with coefficient t values of **3.090** and **1.930** with a significance of **0.056** indicates that corporate governance positively affects financial performance. The significance value less than **0.05** so significant. Thus proving, there is the influence of corporate governance on financial performance. This means that the hypothesis 1 (H1) is supported.

The variable risk disclosure (RD) with coefficient **-0.13** with t values of **-0.169** and significance **0.866** show that risk disclosure no effect on the financial performance. The significant value well above **0.05** so insignificant.

The results of this research do not support the hypothesis 2 (H2). The test results showed capital adequacy ratio (CAR) coefficient **0,046** with t values of **1,803** and significance **0,074** show that capital adequacy ratio effect on financial performance. The significance value is far below **0.05** so significant. The results support the hypothesis 3 (H3). Ie control variable amount of credit (Ln_Credit) shows results results ρ value equal significance level of **0.05** and above **0.721** coefficient value of **0.027**. These results show evidence that there is no influence of the amount of bank lending to financial performance. The test results showed that there were negative influences types of banks (ToB) on financial performance with coefficient of **-1.039**. The level of significance value of **0.000 ρ** under **0.05**. While the control variable amount of credit (Ln_Credit), the test results showed no effect of the number of credit (Ln_Kredit) on financial performance with a coefficient of **0.027**. The significance level of **0.721** ρ value above **0.05.**

Testing is done with four dummy in addition to the base year, the dummy in 2011, 2012, 2013 and 2014. The test dummy in 2011 showed no effect on the financial performance. This can be seen in Table 4.5 above that the coefficient **β4 worth 0.096** with ρ value equal to **0.232.**

A dummyin 2012 showed no visible effect on the financial performance of the coefficient β5 worth **0,023** is not proven by ρ value equal to **0.770**. The dummy in 2013 also showed no effect of (a) the financial performance. This is evident from the coefficient β6 worth -0.074 with ρ value equal to **0.353**. Meanwhile, tahun_2014 dummy control variables, the test results show there is a negative influence on the financial performance dummy tahun_2014 with coefficient of **-0.662**. The level of significance value of **0.000** ρ under **0:05**. The effect means that the average financial performance in 2014, **66.2%** lower than the average financial performance in 2010.

The influence of the control variables are the type of Bank (ToB) to the bank's financial performance results showed a significance level of **0.000** ρ value under **0:05.** The test results show there is a negative influence on type of Bank (ToB)) on financial performance with coefficient of **-1.039**. This result proves that this type of ownership can effect of reducing the bank's financial performance.

CONCLUSION
This research proves compliance with corporate governance practices positive effect on financial performance. The banking industry is capable of meeting the implementation of corporate governance practices reflect the bank's management carefully (Prudent). Management provides believe carefully to stakeholders on the management of the bank in accordance with existing regulations can further improve financial performance. This research demonstrates compliance risk disclosure does not affect the financial performance. The bank industry is an industry that is high risk that disclosure of risks is mandatory disclosure should be reported in the annual report, but stakeholders have not been used optimally information about the risks, during the bank is following the rules and minimal risk, stakeholders do not use it to explain the variation in financial performance, This research proves compliance with capital adequacy ratio positive effect on financial performance. The capital adequacy ratio already corresponded to the regulations provide assurance to stakeholders about the adequacy of capital owned bank to support assets that contain or produce risks that could further improve financial performance.

SUGGESTION
Further, the research can be used a qualitative approach, so that all information disclosed and can provide an overall picture of the compliance of the banking industry in Indonesia. Subsequent research using samples with large quantities that the entire banking industry in Indonesia, it is in order to obtain evidence that can be generalized and Opera about the behavior of the banking industry compliance. Using other proxy refers to the compliance with Bank Indonesia regulations.

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A STUDY ON THE FINANCIAL PERFORMANCE OF CREDIT RATING AGENCIES IN INDIA

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ABSTRACT
Rating is an important component for individual investors for their security and assurance of returns on bond instruments. The Ratings are assigned by Credit Rating Agencies showing the credit worthiness of issuer companies. It is only an advice but not a recommendation. But most of the bonds are rated on the basis of financial soundness of issuer companies. In this context, it was felt to study the financial performance of credit rating agencies for a period of 15 years. In the present study, Credit Rating and Information Services of India Limited (CRISIL), Investment Information and Credit Rating Agency of India Limited (ICRA), Credit analysis and Research limited (CARE), Fitch Ratings, Brickwork Ratings India Private Limited financial indicators such as Revenue, Profit Before Tax, Earnings per Share, Net worth, Dividend, Market Capitalization, Number of Employees and Revenue per employee are focused. The result of analysis by use of hypothesis study and application of ANOVA revealed that there is significant difference between dividend payout ratio, Earnings per share and Profit before tax of CRISIL, ICRA and CARE, Fitch, Brickwork Ratings. It is the rating component which is for any investor to take decisions to invest in debt instruments which is assigned by rating agencies.

KEYWORDS
CRISIL, rating, revenue, global financial crisis.

INTRODUCTION
The role of credit rating agencies can be traced back to 1987, where the Indian financial markets were under developed in terms of regulation and credit rating. The then regulations had least control over the credit rating agencies which were few in number and primarily on the first credit rating. The latter two decades witnessed a steady growth of credit rating agencies in terms of ratings, grading and other services. The number of instruments rated in all grew more than 100 times. The escalating growth of rating agencies was focused by SEBI to restructure the regulatory framework for ensuring the rating assignments and quality service to the issuers. The period 2001- 2015 studied to be pre and post global financial crisis and implement stringent regulations for the vibrant development of credit rating agencies. During this period SEBI has been taking measures to regulate the activities and disclosures of credit rating agencies.

A **credit rating agency** is a company that assigns **credit ratings**, which rate a debtor's ability to pay back debt by making timely interest payments and the likelihood of default. Credit Rating Agencies gained significance after the introduction of the New Economic Policy (1991). Credit Rating was made mandatory in India for instruments like Commercial Papers, Debentures with a maturity period of 18 months and Non-financial Companies Fixed Deposits. After March 1998, Credit Rating has become compulsory for all debt instruments. Before the formation of Credit Rating Agencies, Merchant Bankers and Brokers were the only source of information regarding the risk of a particular issue. The Credit Rating Agencies reduced the task of merchant bankers to a great extent.

REVIEW OF LITERATURE
Tabrez Ahmed (2009) analyzed that whether the credit rating agencies downgrade companies promptly enough, leading to suggestions rather than rely on Credit Rating Agencies (CRA) ratings in financial regulation, financial regulators should instead require banks, broker dealers and insurance firms to use credit spread when calculating the risk in their portfolio.

Jaydev M et al (2010) found the significant part of the variation in the credit spreads of different rating categories by proof of default probability and recovery rate. The relation between credit spreads and important credit risk factors are to be consistent with that of the structural models. It justified the introduction of poll based spreads in the emerging market which could be an encouraging step in the development of the bond and credit derivative market.

Avinash D Persaud (2010) analyzed the differences between rating agencies analysis that rating agencies do not have the business model of analysts who bag multimillion dollar bonuses. But ratings are as much at the heart of the current rate and relocate model of banking as analysts' recommendations were made to the dotcom. Banks were looking more like traders and some traders were looking more like banks. It was stressed that one fall of the sub-prime crisis has been the anger towards credit rating agencies and calls for regulation.

Kuljeet Kaur et al (2010) found that the level of satisfaction regarding credit rating among the investors on the basis of investors decisions by comparing many instruments of various companies at a time and they rely on credit rating for their investment decision by which they might be familiar with the various rating attributes. The analysis made by them indicates that various rating attributes including credit rating, is the expression of safety, it saves time and energy of investors, it helps the investors in decision making. The rating agencies rate the instruments according to their actual worth and the revision of rating by the rating agencies has positive impact on the satisfaction level of the investors. The negative satisfaction level of investors' includes selection of long term portfolio by the investors and involvement of rating agencies in research. Further it revealed that the proper steps should be taken to make the working of credit rating agencies more accountable.

Shobha Kannan (2010) found that Ratings Agencies plan to step up their due diligence process and strengthen their rating methodology after the recent satyam incident. Rating agencies base their analysis on the audited balance sheet of a company which forms the primary source of information. Rating agencies do not look at the company's primary accounts. As a whole the rating agencies should take additional measures in order to ensure there is no discrepancy in ratings.

Bheemanagauda and Madegowda (2010) evaluated the performance of credit rating agencies in India including CRISIL, ICRA, CARE and FITCH. Secondary data relating to long term debt instruments from time period 2000-08 has been used for the purpose of the study. The analysis of the study brings out that during the given period there is a substantial increase in the rating business in India. During the study period, the maximum percentage of instruments rated is assigned the investment grade rating. As far as rating revisions are concerned the study depicts that the downgrades were more than double the upgrades both in terms of number of instruments and the volume of debt. It was depicted that the ratings were issuer based. So the authors suggested that stringent methods should be adopted to avoid frequent downgrades. It further highlights that among the agencies which maintain the stability of ratings, Fitch India ratings holds the top most position followed by CRISIL, ICRA and CARE in line.

Roopa Kudva (2011) forecasted the lowering the GDP from the earlier estimate in view of the deteriorating global economic scenario and the grim investment climate in India on account of the policy environment. It was also anticipated that the impact of rising interest rates and slowing government expenditure, the declaration in advanced countries has been sharper than expected.

Rajiv Bhuva (2011) compared the credit rating agencies listing during the first half of year during 2008 as its business had yet to get off the ground where Reliance Power had a grade of 4 from CRISIL which indicated that it had above average fundamentals but the shareholders lost 83 per cent on the scrip, on the other hand CRISIL assigned a grade of 1 for poor fundamentals to Bhagawati Banquets and Hotels, delivered 106 percent returns whereas Parabolic Drugs got a Grade of 2 from CARE Ratings and Grade 3 from Brickwork Ratings, this sort of happening becomes the business of credit ratings agencies in India a smaller part of the work they do. Rating levels went up, the correlation between ratings and market implied yields fell, and the ability of ratings to predict default deteriorated.

George Batta and Volkan Maslu (2011) compared credit rating agencies adjustments to company reported earnings with equity analysis. The gap between the adjusted earnings of credit rating agencies and equity analysts is larger when a company's operations and status as going concern is more uncertain. It was predicted that agencies can point to inputs as evidence of their caution in the event of an increase in the credit risk of a highly rated company. The interpretation complements that rating agencies make soft adjustments to their rating models, thereby producing ratings that are more optimistic than ratings that would be predicted by harder inputs like adjusted earnings.

IMPORTANCE OF THE STUDY

Credit Rating Agencies were started to evaluate the risk involved in the instruments. The primary purpose of such rating assignment is to take necessary investment decisions by the prospective investors. On the transition of liberalized economy, the Credit Rating Agencies have been providing various categories of services to educate and bring awareness among investors. In this process the investors can also seek advice from experts who have undergone such investing experience. These agencies have been assisting the investors since last twenty years. The historical realities of Credit Rating Agencies have been under surveillance of regulatory authority. Even after such steps, Credit Rating Agencies could not assess the failure of performances in respect of borrowing companies. The rating agencies could not also deduce the fraudulent practices of WorldCom (2002) and Enron (2001).

STATEMENT OF THE PROBLEM

The credit rating agencies assign the ratings to debt instruments. These ratings are backbones for the investors to decide. The earnings of the investors will be based on their decision to invest. Similarly, the earnings of credit rating agencies have any reflection on the returns in these agencies to the shareholding agencies.

OBJECTIVE

To assess the financial performance of credit rating agencies in the pre and post global financial crisis.

HYPOTHESES

The hypotheses developed and tested are as follows.

1. There is no significant relationship between Dividend Payout Ratio of CRISIL, ICRA and CARE Rating Agencies.
2. There is no significant difference between Earnings Per Share of CRISIL, ICRA, CARE and BRICKWORK RATINGS.
3. There is no significant difference between Profit Before Taxation of CRISIL,ICRA and CARE Rating Agencies.
4. There is no significant difference between Ratios of Revenue of CRISIL,ICRA and CARE Rating Agencies.

RESEARCH METHODOLOGY

The study covers four credit rating agencies. The data used for the present study includes secondary data which was collected from official websites of Credit Rating Agencies. The financial information provided by various credit rating agencies is taken for the present study through financial analysis techniques. The other dimension of financial performance was by use of single factor ANOVA.

DATA COLLECTION

Data has been collected from annual reports of all the credit rating agencies and reports submitted to SEBI.

CREDIT RATING AGENCIES – AN OVERVIEW

Credit Rating, as a whole, is playing a very important role in the debt market. Credit Rating agencies have also made a good attempt in the equity primary market by offering the grading service to Initial Public Offering (IPO). In the light of their prominence, an attempt is made to evaluate the performance of rating services of Credit Rating Agencies in India as a whole. The relevant statistics are collected pertaining to the number of long term debt instruments rated, their amount, grades assigned for a period of 15 years from 2000 to 2015 from the publications of SEBI, RBI and Annual Reports of CRISIL, CARE, ICRA, Fitch, Brickworks and Onicra Agencies. Based on this information the ratings assigned for long term corporate debt securities are either equal to or more than one year are presented. The financial performance indicators under taken for the present study are the Revenue, Profit before Depreciation and Tax (PBDT), Profit before Tax (PBT), Earnings per Share (EPS), Net worth, Dividend, Market Capitalization and Revenue per Employee for all the credit rating agencies.

TABLE 1: FINANCIAL PERFORMANCE OF CRISIL (Rs. In Lakhs)

Financial Performance Indicator	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Revenue	4033	5154	6929	7186	7426	9173	15865	27088	40389	46445	63915	52871	97800	78279	90336	127707
PBDT	2216	1787	3614	3523	3303	3890	6046	10481	18696	20422	26918	26924	29421	41192	33131	41217
PBT	1923	1338	2862	2802	2684	3341	5391	9147	17512	19034	24897	24756	27029	38870	30738	37605
EPS	20.83	15.59	21.09	28.83	28.67	34.20	35.00	35.00	35.00	22.25	29.1	31.4	39.91	30.37	30.20	33.0
Net worth	5939	6537	7104	8246	9497	11011	16298	26821	35751	43381	36250	36521	45446	60884	72738	84835
Dividend (%)	55	55	65	100	100	125	150	250	250	250	250	275	300	300	400	142
Market Capitalization	24800	7440	19639	15834	31153	43785	120410	266314	17732	32115	42540	63000	76070	84840	81000	130834
Number of employees	202	252	243	239	246	389	814	1521	1668	1627	1817	2121	2466	3424	3313	3883
Revenue per employee	19.97	20.45	28.05	30.07	21.46	23.58	15.57	19.27	23.25	24.31	24.93	25.92	29.99	34.00	34.00	37.00

Source: CRISIL Annual Reports.

Table 1 presents the financial performance indicator with various elements viz., Revenue, Profit before Depreciation and Tax, Profit before Tax, Earnings per Share, Dividend percentage, market capitalization, number of employees and revenue per employee for a period of 15 years. It is observed that the revenue is consistently showing an increasing trend throughout the period of study. Profit before Depreciation and Taxation is fluctuating in 2 years in all the fifteen years which means that the depreciation has not affected the profitability for the remaining 13 years. This indicates the agency is showing an efficient financial performance. Similarly, the profit before tax is also showing an improved performance.

Earnings per share are the result of the above effort by the agency. Hence, the proportionate contribution is considerably consistent. Dividend was stagnant during 2007 to 2010 which means the agency was playing safe during and post global financial crisis period. Market capitalization refers to the value of a company traded on the stock market which is determined by multiplying the total number of shares by the present share price. It is better in all the years due to the maintenance of share price.

Revenue per employee is a measure of how efficiently a particular company is utilizing its employees. High revenue per employee is a positive sign that the agency is finding ways to collect more revenue out of each contributor.

TABLE 2: FINANCIAL PERFORMANCE OF ICRA (Rs. In Lakhs)

SNo	Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	1213	2014	2015
1	Revenue	2760	3220	3665.40	3999.75	4132.51	3860.75	4676.93	6863.	10,143.58	12,794.38	14,184.77	15,909.85	16,486.53	18,018.64	20,617.07
2	PBDT	1260	1430	1495.44	1620.50	1269.65	1891.32	2387.67	3967	5,443.74	7,606.80	7,083.74	7,762.39	7,498.60	8,437.01	9,898.97
3	PBT	1120	1290	1352.09	1483.14	1127.14	1739.06	2223.14	3785	5,265.95	7,411.24	6,880.51	7,572.75	7,287.86	8,191.81	7,631.12
4	EPS (RS)	9.3	10.4	11.20	12.56	9.20	14.37	18.23	26.66	36.15	50.00	44.91	50.90	60.38	58.73	68.93
5	Net worth	7341.03	7341.03	7341.03	7945.65	8409.29	9237.29	14232.02	15730.	17,941.25	20,959.74	24,234.14	28,291.65	32,236.74	35,565.46	37,698.58
6	Dividend (%)	25	25	30	50	35	40	45	100	120	170	170	200	220	230	240
7	No. of Employees	NA	NA	NA	NA	NA	75	78	107	144	176	216	269	400	421	429
8	Revenue per Employee	NA	NA	NA	NA	NA	51	60	64	0.74	0.73	0.66	0.59	0.41	0.48	0.43

Source: ICRA ratings annual reports,

Note: NA: Not Available

Table 2 presents the data with the slow rate of growth in revenue of ICRA has gained the momentum effectively in post global financial crisis period. This is an indicator that the financial transactions over 5 year period are progressively increasing in a moderate manner. During 2005, the Profit before Depreciation and Tax has fallen compared to the previous years but it has not effected in any other period of study. Net worth of the agency was constant in the first three years of study but speedily it is raised to a remarkable increase. Revenue per employee in not ascertained due to non availability of data from 2001 to 2005. In a later period the revenue per employee has shown a slow fall from 2011 to 2015. Hence, this signifies that number of employees is significantly more over the revenue generated by agency. Therefore, the agency has to take measures to select and train able staff. It may lead to efficient operations.

TABLE 3: FINANCIAL PERFORMANCE OF CARE RATINGS (Rs. In Crores)

S.No	Particulars	2001	2002	2003	2004	2005	2006	2007	
1	Total Revenue	322.17	365.54	399.97	413.25	386.14	332.13	397.90	
2	PBDT	128.9	135.21	148.31	192.71	173.90	189.13	238.76	
3	PBT	111.65	128.90	135.21	148.31	112.71	173.90	222.31	
4	EPS	9.31	10.44	11.20	12.56	9.20	14.37	18.23	
5	Net worth	672.34	734.1	794.57	840.93	923.73	142.3	142.32	
6	Dividends (%)	25	25	30	50	35	40	45	
S.No	**Particulars**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
1	Total Revenue	541.93	602.94	609.55	176.63	206.29	227.39	265.12	4844.30
2	PBDT	396.27	544.37	157.15	75.72	72.87	162.4	183.4	2601.77
3	PBT	378.5	526.5	86.32	134.10	149.51	159.88	179.40	2570.9
4	EPS	26.66	30.53	31.82	37.66	39.69	44.7	50.73	50.73
5	Net worth	157.3	179.4	213.5	302.8	285.5	285.3	484	360.6
6	Dividends (%)	NA	40	50	65	100	200	200	280

Source: CARE Annual Reports

* NA: Not Available

Table 3 presents the data relating to CARE Ratings which has better revenue in all the years except 2005 and 2011. It might have occurred due to the shift of rating confidence to other agencies. Similar effect has fallen on Earnings per share and dividend of the agency. Otherwise, the overall financial performance is considered to be satisfactory.

TABLE 4: FINANCIAL PERFORMANCES OF BRICKWORK RATINGS (Rs. In Crores)

Sr. No	Particulars	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Total Revenue	703559	565296	532068	558936	553716	593511	656536	635615	556911	606509	670268	723611
2	EBIT	131294	151838	149233	152887	178062	165819	150524	131999	108451	135039	143207	165903
3	EAT	107374	142925	102202	107533	101478	305215	138790	102551	43304	85165	101289	120299
4	EPS	24.00	31.00	36.00	38.00	39.00	85.6	76.60	68.30	53.40	67.70	68.40	81.8
5	ROE	23.3	17.6	10.00	10.00	9.1	22.3	8.4	8.5	2.6	NA	**NA**	4.3
6	Interest Coverage Ratio	5.00	5.00	6.3	4.8	4.8	4.6	6.5	6.4	5.2	NA	**NA**	9.7
7	Debt to Capital Employed	23.2	28.3	27.2	32.0	32.0	21.8	12.1	13.0	14.6	NA	**NA**	14.2

Source: www.brickworkratings.com

Table 4 shows the financial data of Brickwork ratings from 2004 to 2015 as the rating business started after the above rating agencies have established their confidence among investors. The same level of confidence is possessed by Brickwork ratings over a short period by increasing its revenue consistently. The Earning per share has almost more than two fold in 2009 than that of previous year. Return on Equity, Interest coverage ratio, debt to capital employed ratios were not available during 2013, 2014.

RESULT OF THE ANALYSIS

The other dimension of measuring the financial performance of all the credit rating agencies of the present study is made with hypotheses.

Testing Hypotheses - 1

Ho: There is no significant difference between dividend payout ratio of CRISIL, ICRA and CARE

H1: There is significant difference between dividend payout ratio of CRISIL, ICRA and CARE

The analysis of data yielded that there is a significant difference between CRISIL, ICRA and CARE as the calculated value is more than critical value, the null hypothesis is not accepted.

ANOVA OF DIVIDEND PAYOUT RATIO (%)

YEAR	CRISIL	ICRA	CARE
2000	55	NA	NA
2001	55	25	25
2002	65	25	25
2003	100	30	30
2004	100	50	50
2005	125	35	35
2006	150	40	40
2007	250	45	45
2008	250	100	0
2009	250	120	40
2010	250	170	50
2011	275	170	65
2012	300	200	100
2013	300	220	200
2014	400	230	200
2015	142	240	280

ANOVA SINGLE FACTOR
SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Column 1	15	3012	200.8	10453.89
Column 2	15	1700	113.3333	6995.238
Column 3	15	1185	79	6615

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	118322.2	2	59161.09	7.37543	0.001798	3.219942
Within Groups	336897.7	42	8021.375			
Total	455219.9	44				

Testing Hypotheses -2

Ho: There is no significant difference between EPS of CRISIL, ICRA, CARE and Brickwork Ratings

H1: There is significant difference between EPS of CRISIL, ICRA, CARE and Brickwork Ratings

As calculated value is more than critical value, the null hypothesis is not accepted.

The study has an impact on the EPS of three rating agencies has been considerable. Therefore, it is Imperative that the agencies have built the confidence among debt holders.

EPS ANOVA

Financial	CRISIL	ICRA	CARE	BRICKWORK
2000	20.83	NA	6.99	NA
2001	15.59	9.3	9.31	NA
2002	21.09	10.4	10.44	NA
2003	28.83	11.2	11.2	NA
2004	28.67	12.56	12.56	NA
2005	34.2	9.2	9.2	24
2006	35	14.37	14.37	31
2007	35	18.23	18.23	36
2008	35	26.66	26.66	38
2009	22.25	36.15	30.53	39
2010	29.1	50	31.82	85.6
2011	31.4	44.91	37.66	76.6
2012	39.91	50.9	39.69	68.3
2013	30.37	60.38	44.7	53.4
2014	30.2	58.73	50.73	67.7
2015	33	68.93	50.73	68.4

ANOVA: SINGLE FACTOR
SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Column 1	11	355.43	32.31182	20.4068
Column 2	11	438.46	39.86	411.8053
Column 3	11	354.32	32.21091	200.4577
Column 4	11	588	53.45455	433.9947

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	3296.184	3	1098.728	4.120239	0.012272	2.838745
Within Groups	10666.64	40	266.6661			
Total	13962.83	43				

Testing Hypotheses – 3

Ho: There is no significant difference between Profit Before Tax of CRISIL, ICRA and CARE

H1: There is significant difference between Profit Before Tax of CRISIL, ICRA and CARE

As the calculated value is more than critical value, the null hypothesis is not accepted. Therefore, there is a significant difference between CRISIL, ICRA and CARE.

PBT/REVENUE

Financial	CRISIL	ICRA	CARE
2000	47.68	NA	27.95
2001	25.96	40.58	34.66
2002	41.30	40.06	35.26
2003	38.99	36.89	33.81
2004	36.14	37.08	35.89
2005	36.42	27.27	29.19
2006	33.98	45.04	52.36
2007	33.77	47.53	55.87
2008	43.36	55.15	69.84
2009	40.98	51.91	87.32
2010	38.95	57.93	14.16
2011	46.82	48.51	75.92
2012	27.64	47.60	72.48
2013	49.66	44.20	70.31
2014	34.03	45.46	67.67
2015	29.45	37.01	53.07

ANOVA: SINGLE FACTOR
SUMMARY

Groups	*Count*	*Sum*	*Average*	*Variance*
Column 1	15	557.4533	37.16355	45.35257
Column 2	15	141333.2	9422.211	39940418
Column 3	15	64360.81	4290.721	8582340
Column 4	15	662.2407	44.14938	63.12715
Column 5	15	10091.25	672.75	1349199
Column 6	15	5400.87	360.058	399339
Column 7	15	5218.1	347.8733	391572.3
Column 8	15	787.8034	52.52023	448.1553

ANOVA

Source of Variation	*SS*	*Df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	1.18E+09	7	1.69E+08	26.70169	3.23E-21	2.092381
Within Groups	7.09E+08	112	6332928			
Total	1.89E+09	119				

RESULTS AND FINDINGS

The findings of the study show that there is significant difference between dividend payout ratio of CRISIL,ICRA and CARE. The dividend payout ratio of these three agencies has been considerably good because the confidence built by the debenture holders in their ratings is high. The earnings per share of CRISIL, CARE,ICRA and Brickwork Ratings has also not shown any significant difference. This indicates that the commitment of the agency is known through the skill and knowledge employed by its staff. Among the three top credit rating agencies the profits are significantly different.

CONCLUSION

The result of study states that the profits are high in the rating agencies due to their empowered organizational commitment of more number of rating debt instruments. It was also found that there exist positive and significant relationship between the dividend payout ratio and earnings per share in all the three rating agencies. It could be concluded that the influence of various financial indicators has been varying in all the four credit rating agencies.

LIMITATIONS

1. The study is limited to a period of 2001 to 2015.
2. The data available in the secondary source is considered for the present study.
3. The financial indicators are focused from the view of credit rating agencies.

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DEMONETISATION: A BOON OR BANE

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ABSTRACT

Demonetisation was effectively planned by the think-tank but suddenly declared in an unplanned way to curb black money in Indian economy. The cash ban caused considerable damage to the wheels of the economy in the form of forced unemployment. The Indian informal sector, which provides 80 percent of total employment was much affected. The reverse migration of work force necessitated them to adopt to a meal per day. Nearly, 2.5 lakh workers in leather industry, 20,000 workers in diamond industry 15% to 20% of daily wagers in Jewel sector have become jobless. The Gross Domestic Product (GDP) estimate was reduced to 7.1% from 7.6% for the year 2016-17 by the Government itself. The International Monetary Fund (IMF) has also lowered the GDP forecast to 6.6% for 2016-17. New Investments fell by 50% in post cash ban. Rupee value also declined by 1.69% on 15.12.16. The surgical strike on black money has derailed the investors' confidence in the stock market in the beginning. The cost of Demonetisation is estimated at Rs. 4.3 trillion including the GDP losses. The Government felt the impact is transient, but the economists viewed it as firing cannonballs to kill mosquitoes. To conclude, Demonetisation is a long pending measure to curb black money. In addition, the government has to employ in time all other pertinent measures in an exigent mode to make the cash ban a grand success.

KEYWORDS

Demonetisation, Brexit 2016, fake indian currency notes network, private final consumption expendituyre, cash centric, AMRUT, RERA, Benami Transaction Act, CBDT, industrial lobby, cyber security, USSR, CIS, corporate governance reforms.

INTRODUCTION

The Indian Govt. gave an unexpected shock to its citizens on 8th Nov, 2016 by nullifying high value currency. The three big surprises of 2016 viz., Brexit 2016, Donald Trump Win and the India's Demonetization created an uncertainty in the Indian economy[1]. The Annual Report of Reserve Bank of India (RBI) 2015-16 revealed that total bank notes circulated in India were valued at Rs. 16.42 trillion of which nearly 86% were of Rs. 500 and Rs. 1000 denomination[2]. The Demonetisation of such high value notes grinded the Indian economy to a virtual halt.

CASH IS KING

The informal sector which provides nearly 80% of total Indian employment is cash centric. The sector consists of 21000 unorganized markets, 38.3 million small and medium size enterprises. About 92% of the trade in Fast Moving Consumer Goods (FMCG) is taking place across petty shops (Kiranas) in India[3]. As the note ban move was sudden and unplanned, it caused considerable inconvenience to the daily wagers and working class. The earlier attempts to demonetize the notes in 1946 and 1978 did not affect the working class since less than 5% of population had access to those high value notes[4]. The recent step to cash ban is a bold step and daring to implement because outcome is uncertain.

STATEMENT OF THE PROBLEM

Since independence, corruption, black economy and sponsored terrorist act were a major hurdle for India's economic growth. For instance, India stood 76th rank out of 168 nations in International Corruption Index 2015. Moreover, the Income Tax raid held between April 2014 and Nov 2016 unearthed nearly Rs. 31,277 crore black money and Rs. 2164 crore worth of undisclosed assets[5]. The RBI had detected nearly 6.5 lakh fake notes of higher value in circulation as per its Annual Report 2016[6]. From 2013, 205 out of 608[7] districts in India were badly affected by terrorism and such incidents are more frequent at present. This provoked the Indian Army to conduct surgical attacks on enemies. Fake Indian Currency Notes (FICN) Network is funding the terror networks in India. Because of this India lost nearly 707 lives and more than 3200 were injured so far. The recent bout of Demonetisation was a long pending affair as Rome was not built in a day. Finally the govt. announced the cash ban on Nov 8, 2016 anticipating the short term pain for long term gain to the society.

TRANSIENT IMPACT OF DEMONETIZATION

Demonetisation has caused a sudden breakdown in Indian commercial eco system. Cash centric sectors were virtually shutdown. The rural population became job loss. Poor and working people have been dislocated and their livelihoods were irreparably damaged. Farmers could not buy inputs, private hospitals refused to treat patients who had only old notes. Some of the working class found difficulty in buying food and forced to adopt a meal per day. Wedding and other social events were disrupted because the working class did not have access to structural set up to adopt to this shock doctrine economics.

DEMONETISATION AND EMPLOYMENT

The job creation is always a challenge to the Govt. even before demonetization. The cash ban resulted in more job losses in various sectors of the economy. Nearly 2.5 lakh workers in leather industry and 15% to 20% of daily wagers in jewel sector became jobless[8]. Majority of ceramic tiles units were closed in Gujarat. In Surat, more than 20,000 workers in diamond sector lost their job. The Demonetisation results in reverse migration of work force thereby crores of people lost their earnings[9]. According to Sitaram Yecherury, CPI, since 8th No 2016, four lakh jobs were vanished and more than 31.9 million textile workers have not been getting wages. All India Manufacturers Association (AIMA) projected a drop in employment of 60% and loss in revenue of 55% to its member units during post demonetization. Indian infrastructure sector saw a cut of 35% in its employment mainly due to cash crunch[10].

The Budget 2017-18 created a positive impact on Indian job market. According to Rituparna Chakraborty, Teamlease, budget directly suggests employment for youth in tourism, footwear, leather, textile and manufacturing industries. Relaxation of tax on corporate from 30% to 25% will increase the employment by 5 to 10%. As investment focus on infrastructure, it also going to boost employment in the sector. The digital payments also encourage job creation in cyber security and allied sector.

DEMONETISATION AND INVESTMENTS

As per the World Bank Report, Capital formation in India has downward trend since 2011. In addition, Demonetisation has created an uncertainty in the flow of investments. New investments fell by 50% in post demonetization. The investment proposals which were 227 prior to cash ban declined to 177 till 31st December 2016. The value of investment proposals were dropped from Rs. 81.8 thousand crore to Rs. 43.7 thousand crore during the period. The Private Final Consumption Expenditure (PFCE) reduced from 7.5% in 2015-16 to 5.5% in 2016-17[11].

But the Govt.'s commitment to macroeconomic stability like lowering inflation, reduced bank rate and bank deposit rate, the sharp reduction in current account deficit became strong fundamentals for India to attract more investments. The Govt. of West Bengal received investment proposals worth Rs. 2.35 lakh crore on January 2017[12]. The union budget 2017-18 also paved way for a healthy investment atmosphere in Indian economy.

DEMONETISATION AND GDP

The contraction in cash supply slowdown the GDP. The Govt. Of India also lowered its GDP estimate from 7.6% to 7.1% for 2016-17[13]. In addition, the International Monetary Fund (IMF) has also lowered its forecast for Indian GDP from 7.5% to 6.6% for the year 2016-17[14]. Dr. Montek Singh Ahluwalia, former Deputy Chairman, Planning Commission also projected India's GDP between 5% to 5.5% for the year 2016-17 mainly due to demonetization. But Amercain Rating Agency 'Fitch' projected India's GDP at 6.9% from earlier 7.4% for the fiscal year 2017[15]. The Indian rating agencies ICRA and CARE also down grade the GDP to 6.8% in FY 17. According to Mahesh Vyas, CMIE, India's GDP growth will shift down to 6% per annum for next five years from 2017-18 because of demonetization[16]. But budget 2017-18 stated that Demonetisation will bring clear and bigger GDP because effect of cash ban is not expected to spill over to 2017-18. The GDP growth is projected between 6.75% to 7.5% for 2017-18. The capital expenditure is increased by almost 25% in budget. The fiscal deficit is 3.2% in 2017-18 and 3% in 2018-19. The Revenue deficit for 2017-18 is at 1.9%. The FOREX reserve is at $361 billion in January 2017 which is enough to cover the next 12 months imports bill[17].

DEMONETISATION AND RUPEE

The demand and supply of currency will determine its value. Since demonetization, Rupee has depreciated by 1.69% from Rs. 66.63 to 67.75 on 15.12.16. Such declining trend will continue till currency circulation is fully restored. The currency circulation which was 11.8% on November 4, 2016 reduced to 6.5% on 20.01.2017. The US Fed Interest hike from 0.5% to 0.75% resulted in fund outflow i.e., nearly $1.4 billion Foreign Investors Fund was pulled out of Indian Stock Market from November 7, 2016 to December 12, 2016. In addition, FOREX reserve also dropped from $367.04 billion to $359.67 billion during the corresponding period[18]. The cash withdrawal limit was lifted for current accounts from February 1, 2017 onwards. The savings bank account holder's cash withdrawal limit likely to do away by February 2017 end. The end of such transitional pain will augment the money circulation in near future which has positive impact on Rupee. The Protectionism policy of Donald Trump, the US Fed Interest policy change finally resulted in strengthening the value of USD. The RBI fixed the reference rate of Rs. at 68.2043 against USD on 27.01.2017[19].

DEMONETISATION AND REAL ESTATE

Indian real estate is cash intensive. In addition, the sector had been witnessing a slowdown for the past three years. Since demonetization, nearly 37% declined in property registration in Mumbai. The rate of home sales had fallen by 50% and price by 20%. Union budget 2017-18 has focused a good deal in real estate which is beneficial to home buyers, developers and investors. The proposed infrastructure status to affordable housing, including a pledge to build one crore rural homes in next two years become a boost to Indian reality. According to Sunil Rohokale, ASK Group, the infrastructure status to reality opens up a lot of avenues to raise capital domestically from Insurance companies and pension funds. The policies like Smart Cities, Housing for All by 2022, AMRUT, Real Estate (Regulatory and Development) Act, Benami Transaction Act including GST Act will bring more transparency in the sector. But pricing is a major problem to all stakeholders in the Industry.

DIGITALIZATION AND DEMONETISATION

In India, the average no of card transaction per inhabitant is mere 6.7 compared to UK (201.7). India is emerging as digital India. Now it is at the cusp of a massive digital revolution. The Govt. had assumed that a significant portion of illegal assets is stored in the form of high value currency. Till 30.12.2016, around Rs. 14.97 trillion banned notes were deposited into banks which equals to 96.5% of total banned notes. It means that only Rs. 54,000 crore notes failed to make it back. The 96.5% deposits include Rs. 80,000 crore of repayment of loans, Rs. 25000 crore deposited in dormant accounts, Rs. 16,000 crore deposited in co-operatives and Rs. 13,000 crore deposited in Regional Rural Banks. Besides, more than Rs. 2 lakh deposited in each account over 60 lakh bank accounts during the period[20]. As identifying black money in the mess takes time, the goal post of cash ban was shifted towards digital economy. Generally, the cash drive economy ultimately resulted in mounting of black money. The digitalization makes services faster, formal and accountable. The mobile wallet transaction per day rose 12 times in post demonitistion. As average value of transactions had fallen from Rs. 750 to Rs. 500, people started to use digital way even for petty expenses. "PayTM" showed three fold rise and "Oxygen" by 160% rise during the post shock therapy. The rural masses have started embracing digital payments through mobile wallets. Specific tax incentives and prizes offered for digital mode of payments to motivate people to follow digital way.

INDIAN STOCK MARKET - POST DEMONETISATION

Actually the surgical strike on black money shook the investors' confidence. The BSE SENSEX experienced a bit lower of 6% on the very next day of cash ban. As Warren Buffet rightly said, 'be fearful when others are creedy', the volatility in the stock markets caused uncertainty in nothing but buying opportunities. BSE SENSEX climbed the best weekly gain in 8 months of 0.63% on 27.01.2017. The Nifty also gained 0.45% during that weekend[21]. According to Porinju veliyath, Equity Intelligence India, Demonetisation drive brought a long term positive impact on Indian formal sector. To compete with informal sector, the formal sector has to mobilize huge investments from the stock market. The Union Budget 2017-18 is continued with tax exemption for long term capital gain from shares, which raised BSE SENSEX by 485.68 points and Nifty by 155.1 points on the day of budget itself[22].

TABLE 1.1: SIMPLE MOVING AVERAGE PRICE OF BSE SENSEX BEFORE AND AFTER DEMONETISATION

Name of the Company	10-06-2016 to 26-01-2017 average 100%	29-07-2016 to 26-01-2017 average	%	09-12-2016 to 26-01-2017 average	%	Market price on 27-01-2017 average	%
Adani Ports	248	262	112.10	278	122.58	304	105.65
Asian Paints	1015	1041	90.64	920	95.57	970	102.56
Axis Bank	512	519	89.84	460	92.38	473	101.37
Bajaj Auto Ltd	2702	2761	98.78	2669	105.63	2854	102.18
Bharti Airtel Ltd	335	329	93.73	314	96.72	324	98.21
Cipla Ltd	545	558	104.59	570	106.42	580	102.39
Coal India Ltd	311	317	97.43	303	102.25	318	101.93
Dr. Reddy's Laboratories Ltd	3133	3159	98.63	3090	95.60	2995	100.83
GAIL (India)	399	408	108.77	434	120.80	482	102.26
HDFC Bank	1208	1232	99.50	1202	106.95	1292	101.99
Hero Motocorp	3188	3253	96.96	3091	100.88	3216	102.04
Hindustan Unilever Limited	869	870	95.40	829	98.50	856	100.12
HDFC	1284	1319	96.96	1245	107.01	1374	102.73
ICICI Bank	254	260	102.36	260	107.09	272	102.36
Infosys	1076	1031	90.43	973	87.55	942	95.82
ITC	240	245	98.75	237	107.08	257	102.08
L & T	1424	1452	96.63	1376	101.12	1440	101.97
Lupin Ltd.	1530	1530	96.93	1483	97.52	1492	100.00
M&M	1334	1336	896.85	11964	93.85	1252	100.15
Maruti Suzuki	4842	5148	109.60	5307	122.18	5916	106.32
NTPC Ltd	154	158	106.49	164	115.58	178	102.60
ONGC	166	175	118.07	196	123.49	205	105.42
Power Grid Corporation of India	171	179	109.94	188	119.88	205	104.68
Reliance Industries Ltd	1021	1033	101.67	1038	100.39	1025	101.18
State Bank of India	234	248	108.97	255	113.68	266	105.98
Sun Pharmaceutical Industries Ltd	745	730	88.46	659	86.04	641	97.99
Tata Consultancy Services Ltd	2433	2399	93.22	2268	96.92	2358	98.60
Tata Motors Ltd	483	505	99.59	481	112.22	542	104.55
Tata Steel Ltd	376	390	110.90	417	124.73	469	103.72
Wipro	508	494	91.73	466	91.73	466	97.24

Source: WWW.BSE30 Sensex.com

Table 1.1 exhibits the simple moving average prices of BSE SENSEX before and post Demonetisation drive. The BSE SENSEX 30 shares' average prices of 50 days, 150 days and 200 days from the market price on 27.01.2017 taken for the study. It shows that the prices of Asian paints, Axis bank, Bharti Airtel, Dr. Reddy lab, Hindustan Unilever, Infosys, Lupin Ltd., M&M, Sun Pharma, TCS, Wipro declined marginally during the study period.

CHALLENGES UNLEASHED BY DEMONETIZATION

According to CMIE, the total transaction cost of Demonetisation including the GDP losses around Rs. 4.3 trillion[23]. But eradication of corruption, black money and terrorism is far most important. In 2012, the Central Board of Direct Taxes (CBDT) opined that Demonetisation may not be a solution to solve black economy. It is so because the black assets are largely held in the form of benami properties, bullion in and out of India.

During the cash ban, the tax authorities have conducted 556 surveys, 253 searches and 289 seizures. They seized Rs. 112.29 crore new high denomination currencies and Rs. 18 lakh fake new currencies. Over 75% funds officially recorded as received by Indian political parties between 2004 and 2014 were from unknown sources. Such donations lead to formations of Industrial lobby in our parliament. The unexpected large scale land purchase outside future smart cities in advance of November 8, 2016 may be attributed to the role of industrial lobby[24]. It is learnt that 58% of GDP is under the control of 1% population which is against the philosophy of prevention of concentration of economic power in few hands. It is aptly mentioned that nearly 4 tons of gold were purchased by the economic offenders in 48 hrs after the announcement of note ban of Nov 8, 2016. The Govt. has to act in time to implement Benami Transaction Act, Real Estate (Regulation and Development) Act, Bank Reforms, Restructuring Informal Sector and speed of ongoing digital payments besides ensure cyber security.

The Govt. has to ensure both formal and informal sector should co-exist in country like India where inequality remains high. The 29 state owned banks wrote off Rs. 1.14 lakh crores of bad debts between 2013 and 2015 in which farmers were expected to get the benefits[25]. Recently the number of farmers' suicide shows an increasing trend. So transparency and accountability must be strongly imposed in all sectors of the economy. The RBI's Corporate Governance Reforms 2015 in Indian public sector banks has to be implemented properly on a continuous basis with needed changes.

CONCLUSION

The success of Demonetisation depends on the way in which it is being executed. In 1991, Union of Soviet Socialist Republic (USSR) introduced Demonetisation which led to creation of Commonwealth of Independent States (CIS). Such move in North Korea made people homeless while cash ban in Nigeria in 1984 resulted in complete collapse of their economy. It is known that the Govt. machinery was unprepared to meet the challenges of cash crunch when it is implemented. There were nearly 62 amendments and notification during the first 3 weeks of its announcement. Consumer's confidence was fully shaken psychologically which require a comprehensive strategy to boost domestic consumption by improving purchasing power of working class. India is rich but Indians are poor. So a steady but low rate of inflation is always vital to protect the poor Indians who are daily wagers.

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CHANGING BEHAVIOUR OF SOCIETY TOWARDS WOMEN EMPOWERMENT

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ABSTRACT
women face several inequalities from Vedic period such as gender discrimination, less liberty etc. the society gave statement for women was very unfavorable, unsuitable which contained that women is less capable, weak as compared to men. But changing environment of society, legal and economy protects the woman with weapon of right of education, right of mobility and other rights which gives equality to female. Nowadays female getting equal rights and enjoys these to prove their self or develops image. Changing trends makes women more efficient in every phase like financial sector, leadership and more. This paper identifies the study of changing behavior of society for women and includes women performance in development of different segments.

KEYWORDS
women empowerment, women performance, behavior of society for women.

INTRODUCTION
Women development is necessary for nation growth. Government and non-government organizations focuses on Education, employment and entrepreneurship which are basis factors to develop the female status in society. In the past periods, women survived under pressure of society and live life with discrimination. In developing countries or in developing status, dominating male society offered limited boundary to female for living and their thoughts affected female image such as weak, less capable. But the changing behavior of society encourage woman to prove their image and potential to discover. Nowadays, education is best pillar that supports to them for moving ahead and to control these evils. Employment opportunities are ladder to touch the top ceiling and getting mission. Through the education women develop self-confidence, expansion of choice, involvement in decision making and increased access to and control over resources. For economy expansion and development, educate women plays her vital role to create competitive environment or favorable environment. Women is that factor of society who can change the all sections of society but in past period, they face discrimination at work places in order to low salaries, less working opportunities but new educational status helps women to create new image in society which is totally different from past. These factors demotivate the woman to adopt professional nature. Some cultural issues are also posing the obstacles on girls to getting higher education.

The process of women empowerment refers to powerful change in society that creates awareness in society toward the development of them. Some factor that effects the women development:

a) Low literacy rate and higher education.
b) Good health conditions.
c) Age limit for marriage.
d) Involvement of females in business sector.
e) Financially and non-financial support for self-employment.
f) Higher political power.
g) Information to them about their right.
h) Self-reliance, self-respect and dignity of being women.

LITERATURE REVIEW
- Erika Zoeller Véras (2015) has investigated on female entrepreneurship, women's enterprise development and the opportunities to create shared value. Enterprise development can make a significant contribution to women's empowerment and gender equality and has a key role in gender strategies. Thus, understanding these topics together has become important. Nevertheless, there is a lack of research regarding the combination of the concepts. The framework arose due to the fact that although women are making relevant advancements in entrepreneurship, Ayet, if compared to men, they lack access to finance, training, and rights. Moreover, they have an insufficient access to economic opportunities.
- D. Kumuda (2014) offers studied regarding the India having its diversity along with rich heritage has an ugly side for it. If women happen to be worshipped since Goddess, there's been "sati" far too. A quiet witness, the oppressed women have fallen a long way. Though the problem has increased some facts (education charge, sexual harassment among others) are usually daunting. Many women have cracked the hindrances and we would still witness a lot more. To guide women would be to help community. And via this vacation of women empowerment our own nation may achieve its dream. The want reviving it's past beauty. To end up being the "golden peacock" once again.
- Pankaj Kumar (2014) offers analyzed with regards to Women empowerment will be the vital device to broaden women's capacity to have resources also to make arranged life choices. But, Indian societies have obtained notoriety internet marketing unsafe for females. In truth, the higher level of atrocities versus women is usually an indicator with the coercion in our society along with underscores we are a new suppressed community. Clearly, safety is usually an obsolete phrase in today's Asia. In Asia, women are usually devalued traditionally as well as the men are usually normative reified. The Worldwide Gender Gap Report from the World Economic Forum just last year ranked Asia 114th away from 134 international locations for inequality between men and women in the particular economy, state policies, health, along with education. On equivalent economic prospects and women's participation within the labour force, India placed 127th along with 122nd respectively. Women's job both in rural and urban areas is really low compared using men, particularly in urban areas. In top of training, still the female literacy charge (only half of the women population are usually literates) is usually wadding guiding male literacy charge (three fourth with the male inhabitants are literates).
- Manav Aggarwal (2014) looked at that training among women will be the most strong tool of attaining power within the society. It helps in cutting down inequalities along with functions as a method for improving their status inside family. As you know that training is must for anyone but however, in this kind of male taking over society, the training of women has become neglected for an extended time. Empowering women is usually an important end in itself in addition to being women get the same reputation, opportunities along with social, economic and legal rights as adult males, as they get the right to health

insurance and gender primarily based violence, human well-being will likely be enhanced. The present study explores the particular role of education in women empowerment as well as the status of women training in Asia. It shows that the training is biggest part within the life of every woman.

- Eswaraiah (2014) demonstrated that ladies' empowerment has become one of several fascinating things attracted a person's eye of Government and non-government agencies, social scientists, social activist, academicians along with researchers throughout the global and even more so in developing international locations like Asia. In order to offset the sufferings of Indian women, many schemes/ programmes happen to be conceived along with implemented from the Govt. from time to time. Self-help class scheme is probably such systems primarily are aimed at development of self along with collective efficaciousness and vis-à-vis cutting edge of using development with the society. The present paper is usually an empirical attempt focusing on women empowerment via self-help organizations in drought -prone Ananthapuramu region in Andhra Pradesh. The findings with the study set up the SHGs get made having a positive impact upon women empowerment especially within the spheres of social reputation, economic empowerment along with decision-making upon various issues with family concerns.
- Rupali Sharma (2014) confirmed that Indian holds the second position on the planet of acquiring highest inhabitants. There are usually approximately 49% women in total population than it. But in case we analyze the current status of Indian women with some other countries with the world than we can realize that the scene is just not even satisfactory though the worst. Indian women generally faced all types of hindrances to achievements like illiteracy, home-based violence, lack of motivation along with support and many more. India is usually country in which man dominance within the society prevails. It is quite essential for the harmonious development with the country that ladies should head out hand you and shoulder to shoulder with adult males. And pertaining to empowering the women, higher training will play an essential role.
- Manisha Raj (2014) considered that native Indian women are usually almost 50% with the Indian population and them directly in addition to indirectly contribute to the monetary parameters with the nation. Since ages nearly all of their monetary contributions have not been accounted and their particular humble providers been overlooked. It's high time to acknowledge the part of women fraternity within the growth of an economy along with take essential steps in order to involve the particular rural uneducated females within the growth practice simultaneously with the urban uneducated in addition to educated ladies. Generally, it is observed in which females are more involved into small level business things to do as internet marketers but after a while change has been recently noticed and they're moving in the direction of IT/ITES, Apparel/accessories along with Food & Refreshments. Also traditionally wage job was noticed in agricultural market but now services along with industrial significant are witnessing the progress of women workers. Government has put together several sachems to reinforce the part and factor of women.
- Andrea Cornwall (2014) get reviewed regarding the revisiting foundational feminist focus on the thought of empowerment coming from the 1980s along with 1990s, that document draws on the findings of a multi-country study programme, 'Pathways of Women's Empowerment', in order to explore trails of positive change in women's life, in diverse contexts, also to draw jointly some instruction for policy and exercise. It begins having an account of women's empowerment in development, tracing many key ideas which have shaped feminist bridal with empowerment the theory is that and exercise.
- Jos Vaessen (2014) looked at that over the past three generations, microfinance things to do have spread throughout the world, reaching tens of countless poor families with tailored financial providers. Microfinance can easily best manifest as a field of intervention rather than a particular device. Initially, microfinance normally meant microcredit pertaining to working capital and also small purchases, but increasingly it is broadened to feature savings/deposits, a limited selection of micro-insurance along with payment providers (including micro-leasing) or a somewhat broader selection of credit merchandise for bigger investments. Within this study we devoted to microcredit things to do, constituting the bulk of microfinance activities throughout the world. Microcredit things to do have impacted the life of clients and others in many ways. By far the most frequently reported kinds of effects of credit with individual, enterprise along with household level are the following: cash flow, expenditure smoothing, along with poverty comfort effects; company growth along with employment outcomes; schooling outcomes; and effects with regard to women's empowerment. In spite of the diversity in microcredit systems, many talk about two attributes: they goal poor women and sometimes rely on some sort of group-based loaning. Women's empowerment pertaining to microcredit has become studied extensively inside context of this sort of microcredit program. Most of these studies happen to be carried out within the context of microcredit class schemes in South Asian countries. It has become argued that use of microcredit can easily foster improvements in individual attitudes of women (e. g. increased self-reliance), power relations inside household (e. g. control above resources) along with social reputation. An significant dimension of empowerment concerns women's command over house spending. The key assumption is usually that by giving credit in order to poor women, their immediate control above expenditures inside household will increase, with subsequent implications for the status of women as well as the well-being of women along with other household customers. Women's command over house spending is really a frequently continuing aspect analyzed inside context of microcredit surgery, which permits us to study no matter if microcredit targeted at women impacts women's command over house spending decisions as well as the circumstances in which this arises.
- Oriana Bandiera (2014) analyzed that the women in developing international locations are disempowered in accordance with their contemporaries in developed international locations. High junior unemployment along with early marital life and childbearing have interaction to control human cash investment along with enforce addiction to men. Within this paper most of us evaluate an effort to jump-start adolescent women's empowerment within the world's next youngest state: Uganda. Within this two-pronged input, adolescent females are at the same time provided professional training and home elevators sex, processing and marital life. Relative in order to adolescents in charge communities, after a couple of years the input raises the chance that girls embark on income making activities by means of 72% (mainly pushed by greater participation in self-employment), along with raises their particular monthly intake expenditures by means of 41%. Youngster pregnancy drops by 26%, along with early entry into marriage/cohabitation drops by 58%. Noticeably, the talk about of females reporting sexual against their particular will declines from 14% in order to almost 50 % that amount and preferred ages of marriage along with childbearing both progress. It suggests that women's monetary and interpersonal empowerment may be jump-started over the combined supply of professional and lifetime skills, which is not specifically held returning by insurmountable constraints due to binding interpersonal norms.

We have reviewed several papers to understand the situation of women in past as well current period. These papers are. M. Nagaraja (2013) "empowerment of women" in India.,. Dr. Vinisha Bose (2013) Function of Entrepreneurship growth agencies to advertise women Entrepreneurship: a study of Kerala which have become a substantial movement in India., Dr. Sahab Singh (2013) offers studied upon Empowerment of rural women has emerged just as one important issue in these days.

OBJECTIVES

1. To evaluate the changing behavior of women in society such financial behavior, decision making.
2. To identify present economic condition of women.
3. To give suggestion to improve the women status in society.

RESEARCH METHODOLOGY

This study is based on secondary data. The data has been collected from journals, newspapers, magazines and from web sites.

INDIAN WOMAN IN FINANCIAL SECTOR

In developing countries, women involvement in service sector increased day to day as employee, as well employer. With the support of education and high potential female approves their self with high achievements. Health and education sector are those sectors in which women involvement is very large. These factors motivate to others to adopt the professional nature. Many experts identified that, organizations with women executives at top levels have increased the performance and efficiency as comparison to others. These skills and caliber leads them to reach at highest ranks in companies. Top banks of India which are managed by females:

1. Usha Anantha subramanian who is Chairperson and Managing Director of Bharatiya Mahila Bank. She took charge as Chairperson and Managing Director of the country's first women's bank in November this year.
2. Arundhati Bhattacharya is Chairperson of SBI; she is first women chairperson of the India who managed largest or top bank of our country. She joined SBI in 1977 as a probationary officer and held various key positions during the working period.
3. Vijayalakshmi R. Iyer in Bank of India served as Chairperson and MD of Bank of India. She performed her job with efficiency, in her bank's bad loans rose to 2.35 per cent of advances in 2012/13 from 1.47 per cent the previous year while its capital adequacy ratio of 11.02 per cent is the lowest among large banks.
4. Chanda Kochhar who is Managing Director & CEO of ICICI Bank Limited is a second largest bank and largest bank of private sector. She is recognized for changing the scenario of retail banking in India. She contributes at national at global level with her capability.
5. Naina Lal Kidwai is Group General Manager & Country Head of HSBC India. She recoganized at global for her leadership and business skills.
6. Renu Sud Karnad is Managing Director, HDFC. She was appointed as the Managing Director of the Corporation for a period of five years from 2010.
7. Shikha Sharma is as a Managing Director and CEO of Axis Bank since 2009. In previous period, she worked at ICICI group and involved in Project Finance, Retail Banking and Investment Banking and Managing Director & CEO of ICICI Prudential Life Insurance Company, a leading private sector life insurance company in the country.
8. Shubhalakshmi Panse who is Chairperson and MD of Allahabad Bank. She was the Ex-Executive Director of Vijaya Bank since November 2009. She was managing all the portfolios and was responsible for the administration and Business development of the bank.

ECONOMIC STATUS OF FEMALES IN INDIA

In Indian economy, the economic status of female improved at large extent that changes face of India. Women workers involved in each segment of Indian economy. The participation of females in economic activities leads to economic growth of nation. The raising growth of female in the organized or non-organized sector of economy shows uplifting of economic status of women. The opportunities of jobs or work participation encourage the women to adopt the profession. According to the census report of 2011, the workforce participation rate for females is 25.51% against 53.26% for males in the urban area and in Rural sector has a better female work force participation rate of 30.02% compared with 53.03% for males. National sample survey shows the result of working females was 24.8 and the ratio working men was 54.3 in the rural area and in urban area ratio of female was 14.7 and ratio of male was 54.3.

In the Himachal Pradesh working ratio of females was 52.4% and in the urban sector in Sikkim at 27.3% and self-employment ratio of women in rural area was 59.3%. The working status of females represents their economic worth and in the developing countries, government and NGO's supports the female to improve her economic status to live comfortably.

To promote the woman, several organizations introduced schemes and projects for woman such as The Bank of Punjab introduced a scheme for women named as "Women Entrepreneurship Financing Scheme" for loans to create a business unit. The commercial business forms like: Day care Centers, bakeries, eateries, catering, furniture, interior designing, boutiques, fitness gyms, event management, vocational institutes, driving schools, jewelry, clothing and accessories, and any other feasible projects. The provisions of projects are:

- Rs. 2 billion has been allocated to this scheme.
- A panel of experts organized for advices regarding with business plans and strategies for make sure its feasibility.
- Job generation shall be one of the criteria for approval of loan application by the Bank of Punjab.
- Government fix the Quota for women in public service employment with posts recruited through PPSC shall be enhanced to 15%.
- Women will fill 25 % of general seats as Members of the Punjab Public Service Commission.
- All Boards of statutory organizations, public sector companies and committees as well as special purpose task force and committees shall have at least 33% female representation.
- In the case of government employee, House rent of only one spouse will be deducted.

Another scheme is Mai bhago istri shakti schem that introduced for Empowerment of Women through Cooperatives. It is motivational step for female segment of society. The name of scheme is known as great woman of Sikh history who motivate to others to develop their self and generate employment. Under this scheme various type of projects introduced for rural women. The main aim of this scheme is strengthen to women who survive under some discrimination. The training programmes and credit schemes are running under this scheme for women in rural areas. The training programmes are arranged at convenient places for female. Some organizations like WEAVCO, MARKFED & MILKFED are open their branches for the purpose of growth.

In spite of above, Rashtriya Mahila Kosh (RMK) scheme is started to provide micro finance to women entrepreneur. A scheme will be created by RCS, Punjab, and Chandigarh for providing microfinance up to Rs. 25,000/- to women through PACS on the basis of Personal guarantee. PACS will be entitled to refinance from CCBs against loans advanced to women. Moreover, it organized training programmes for women to learn special skills of production. All trainings at PICT and in field funded by Government / Semi Government.

SUGGESTIONS

1. For the women empowerment, the attitude of male dominant society should change and try to be very cooperative with women and encourage them to participation in decision making of household level, local, state, national and international level. The families should support them to take their own decisions which are directly related with their future life.
2. To develop the personality, the families as well society should identify the hassles and resolve barriers such as man attitude towards women's role and their wrong perception that is women cannot perform well. They should give equal chance and opportunities to women to prove their self.
3. The higher education facilities are necessary for women empowerment. Some cultural and social barriers pose problems in front of girls to take higher education such as less family support to taking study at long distance etc., these decisions of parents are effected by increasing crime cases, unsafe environment, minimum travelling etc. The government and educational institution should provide comfortable environment to students and their parents to motivate the girl education.
4. In the rural areas, people are less aware from the importance of education for girls. They think that learning of housing activities is needed for girls only. They emphasis on house hold educational facilities and ignore other qualities of education which create very limited area for woman to develop herself. The government and NGO's should organize the awareness campus in rural areas and should discuss all the plans and opportunities that are related with free education.
5. The society should to change their perception for women as weak, dependent, passive and docile persons to independent, active, strong and determined human beings.

CONCLUSION

Society offer growth path to women to improve their lives in different manner such as providing education facilities, freedom for mobility etc. Education is important factor which develop the female skills to go forward. Developing nature of woman changes scenario of economy and create competitive environment to prove their self. Government and NGO's focus on the education standard because it is key factor that is needed to adopt change in every segment of India. Today's, woman involved in financial as well political field and enjoying the power of decision making, top standard authority status. But some critical thoughts of society pose a lot of obstacles on women in rural or semi urban areas which discourage them to go ahead.

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CONSUMERS PERCEPTION ON SELECT FMCG PRODUCTS: A SPECIAL REFERENCE TO EDIBLE OIL

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ABSTRACT

India is one of the largest producers of oilseeds in the world. The nine major oilseeds cultured in India are groundnut, mustard/rapeseed, sesame, safflower, linseed, Niger seed, castor seed, soybean and sunflower. Coconut is the most important source of edible oil amongst plantation crops, while in unconventional oils, rice bran oil and cottonseed oil are the most important. Groundnut, soybean and mustard together contribute about 85 per cent of the county's oilseeds production. Consumer behaviour is the action and decision process or people who purchase goods and services for personal consumption. In the present days' world, people are highly depending fast foods as majorities are job goers. The consumers are purchasing edible oils based on various advertisements. Some of the consumers purchase their edible oil based on the recommendation given by the shopkeepers. Oil plays a major role in everybody's health. As the rates of cardio and diabetic problems are in the rising trend, this research is very pertinent to the present context. This study focuses the awareness level of consumers about various brands of edible oil, the amount spent for the purchase per month, factors influencing the consumers to choose a particular brand of edible oil and the source of awareness. For the purpose of analysis, statistical tools such as ANOVA, percentage analysis and Garret Ranking Analysis have been used. The study gives suitable measures in the creation of awareness about edible oils in the minds of consumers.

KEYWORDS

edible oil, awareness, brand preference, frequency of purchase.

INTRODUCTION

Edible oil is one of the important constituents of Indian food. A majority of the dishes are prepared by using oil in the process. Different oils are used in different states according to their availability and custom-oriented food habits. Major Edible oils manufactured in Tamil Nadu are groundnut oil, gingili oil, coconut oil and sunflower oil. Edible oils are a major source of Nutrition for the human beings. It is an important item of consumption, as it constitutes 20 per cent of monthly grocery budget. Edible oils are used in the form of raw oils, refined oils and Vanaspati. Edible oil is one of the important consumer items which impact the health of consumers. As a major source of energy requirements for the human body, consumers use Edible oils in the preparation of everyday meal. Due to technology innovations and scientific experiments different types of oil seeds have been identified and made fit for consumption.

Consumer needs are the foundation for the economic development of a country. The production and distribution process depends on the consumers and on which the total industrial and agricultural activity depends. It is a known fact that business makes profit only when goods are consumed. This presupposes the consumer's existence. Business is entirely dependent on the consumer not only for its survival, but also for its growth.

A consumer is usually thought of as a person who buys a product or service for monetary consideration on prices, at places convenient to him, in order to satisfy his needs. In the present study the term "consumers" in the above mentioned sense, is applied to Edible oil buyers as well as users. In identifying the consumer, this fort of information, derived from observable consumer behaviour data is very important as far as locating total market share is concerned. But in as much as factual information forms the rational basis for all decision making, it follows that, to be useful, the information must be both comprehensive and reliable. The informational needs of those practicing, marketing, especially in the creative field of product development and brand promotion require more qualitative, dynamic knowledge about the consumer than his income, age and family status.

REVIEW OF LITERATURE

Mehra, Yash.P, Petersen and John.D (2005), ascertained that cooking oil price increase have a negative effect on spending, whereas oil price declines have no effect. They found that the estimated oil price coefficients in the consumption equation do not show parameter instability during the 1980s when oil prices moved widely for the first time in both directions. **N**. **Mtimet (2008)** found that a high price level, Olive oil is considered by Japanese consumers as a luxury product of high quality. Concerning the sensory attributes like olive oil taste and olive oil color, it was found that Japanese consumers prefer a green olive oil with a bland taste. **Oguomal (2010)** study revealed that the demand for palm Kernel oil is price-elastic. It may not be a close substitute for groundnut Oil as a prior expected since its gross price elasticity is less than unity and negative. **Shawna McLain (2011)** identified the most important Consumer attributes active in purchasing cooking oils. The product attributes were price, novelty certification and familiarity. They also find that consumers value a product with social cause attributes. Consumers are even willing to pay a premium for such products. **Manash Pratim Kashyap and Dibyojyoti Bhattacharjee (2011)** found that urban consumers have more responsive towards new product and the modes of influence a greater impact on the urban market segment.

STATEMENT OF THE PROBLEM

Edible oil is used by people to cook food and delicious fast food. This is extracted by crushing and processing oil seeds. This forms an important ingredient in the process of food preparation. Edible oil provides necessary fat, aroma and flavour which is highly essential to increase the palatability of food. It enhances the quality of food items. At most, all the people in the world use edible oil in their cooking. The above statement underlines the importance of edible oil. Different families prefer different varieties of edible oil to cook their food items. Some families still use non brands traditional oil made out of groundnut, gingili and mustard. Purchase of cooking oil also depends on factors like culture, preferences, taste, flavour and health. Many attempts have been made to study the behavior and perception of consumer products like, toothpastes and soaps. It will be interesting to study the consumer behavior and perception concept among users regarding the cooking oil they use in food preparation, especially after the arrival of new brand names in edible oil like paranoia, Saffola, Harvest, Sundrop, Flora, Idhayam, Anandam etc.

OBJECTIVES OF THE STUDY

1. To know the awareness level of consumers about various types of edible Oil and their brands available in the market.
2. To assess the factors influencing the consumers to choose a particular brand of edible Oil.

METHODOLOGY AND TOOLS

The present study is confined to Karur District keeping in view that this district ranks first in geographical area and eleventh among the female population districts in the State. Then a Multi-Staged sampling has been adopted for the study. The Karur district consists of six taluks. Among six, Karur Town has been purposefully chosen. In order to select a representative sample, the consumers are met with the researcher and the enumerators for the purpose of collection of data. With the help of the shop owners and references provided by the kith and kin of the respondents, data were collected from 200 respondents by using purposive sampling technique. Primary data have been collected with the help of structured and non-disguised close ended questionnaire. The data collected from the primary source are analyzed with various statistical tools. The influence of various personal, socioeconomic and other variables related to the awareness of consumers about Edible oil products in Karur Town is analyzed with the help of Analysis of Variance (ANOVA). The factors influencing the consumers to choose the particular brand of edible oil are analysed with Garret Ranking technique.

RESULTS AND FINDINGS

In order to analyze the level of awareness of the consumers about edible oils, sample respondents have been asked to answer ten brands of Edible Oils. When a respondent is aware with a brand of edible oil, a score of 2 has been allotted and 1 for unaware. As such, the maximum score that assigned by a respondent for all the ten brands would be 20 and a minimum score of 10. Analysis of variance has been applied in this regards to analyse the relationship between socio-economic characteristics and the level of awareness about various brands of edible oils available in the market. The identified demographic variables, which might influence the level of awareness about various brands of Edible oils, are Gender, Age, Marital status, Educational status, Occupation, Monthly income, Family size, Nature of Family and Number of earning members in the family

TABLE NO. 1: AWARENESS LEVEL OF CONSUMERS ABOUT VARIOUS BRANDS OF EDIBLE OIL: ANALYSIS OF VARIANCE

Demographic Factors	Category	No.of Respondents	F-Value	Level of Significance
Gender	Male	67	5.500	Significant at 5%
	Female	133		
Age	Upto 30 Years	72	1.381	Insignificant
	31 – 50 Years	111		
	Above 50 Years	17		
Marital status	Married	164	0.235	Insignificant
	Unmarried	36		
Educational Status	Illiterate	34	11.245	Significant at 1%
	School level	45		
	College level	121		
Occupation	Agriculturist	33	8.096	Significant at 1%
	Private employee	72		
	Business / Profession	40		
	Government employee	14		
	Others	41		
Monthly income	Below Rs. 10,000	11	3.391	Significant at 5%
	Rs. 10,001 to 20,000	76		
	Above Rs. 20,000	113		
Family size	Upto 3 members	52	6.705	Significant at 1%
	Above 3 members	148		
Nature of family	Joint family	72	0.498	Insignificant
	Nuclear family	128		
Earning members in the family	Only one	73	23.085	Significant at 1%
	Two and above	127		

Source: Computed Value.

Table 1 reveals that level of awareness of the consumers about various brands of edible oil is significantly associated with the demographic factors of gender, educational status, occupation, monthly income, family size and earning members in the family. Therefore, these factors play a major role in the purchase of edible oil.

TABLE NO. 2: SOURCE OF AWARENESS ABOUT EDIBLE OILS

Source	No. of Respondents	Percentage
Advertisement	69	34.50
Friends / Relatives	63	31.50
Distributor / Retailer	39	19.50
Doctor's Recommendation	17	8.50
Other sources	12	6.00
Total	**200**	**100.00**

Source: Primary data

The table 2 shows that the majority (34.50 per cent) of the sample respondents has come to know about Edible oils through advertisements followed by Friends/Relatives, Distributor/Retailer, Doctor's recommendation and other sources.

TABLE NO. 3: MONTHLY SPENDING FOR THE PURCHASE OF EDIBLE OILS

Spending amount (in Rs.)	No. of Respondents	Percentage
Less than Rs.500	26	13.00
From Rs. 500 to Rs. 1,000	76	38.00
Above Rs. 1,000	98	49.00
Total	**200**	**100.00**

Source: Primary data

The table 3 indicates that the majority (49 per cent) of the sample respondents spends above Rs. 1,000 per month for purchase edible oils, followed by Rs. 500 to Rs. 1,000 in a month and less than Rs. 500 in a month.

TABLE NO. 4: FACTORS INFLUENCING THE CONSUMERS TO PURCHASE EDIBLE OILS: GARRETT RANKING ANALYSIS

S. No.	Factors	Total score	Mean scores	Rank
1	Nutrition	1259	6.30	IV
2	Quality	1354	6.77	II
3	Price	1449	7.25	I
4	Brand	1256	6.28	V
5	Availability	1313	6.57	III
6	Health benefits	1123	5.62	VI
7	Aroma	864	4.32	VII
8	Fat content	848	4.24	VIII
9	Packaging	802	4.01	IX
10	Income	732	3.66	X

Source: Computed Value.

The Table 4 indicates that Price is considered as the most important factor with the Garret mean score of 7.25 followed by quality, availability, nutrition, brand, health benefits, aroma, fat content, packaging and income.

SUGGESTIONS

A college level education group of respondents has more awareness about various brands of Edible Oils. Hence, it is suggested that edible oil manufacturing companies should take special initiatives to create awareness in the minds of the school level education group of people and illiterates. The respondents belong to above Rs. 20,000 monthly income have more awareness about various brands of edible oils than the other groups. Hence, it is suggested that manufacturers have to provide sufficient information in the form of advertisements to create awareness about their products. The awareness level of the sample respondents belongs to two and above earning member's family is higher. Hence, it is suggested that manufacturers may focus their attention on improving the awareness level of consumes in all the income groups. Price is the important consideration for the purchase of edible oil. Hence, it is suggested that the manufacturers have to consider the price fixation of the Edible Oil.

CONCLUSION

The modern market is a highly competitive and transitional one. A company must first decide what it can sell, how much it can sell and what approaches must be used to entice the vary consumers. The consumer today does not accept any product, which does not give them complete satisfaction, and many products do not find a place in the market. It can be said that the modern market is consumer oriented and only the consumer determines the product a success or a failure. A consumer always considers various factors before the purchasing of Edible oil. Consumers have specific preferences or choice. Consumers analyze the price, quality, packaging aspects etc. Before they buy the product and hence, it is up to the different brands of edible oil manufacturers to concentrate on those aspects and work out better strategies to attract more consumers for their brands. Hence, manufacturers should feel the pulse of the consumers. They should plan their production and distribution activities as per the needs and convenience of the consumers.

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THE INFLUENCE OF WORKING CAPITAL MANAGEMENT AND MACROECONOMIC INDICATOR ON LIQUIDITY IN INDONESIAN PROPERTY INDUSTRY

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ABSTRACT

Working capital is important for business operations. The purpose of this study is to investigate the impact of working capital management and macroeconomic indicator on liquidity of public listed property industry in Indonesia. This study used data from quarter financial report of 19 property firms listed in Indonesia Stock Exchange over the period 2011-2015 quarterly, while GDP, inflation, and interest rate from Statistic Indonesia and Bank of Indonesia. The data was analyzed using panel data regression analysis. The result showed that Cash Conversion Cycle (CCC) is positively correlated with Current Ratio (CR), while CCC is negatively correlated with Quick Ratio (QR). These study find policy in working capital management will improve the liquidity. Furthermore, the result showed that working capital, macroeconomic, firm size, sales growth, and capital structure have significant effect on the liquidity. These results have practical implication to corporate manager for design a financial strategy.

KEYWORDS

liquidity, macroeconomic, working capital.

INTRODUCTION

Working capital is very important for business operations. Working capital management manage the administration of the firm's current assets (cash and marketable securities, receivables, and inventory) and the financing (especially current liabilities) needed to support current assets (Horne and Wachowicz 2009). Managers must manage working capital properly so that business operations run smoothly and efficiently. Working capital management can be measured by the cash conversion cycle (CCC) as in previous research conducted by Iqbal and Zhuquan (2015); Ahmad, Nadeem, and Hamad (2014); Hsieh and Wu (2013); Bolek (2013); Linda (2015); Valentina (2014) showed by accelerating the cash conversion cycle (proxy of working capital management) would increase profitability.

Horne and Wachowicz (2009) claims there is trade-off between liquidity, profitability, and risk when manager set a level of working capital (working capital policy). Working capital policy proxy by current assets to total assets (CATAR) and current liabilities to total assets (CLTAR). CATAR is a proxy from working capital investment policy and CLTAR is a proxy from working capital financing policy (Puraghajan *et al.* 2014; Nazir and Afza 2009; Rozari *et al.* 2015; Shan *et al.* 2015). Puraghajan *et al.* (2014) showed that aggressive strategy in working capital policy would increase profitability and risk of profitability. Most studies look at the influence of working capital on profitability but study about the influence of working capital on liquidity is rare.

Liquidity information is very important to every stakeholder because liquidity describe company's ability to pay all current liabilities. Every companies or industries have different degrees of liquidity. For example, real estate may be very illiquid. It can be hard to find a buyer, negotiate a fair price, and close a deal on short notice (Brealey *et al*. 2011). Therefore it is important to look liquidity without inventory especially in properties industry. Furthermore in this study we look impact of working capital on liquidity that measured by current assets ratio and quick ratio to look liquidity without inventory.

According to a survey by Bank of Indonesia, industry property is effected by domestic economics condition so it's important to look impact of macroeconomic indicator on liquidity in industry property. Therefore, in this study include macroeconomic variable such as GDP growth, interest rate, and inflation impact on liquidity in property industries.

Property bussiness in Indonesia is very interesting because property demand higher than property supply. According to Bank of Indonesia commercial property demand index is 126,78 while supply commercial property supply index is 105,07 in 2015. According Statistic Indonesia real estate industry contributed 268.811,40 billion Indonesian Rupiah on GDP in 2015.

REVIEW OF LITERATURE

Many researchers have studied working capital that interesting and useful for this study such as, Iqbal and Zhuquan (2015) examined the relationship between working capital management and profitability of Pakistani firms listed on Karachi Stock Exchange during 2008-2013 using panel data and panel least square for analysis. The research found negative relationship between the measure of profitability and Average Payment Period, Average Collection period, Inventory turnover in days, Cash conversion cycle and Debt while positive relationship was found between ROA and Size, GDP growth and Sales growth of Pakistani firms.

Ahmad, Nadeem, and Hamad (2014) investigated the impact of working capital on the corporate performance in the cement, chemical and engineering sectors of Pakistan 2007-2011 using panel data analysis. The results showed that cash conversion cycle, average collection period and operating cycle are positively whereas average age of inventory and average payment period is negatively related to the return on equity. The results indicate that working capital management influences the firms' profitability.

Usama (2012) examined the influence of working capital management on profitability and liquidity of pakistani firm in food sector that listed on Karachi Stock Exchange during 2006-2010. He found there is significant positive affect of working capital management on profitability and liquidity of the firms. Size of firm and cash conversion cycle has significant positive effect on firm's liquidity.

Puraghajan *et al.* (2014) investigated the impact of aggressive working capital approach on the profitability and risk of profitability of listed companies in Tehran Stock Exchange during the period 2007 to 2011 using data panel and multiple regression analysis. The result showed aggressive strategy in working capital policy increase return on equity and risk return on equity.

Nazir and Afza (2009) investigated relationship between working capital management policies and a firm's profitability of industrial firms listed in KSE during 1998-2005 using panel data analysis. They found a negative relationship between the profitability and degree of aggressiveness of working policies.

OBJECTIVES

The main objectives of this study are:

1. To investigate the impact of working capital management on liquidity in properties industry.
2. To investigate the impact of macroeconomic indicator on liquidity in properties industry.

HYPOTHESES

Hypotheses of the research are formulated based on previous literature, as follow:

1. There is negative relationship between cash conversion cycle and liquidity.
2. There is negative relationship between working capital investment and liquidity.
3. There is positive relationship between working capital financing and liquidity.
4. There is positive relationship between GDP growth and liquidity.
5. There is significant relationship between Inflation and liquidity.
6. There is significant relationship between interest rate and liquidity.
7. There is significant relationship between size of firms and liquidity.
8. There is significant relationship between sales growth and liquidity.
9. There is significant relationship between debt to equity ratio and liquidity.

RESEARCH METHODOLOGY

This study used data from quarter financial report of 19 property firms listed in Indonesia Stock Exchange over the period 2011-2015, while GDP, inflation, and interest rate from Statistic Indonesia and Bank of Indonesia. The data was analyzed using panel data regression analysis.

Current ratio (CR) and quick ratio (QR) are used as a dependent variable while cash conversion cycle (CCC), current assets to total assets (CATAR), current liabilities (CLTAR), GDP growth(GDP), interest rates (ir), inflation, size of firm (SIZE), sales growth (SLGR), and debt to equity (DER) are used as a independent variable. The model is as follows:

(1) $$CR_{it} = \gamma + \gamma_1 CCC_{it} + \gamma_2 CATAR_{it} + \gamma_3 CLTAR_{it} + \gamma_4 GDP_t + \gamma_5 Inflasi_t + \gamma_6 ir_t + \gamma_7 SIZE_{it} + \gamma_8 SLGr_{it} + \gamma_9 DER_{it} + \varepsilon_{it}$$
$$\gamma_1 < 0;\ \gamma_2 > 0;\ \gamma_3 < 0\ ;\ \gamma_4 > 0;\ \gamma_5, \gamma_6, \gamma_7, \gamma_8, \gamma_9 \neq 0$$

(2) $$QR_{it} = \delta_0 + \delta_1 CCC_{it} + \delta_2 CATAR_{it} + \delta_3 CLTAR_{it} + \delta_4 GDP_t + \delta_5 Inflasi_t + \delta_6 ir_t + \delta_7 SIZE_{it} + \delta_8 SLGr_{it} + \delta_9 DER_{it} + \varepsilon_{it}$$
$$\delta_1 < 0;\ \delta_2 > 0;\ \delta_3 < 0\ ;\ \delta_4 > 0;\ \delta_5, \delta_6, \delta_7, \delta_8, \delta_9 \neq 0$$

TABLE 1: VARIABLE OF STUDY MEASUREMENT

Variable	Measurement
CR	Current assets/current liabilities
QR	(current assets-current liabilities)/current liabilities
CCC	Average collection period + inventory turnover in days – average payment period
CATAR	Current assets/total assets
CLTAR	Current liabilities/total assets
SIZE	Log natural total assets
SLGR	(Current year sales – last year sales)/last year sales
DER	Total debt/total equity
GDP	(current year GDP – last year GDP)/last year GDP

RESULT & DISCUSSION

DESCRIPTIVE STATISTICS

Descriptive statistics of the research data used on 19 property companies listed in Indonesia Stock Exchange over the period 2011-2015 quarterly are presented in Table 2.

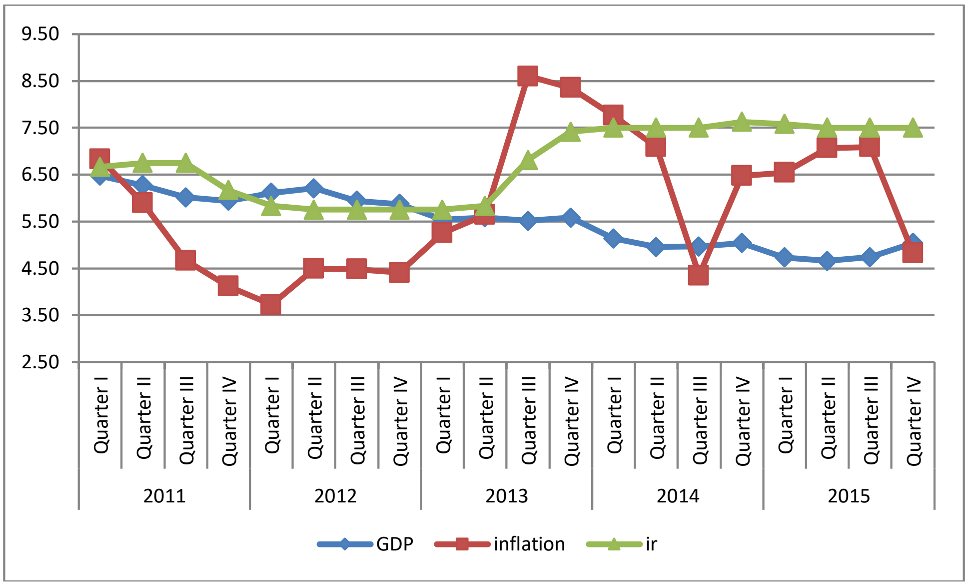
TABLE 2: DESCRIPTIVE STATISTICS OF THE INTERNAL FACTOR VARIABLES

Variable	Average	Maximum	Minimum	Standard deviation
CR	2.12	8.04	0.17	1.45
QR	1.03	7.77	0.08	1.00
CCC	1354	22161	2	1807
CATAR	0.47	0.88	0.09	0.21
CLTAR	0.28	0.71	0.02	0.14
SIZE	28.89	31.35	26.58	1.30
SLGR	0.42	12.18	-0.92	1.17
DER	0.85	3.56	0.15	0.50

Table 2 shows the average CR is 2.12, its means that average of company's current assets are 2.12 times as large as its current liabilities. The average QR is 1.03, its means that average of companies quick assets (cash, marketable securities, and receivables) are 1.03 times as large as its current liabilities. Whilethe average property company has1354 days of cash conversion cycle means property company needs 1354 days for convert the cash becomeaccount payable, inventory, account receivables until get a cash from costumer. Property industry have a long time for cash conversion cycle than another industry because it needs more time for building their property and inventory in this industry is property that are illiquid.

The average CATAR and CLTAR is 0.47 and 0.28, respectively. The average SIZEour sample is 28.89 with standard deviation 1.30 and average SLGR is 0.42 with standard deviation 1.17. The average DER is 0.85 means average property company used more equity then debt for financing the assets.

FIGURE 1: DESCRIPTIVE STATISTICS OF MACROECONOMIC INDICATOR VARIABLES



The average GDP growth is 5.52 with highest value is 6.48 at 2011 quarter I and lowest value is 4.66 at 2015 quarter II. The average inflation in Indonesia from 2011 until 2015 is 5.89 with highest value is 8.60 at 2013 quarter III and lowest value is 3.73 at 2012 quarter I. The average interest rates is 6.77 with highest value is 7.63 at 2014 quarter IV and lowest value is 5.75 at 2012 quarterII until 2013 quarter I.

THE ANALYSIS OF THE INFLUENCE OF WORKING CAPITAL AND MACROECONOMIC INDICATOR IN PROPERTY INDUSTRY

In this study we used fixed effect model with weighted GLS for analysis impact of working capital and macroeconomic indicator in property industry. Goodness of fit in our result have a goodvalue that result R-squared is 0.9989 in first model and 0.9871 in second model.Durbin-Watson statistic in first model and second model which is 2.0564 and 2.1023, respectively with our dL value is 1.78182 and dU value is 1.87261 denotes the non-existence of autocorrelation between error function in regression equation. According appendix 1 there is no pattern in standardized residuals denotes the non-existence of heteroscedasticity between error function in regression equation. The amount of F significance level in all model is 0.0000 less then alpha 5% which represents significance of the model.

TABLE 3: THE INFLUENCE OF WORKING CAPITAL AND MACROECONOMIC ON LIQUIDITY

Variable	Liquidity	
	CR	QR
C	14.83***	-1.91***
CCC	7.23E-05***	-3.74E-05***
CATAR	4.30***	2.35***
CLTAR	-9.11***	-5.06***
GDP	0.13***	0.23***
INFLASI	-0.05***	-0.02***
IR	0.14***	0.12***
SIZE	-0.5***	0.03***
SLGR	0.01***	-0.006**
DER	0.84***	0.44***
R-squared	0.9989	0.9871
Adjusted R-square	0.9988	0.9862
F-statistic	11773.36	1000.54
Prob (F-statistic)	0.0000	0.0000
Durbin Watson stat	2.0564	2.1023

Description: ***= significant at (∝) = 1%, **= significant at (∝) = 5%, *= significant at (∝) = 10%

The result of the table 4 showed that there is a significant relationship between all independent variable and liquidity variable. The result showed there is positive and significant relationship between CCC and CR. These result consistent with the findings of Usama (2012). The cash conversion cycle (CCC) have positive effect on current ratio (CR) but negative effect on quick ratio (QR) that result showed when cash conversion cycle decrease inventory would decrease too, while cash and account receivable would increase.There is a positive and significant relationship between CATAR and liquidity (CR and QR), while there is a negative and significant between CLTAR and liquidity (CR and QR).This result showed aggressive working capital policy would decrease liquidity. The result consistent with Horne and Wachowicz (2009), they says high level of working capital policy (more conservative) lead to higher levels of liquidity and lower level of risk.

This study showed that there is relationship between macroeconomic indicator and liquidity performance in property industry. The result consistent with Bank of Indonesia study (2015) that showed macroeconomic condition would influence property industry performance. GDP growth has positive relationship with liquidity. Properties bussiness performance would increase when GDP growth increase and make firms liquidity increase. Interest rate have positive ralationship with liquidity. Increasing interest rate would increase criteria of investment and make manager postpone for expansion and more maintain their liquidity. Inflation have negative relationship with liquidity. Inflation will make raw material price and cost production increase, it will make current liabilities increase then liquidity would decrease.

Size have negative effect on current ratio and positive effect on quick ratio these result showed the bigger size of company have a good inventory management than a small company. Furthermore sales growth (SLGR) have positive effect on current ratio but negative effect on quick ratio these result showed when SLGR increase company would increase inventory for their new stock and use their some quick asset for building property. DER variable have a positif effect on current ratio and quick ratio.

RECOMMENDATION / SUGGESTION

According to the result we suggest the manager to decrease cash conversion cycle (CCC) to increase quick assets. Manager can decrease cash conversion cycle by decrease days' inventory outstanding and days sales outstanding and increase days payable outstanding. The manager can decrease days inventory outstanding when they accelerate building property by choose a good contractor. Furthermore the manager should make a good marketing strategy for accelerate sales their property and decrease days inventory outstanding. The manager should have a good negatiation skill to improve their bergaining power when company make contract with their supplier or costumer for decrease days sales outstanding and increase days payable outstanding.

When macroeconomic condition going slow down or decline such as GDP growth decline and inflation increase manager should choose more conservative working capital policy to maintain their liquidity. Conservative working capital policy means the managers should use more long term financing such as equity and long term debt for financing the working capital. Futhermore when macroeconomic condition decline the manager should postpone their expansion or investment for new property and maintain their liquidity.

CONCLUSIONS
This study aims to investigate the influence working capital and macroeconomic condition on liquidity in property industry Indonesia. Previous study conducted by Iqbal and Zhuquan (2015); Ahmad, Nadeem, and Hamad (2014); Hsieh and Wu (2013); Bolek (2013); Linda (2015); Valentina (2014); Puraghajan *et al.* 2014; Nazir and Afza 2009; Rozari *et al.* 2015; Shan *et al.* 2015 showed there is relationship between working capital and profitability while in our study showed there is realtionship between working capital and liquidity.

Our study showed there is significant relationship between cash conversion cycle and liquidity performance. Furthermore, we found aggressive working capital investment policy (CATAR) and aggressive working capital financingolicy (CLTAR) would decrease liquidity (CR and QR) in property industry. The result showed that there is relationship between macroeconomic indicator and liquidity performance in property industry. Liquidity in Indonesia property industry would decrease when GDP growth decline, interest rates too low, and there is inflation.

LIMITATIONS
This study was limited to 19 property firms listed in Indonesian Stock Exchange over the period 2011-2015 quarterly. the firm's liquidity measured by CR and QR. Working capital components include Cash Conversion Cycle, Current Liabilities to Total Assets Ratio, and Current Assets to Total Assets Ratio with control variables which include of Firm Size, Sales Growth, and DER.

SCOPE FOR FURTHER REASEARCH
Further research can investigate with another industry to see how the influence working capital and macroeconomic on liquidity in another industry. Furthermore, researcher can include cash ratio to enrich liquidity proxy.

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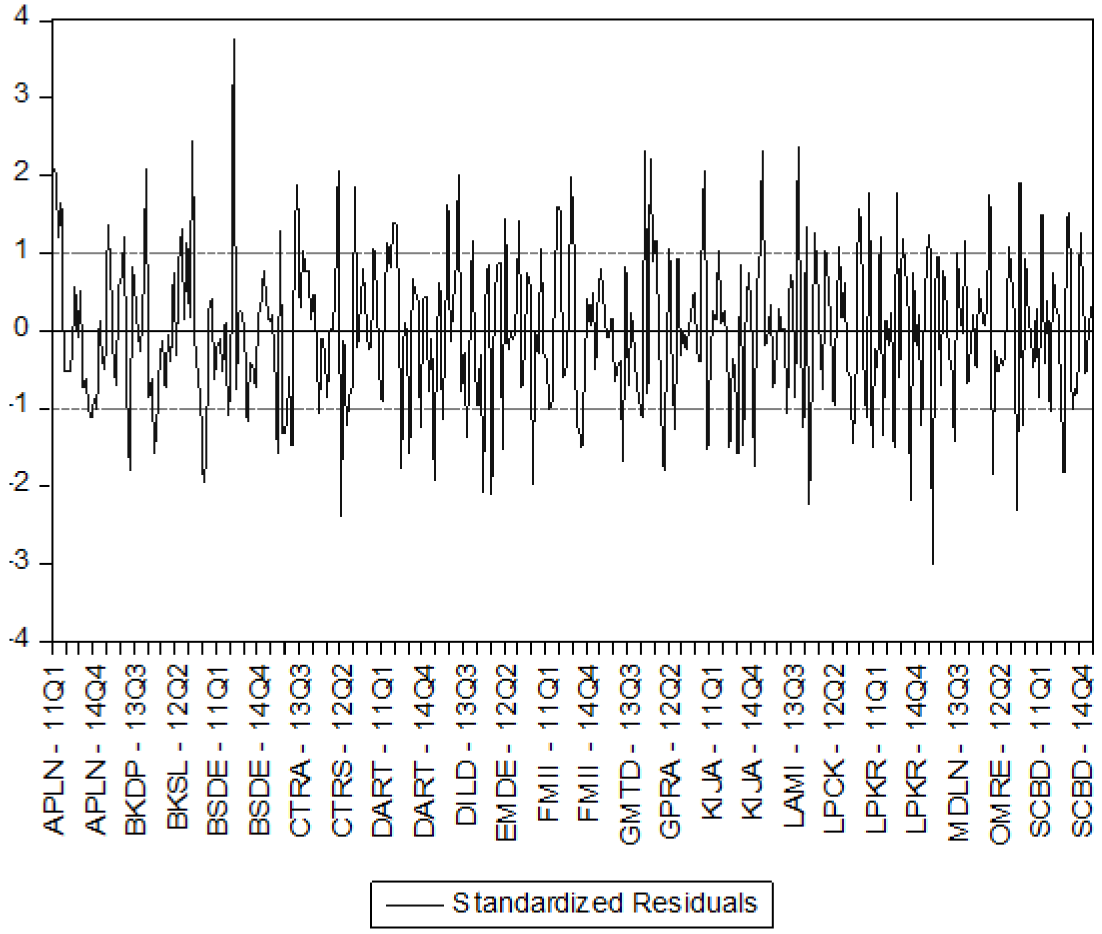
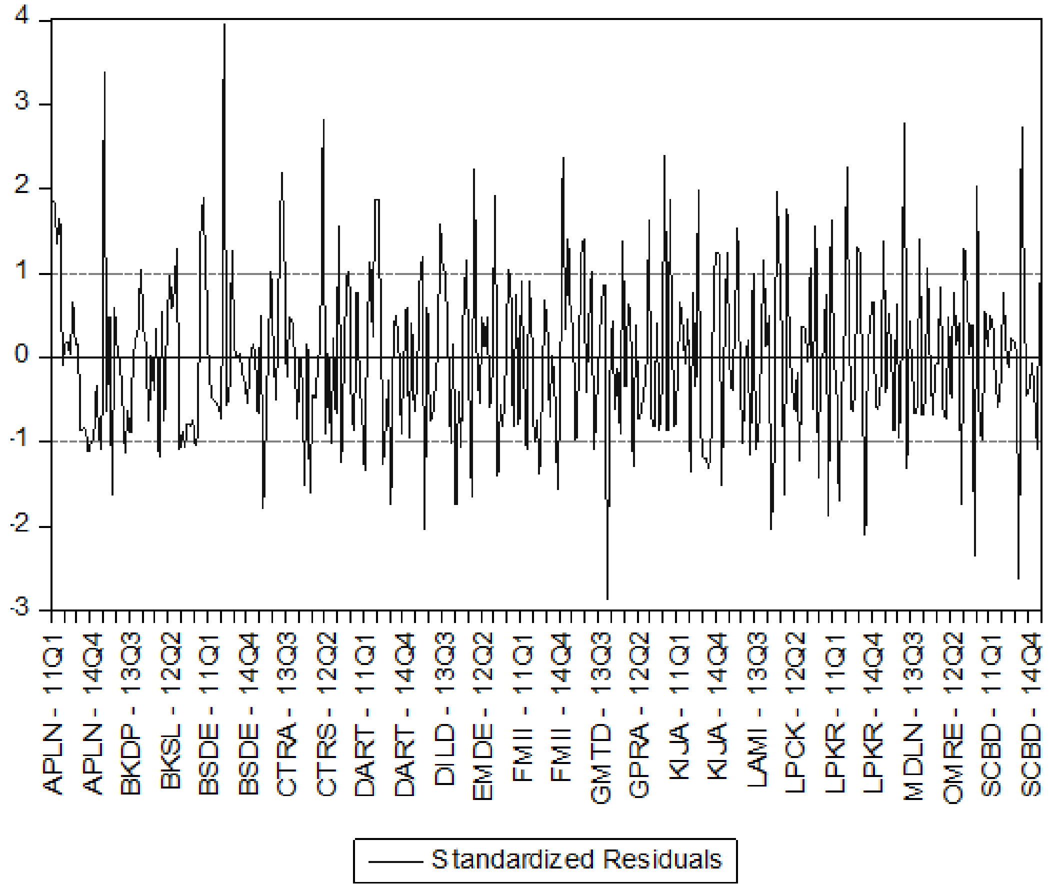
APPENDIX 1

HETEROSCEDASTICITY

1. CR



2.QR



UNFOLDING BITCOIN

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ABSTRACT
In the wake of increasing disturbance in different parts of the world there has been an increase in the adoption of virtual currencies and ensuing volatility in its prices. The paper discusses one such virtual currency, bitcoin. The paper highlights the advantages and issues with the usage of bitcoin. Due to the scant literature available on bitcoin, the paper presents various avenues of future research in this area.

KEYWORDS
Bitcoin, decentralized, medium of exchange.

INTRODUCTION
The inception of bitcoin in 2008 by Satoshi Nakamoto has been one of the major innovations in electronic payment systems worldwide. Bitcoin is a form of digital currency which is created and held electronically. They are not printed like any other currency but are produced electronically by making use of computational power of computer by using mathematical problems (Nakamoto, 2008).

The most revolutionary feature of Bitcoin is that it is one of the first decentralized currencies, which is not created by any government, not even a country. The history of bitcoin is so interesting and controversial in some aspects that people have started to believe that it heralds next digital revolution. Bitcoin is a digital asset and a payment system that enables peer-to-peer transaction between the users directly, without any intermediary. The disintermediation results in huge savings in the transaction cost.

The transactions between people are recorded in a publicly distributed ledger called the blockchain. Blockchain contains records of every single bitcoin transaction ever made. The public can find out who owns a bitcoin, where they spent it, and exactly how much was spent. The blockchain provides anonymity, though not complete **anonymity**. The bitcoin transactions on the blockchain will have the account holder's unique number and not their name. This keeps people's identities protected while also offering a surprisingly effective public information system. The **blockchain** is formed using individual computing power from any person's computer. This person is actually someone who allows the blockchain to use their computing power and effectively keep a record of the bitcoin transactions along with supporting the bitcoin software. Anyone who allows their own computing power to be used for the purpose of maintaining the blockchain gets a fraction or percentage of every new bitcoin that is mined. Blockchain offers a secured payment network which is anonymous. This mechanism ensures authenticity of each transaction, prevents double-counting of bitcoin tokens that has been an issue with many digital currencies. Also, the immense computing power required to mine bitcoin makes it almost impossible to duplicate a transaction block and commit fraud.

Unlike fiat currency that is created by mining metal coins, bitcoins are mined using mathematics. The algorithm makes use of a *private key* while the verification process makes use of a *public key*. Once these keys are mined, a new bitcoin is created. This does not mean that infinite bitcoins can be created. The algorithm is such that Satoshi Nakamoto ensured that the total number of bitcoins mined would remain limited to 21 million bitcoins. The total number of bitcoins mined is programmed to reduce by half every year, until the number of bitcoins reaches 21 million. The limited number of bitcoins, however, are perfectly divisible. They can be used to make **micropayments**. A millibitcoin is 10^{-3}, 10^{-6} is a microbitcoin and 10^{-8} is a Satoshi.

The bitcoin ecosystem consists of exchanges that permit trading between bitcoins and traditional currencies, the transaction service providers that help individuals to store in bitcoin wallets and transact their bitcoins via their bitcoin client software and the bitcoin miners. Bitcoins can be purchased over the exchange from an individual or at a bitcoin ATM.

With its features of deregulated currency that promises anonymity, reduction in transaction costs and safety, Bitcoin has been gaining popularity in the world that is treading to a cashless and digital society. There is an increase in the acceptance of bitcoins as medium of exchange throughout the world that will result in an increase in its volume to couple the increasing value of bitcoins. It is expected to soon overcome the transactions via credit cards and debit cards.

Despite the growing popularity, it has become cynosure of the critiques. The anonymity of transactions puts a question on credibility of transactions taking place in bitcoins. Bitcoin price has been volatile since 2013 where the price spiked from approximately $10 to $1163 in the same year and then falling gradually to the $200s. Again a very high volatility was witnessed in 2016 owing mainly to the devaluation of Chinese currency, Yuan, as an escape response to the tight capital controls. In early 2017 bitcoin price hit to all-time high at $1140. Many bitcoin exchanges have shut overnight. Mt. Gox, one of the world's first bitcoin exchanges that once accounted for 80% of trading volumes shut down after operating for four years due to the heightened speculation. The question on reliability of bitcoin has put the governments away to grant it a legal status.

REVIEW OF LITERATURE
Amidst the growing popularity of bitcoin, it has failed to attract the attention of researchers. Scant empirical literature exists on examining the factors that impact the bitcoin price and its returns and its relationship with different market and economic factors. Survival analysis conducted by Moore and Christin (2013) on 40 Bitcoin exchanges reveal that out of 40 exchanges 18 had shut with popular exchanges more likely to suffer a security breach. They found a negative correlation between average transaction volume of an exchange and probability of closing prematurely. Baek and Elbeck (2015) studied the effect of select macro-economic variables on Bitcoin market returns and concluded that volatility in Bitcoin market is internally driven indicating presence of high speculation. External economic factors were not found to exert any significant impact on Bitcoin market returns. Bagdev and Chen (2014) empirically analyzed the general patterns of Bitcoin usage, and examined the use of Bitcoin for investment and payment purposes. They found bare evidence to suggest usage of bitcoin as a medium of exchange. Raskin and Yermack (2016) concluded that digital currency may have insightful implications for the banking system and it is quite possible that central banks of different countries might launch their own regulated digital currencies. Polasik et al. (2015) found that company structures, use of payment methods, customers' knowledge about Bitcoin, and size of economy had a significant bearing on Bitcoin returns. The review of literature indicates that the studies on this new phenomenon are at a nascent stage and especially lacks empirical analysis in academia and an in-depth understanding of this new economic instrument.

CONCLUSION – A ROAD TO FUTURE RESEARCH
Recent events such as slashing of interest rate by European Central Bank (ECB), devaluation of Yuan, Britain's exit from EU, demonetization of Indian currency had caused spikes in bitcoin's price. A high volatility in bitcoin prices has questioned its usage as a currency. People have been buying bitcoin as a speculative investment which makes it difficult to be used as a medium of exchange. Coupled with the fact this alternative investment avenue came at a time when the world witnessed a financial crisis in 2008 makes it worthwhile to have some empirical studies on the impact of economic factors on bitcoin prices and returns. Bitcoin arose to combat the crisis situation and emerged as an alternative investment vehicle rather than as an alternative medium of exchange. World over it is observed that when an economy faces turmoil, bitcoin's popularity increases. However, it is quite possible that bitcoin may put the economy in a downward spiral. Growing demand with limited supply is resulting in a continuous growth in bitcoin's value without any supporting logic that may hint a bubble in the market that may burst. People have been hoarding it with a belief that its price shall increase further. This is evident from fewer volumes of transactions in bitcoin. Also, the anonymity

in transactions may put a veil on investment in illegal activities, money laundering and flight of capital. So, what began as an escape response to the turmoil in the economy may further push the economy in a spiral. Thus, there lies immense scope to investigate the macroeconomic factors that affect bitcoin prices and returns. The regulatory environment of a country is an important factor to determine the adoption of bitcoin by people. Stringent regulations may cause potential investors to invest more in bitcoin and escape the regulations. This is precisely is happening in China as Chinese government has strict capital controls. On the other hand, regulations of a country may be such that investments in bitcoin may be tightened or banned. Besides the regulatory aspect, the development of financial market may have an impact on the adoption of bitcoin. A well-developed financial market may reduce the reliance on bitcoin. However, if bitcoin's volatility is controlled due to well developed markets it may emerge as a medium of exchange which is digital and shall help the economy to become cashless. The economic environment may have an impact on adoption on bitcoin. The birth of bitcoin in post-crisis period indicates that it may be used to overcome economic irregularities. The legal environment is yet another important factor that may impact bitcoin's adoption and usage. Hence, a comprehensive framework that analyzes various levels of macroeconomic factors should be assessed to determine what impacts the popularity of bitcoin. An event study of the various spikes in bitcoin's tenure since 2009 is also a promising avenue of future research.

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THEORETICAL PERSPECTIVE OF CHANGE MANAGEMENT

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ABSTRACT
The purpose of this paper is to show different theoretical perspectives as far as change management is concerned. The flow of the paper is through the history to the current stage of the change management. Apart, different historical perspectives are covered into the same. The paper presents the synopsis of the various works done by different authors and consultants over the number of years and provides insights on how sustainable change is achieved to propel an entity towards business excellence. It is very much important to manager the change successfully and efficiently. These skills are crucial to acquire. If the same is not managed skilfully then it can result into the crisis. The paper also suggests on to how to manage the change effectively.

KEYWORDS
change management, managing change, sustainability.

INTRODUCTION
Change management refers to any approach to transitioning individuals, teams, and organizations using methods intended to re-direct the use of resources, business process, budget allocations, or other modes of operation that significantly reshape a company or organization. Organizational change management (OCM) considers the full organization and what needs to change. (1)

HISTORY OF CHANGE MANAGEMENT

Sr. No.	Year	Author	Development
1	1960	Everett Rogers	According to his work mentioned in "**diffusion of innovations"**, he suggested that change must be understood according to the time, different channel of communications and its impact on associated people (2)
2	1980	Robert Marshak	Came up with entire different process in terms of reengineering services for the change management process(3)
3	1982	Julien Phillips	Published a model of change management (4)
4	1993	Daryl Conner	In the book, "**managing at the speed of change"**, he came up with a term 'Building Platform', into which he focused on human performance & adoption techniques in terms of technological innovations. (5)
5	2000	Linda Ackerman Anderson	created the role of the change leader to take responsibility & Accountability for the human side of the change.(6)
6	2010	Christina Dean	Change management is now an established and formal vocation. (7)
7	2016	The Association of Change Management Professionals	Announced a new certification to enhance the profession: Certified Change Management Professional. (8)

DEFINITION
The Change Management can be defined as a planned objective to change a company's direction from the current position to a desired future position in the business environment in response to new challenges and opportunities. It includes the projection of a new vision, together with wide consultation with employees at all levels to overcome resistance and gain the acceptance. It is also essential that the requisite leadership skills, commitment at all levels and both human and financial resources are available to implement the desired change.

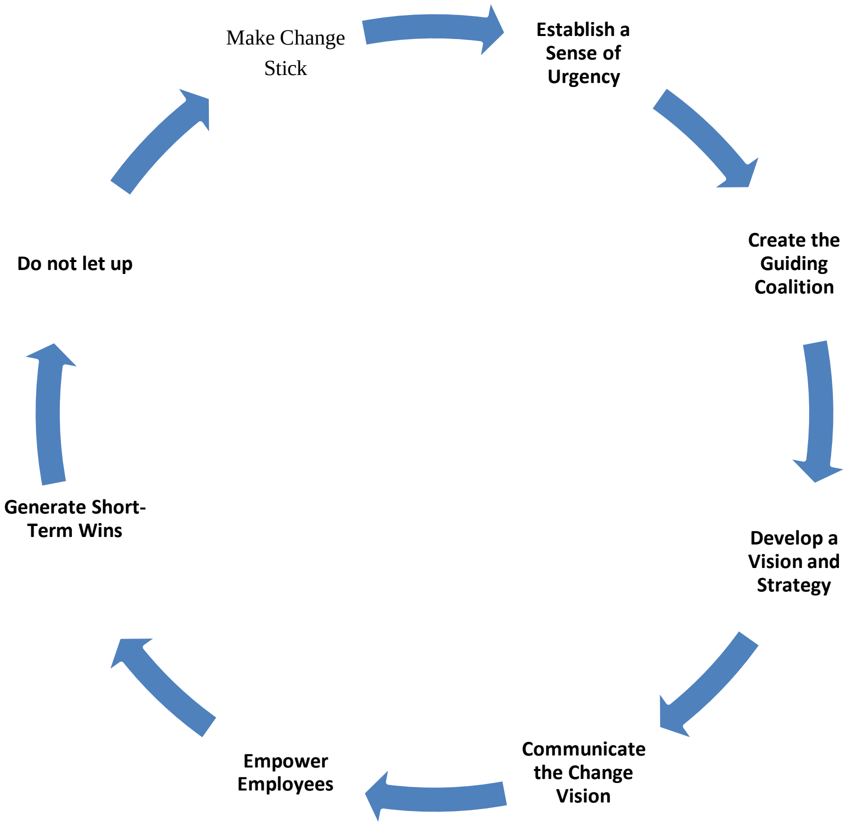
CHANGE MANAGEMENT: BEHAVIOUR & ACTION

Sr Num	Behaviour	Action
1	Determine the need for change	Establish the objectives and processes
2	Prepare and Plan for Change	implement the plan, execute the process, make the product
3	Implement the Change	study actual results and compare against the expected results
4	Sustain the Change	Enact the new standards

JOHN KOTTER'S 8-STEP PROCESS FOR CHANGE MANAGEMENT

Dr. John Kotter, Professor of Harvard Business School, has come up with a process of Change Management consisting of eight steps (9).

FIG. 1



1. ESTABLISH A SENSE OF URGENCY

In this stage, the company has to examine the market and competitive realities to understand and implement the change. Apart from the same, identification of the different sort of crisis and major opportunities to overcome the same has to be analysed. Once, the same has been done, it is also essential to provide the evidence of the required change.

2. CREATE THE GUIDING COALITION

The group has to be assembled so that the change efforts can be put in more enthusiastically. Also, the commitment of the people is essential for the same. The company has to encourage people to work together as a group.

3. DEVELOP A VISION AND STRATEGY

The proper vision and well defined strategy can help to enforce change in a better manner.

4. COMMUNICATE THE CHANGE VISION

The change has to be aligned and communicated properly in order to achieve the desired results. The proper and transparent communication can be helpful to enhance the performance level and adaptability of the organization.

5. EMPOWER EMPLOYEES

The change can be enforced properly by empowering employees in proper manner. The obstacles are to be removed tactfully which are coming in a way of the progressive change. The collaboration and empowerment of the employees can be proven helpful for the same.

6. GENERATE SHORT-TERM WINS

The short term goal achievement can boost up the morale of the employee in terms of change. The same can smoothen the process in terms of psychological aspect. Also, the rewards and recognition can improve the acceptance and receptivity level.

7. DO NOT LET UP

The continuous improvement has to be a part of the change management process. The loop holes are to be eliminated immediately once the process has been implemented in full-fledged terms.

8. MAKE CHANGE STICK

The same helps to Articulate the connections between the new behaviours and the corporate success.

SUGGESTIONS & CONCLUSION

This paper concludes that to manage & sustain the change, it is very much important that the employees should be communicated on the same part as far as change is concerned. All the areas of the newness should be communicated in a proper manner. Once the change has been implemented, the continuous evaluation has to be done. In short, change should be implanted in terms of proper policy making and implementation.

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PROCESSED FOOD INDUSTRY IN INDIA: AN ANALYSIS OF EXPORT COMPETITIVENESS

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ABSTRACT
This study examines the Export competitiveness and Export performance of Indian Processed Food Industry with respect to rest of the world. The study focuses on Export performance and competitiveness of Indian Processed Food Industry during the period of 2010-2015. Export competitiveness is calculated with the help of Revealed Comparative Advantage (RCA) of five different products group of processed food. Our results show that one out of five products has competitive advantage and rest four products don't have competitive advantage. The commodity which is more competitive in the international market is Rice.

KEYWORDS
export performance, export competitiveness, revealed comparative advantage.

INTRODUCTION
India has an agriculture based economy. About 43 percent of the country's total geographical area is used for agricultural purposes. Almost two-third of the total work-force earns its livelihood through farming and other allied sectors. Traditionally farmers grow crops for their personal use but now with technological advancement taking sizeable proportion of produced crops to the market. India is one of the key food producers in the world, with the second arable land area. Further the country is endowed with diversified agro-climate conditions that provide ample potential for growing wide range of fruits and vegetables crops across its geographical spread (Rana, 1986). It is the largest producer of milk, pulses, sugarcane and tea in the world and the second largest producer of wheat, rice, fruits and vegetables in the world (Kumar, 2010).

India's resource base endowment in terms of various horticultural crops, which constitute the supply base for items like processed fruits and vegetables, is rich and varied. It's different agro-climatic zones and soil prevalent in various parts of the country are ideal for growing a wide variety of tropical as well as temperate fruits and vegetables.

Processing refers to deliberate activity, which changes a commodity into a more usable form with value addition. The processed food industry can be classified in the form of major products such as dairy products, rice, processed fruit and vegetables, pickles & chutney and bakery products etc. India's food processing industry is in an infant stage. Only around 2 percent of fruits and vegetables are processed and the figure stand at 15 percent for milk, 6 percent for poultry and 26 percent for marine, as against 60-70 percentage of the overall food production in developed countries. This is against a processing of 30 percent in Thailand, 70 percent in Brazil, 78 percent in the Philippines and 80 percent in Malaysia (Dev, 2004). The fruits and vegetable farming for processing is not only employment intensive, but also enhances the gross as well as net returns of the farmers.

History of food industry is very ancient. The first food preservation industry was established in 1857 in India. But in the developed form processed food preservation was done in 1927 (Bhattacharya, 1975). Nowadays processed food industry employing over 1.6 million people and contributing 6.3 percent to the GDP, 16 percent to exports, 6 per cent of total industrial investment. Food retail accounts for 26 per cent of India's GDP and is growing at a compounded annual growth rate of 7-8 per cent. At present, the food processing segment holds a 32 percent share of India's booming food industry. Exports of processed food have grown at over 190 percent between 2002-03 and 2006-07, increasing from $6.98 billion in 2002-03 to $20.51 billion in 2006-07. The market size for processed foods is pegged at $102 billion, with the potential to grow by 10 percent to $330 billion by 2015 (www.indialawoffices.com).

REVIEW OF LITERATURE
Various studies have been conducted from time to time on processed food industry and its export. Brief review of important and related studies presented as below:

Akmal et. al (2015) analyzed the structure of export and competitiveness of Pakistan's basmati rice over the period 1987-88 to 2011-12 by using revealed comparative advantage (RCA) and regional revealed comparative advantage (RRCA) approaches. The analysis of export competitiveness revealed that the Pakistan has revealed comparative advantage in basmati export, implying revealed competitiveness of very high degree as basmati remained a dominant commodity of Pakistan's export basket.

Sampaothong et. al (2016) found that several problems emerge on Thai rice production, such as cost, payment and rice distribution at destination country. At the destination country, Thai rice has been mix with the low quality local rice, in this way the original quality is corrupted. In addition, the weak contribution from government may also give impact to Thai rice export. On the contrary, the competitiveness of Thai rice includes technology, production capacity and high quality of rice production. The major competitiveness of Thai rice is brand loyalty, Thai rice has well known as high quality rice up to now, thus premium segment should be a target for Thai rice export market.

Singh & Davar (2013) analyzed the impact of WTO on rice export competitiveness by using Blassa's Revealed Comparative Advantage Index and White's Revealed Competitive Advantage Index in respect of Agricultural Trade and Merchandise Trade in the changing scenario of liberalization, privatization and globalization. They concluded that the increasing competitiveness of Indian and Pakistani rice exports is a result of WTO implementation.

Makama et.al (2016) analyzed in the rice industry that the average nominal protection coefficient was 0.48 thus indicates that Rice producers in Karnataka (India) were disprotected and the average effective protection coefficient was 0.44 indicating a high export competitiveness of the India Rice. However, the average domestic resource cost was found to be less than one (0.37) this means that domestic resources were efficiently utilized in case of rice crop in above mentioned state of the country and also indicated that they have comparative advantage in the production of rice crop. All the indicators (NPC, EPC and DRC) were less than unity thus a reflection that the domestic price of Rice in the country is lower than the world market price and hence competitive worldwide. They recommended that, in order to improve the competitiveness of Indian Rice in particular and Agriculture in general, attention needs to be given to domestic market thereby rationalizing subsidies on certain inputs and improvement of domestic market performance.

Shamsudin et.al (2011) evaluated the market competitiveness of Small and Medium Enterprises (SMEs) in the Malaysian Food Processing Industry (FPI) in terms of technical efficiency and productivity growth. The findings suggested that Technical Efficiency (TE) was 0.756 during the period of 2000-2006, indicating that SMEs in the Malaysian food industry were able to expand their output by 24.4 percent while using the same level of inputs. Total Factor Productivity (TFP) growth was negative 1.3 percent. Processing and preserving poultry and poultry products were the sub-industry with the highest productivity growth, while manufacturing of tea had the lowest. Research and development (R&D), training and public infrastructure were determinants that positively affected the TFP growth.

Eskandari et. al (2015) analyzed that supportive government policies was named as the first step to enter the industry and the competitive scene. But strong management, for the systematic and strategic planning and coordination between organization units was the main reason for the success of the firm. A rich capital, to escape the mono-product economic, progress towards joining the global competition, skilled manpower, which prevents the creation and enhancement problems have been raised as a serious competitive challenges. However, purchaser's acceptable quality, reasonably price which is both responsive to customer demand, the other hand, responsive to the shareholders capital that among the main priorities of the firm's work has been recognized and in a sense, can be named, it is part of Porter's scale advantage. According to them, the increased production reduced cost per unit of product due to the constant variable cost.

OBJECTIVES OF THE STUDY

1. To analyses the export performance of Indian Processed Food Industry.
2. To examine the competitiveness of Indian Processed Food Industry for the period 2010-2015.

RESEARCH METHODOLOGY AND DATA SOURCES

In this study, we analyze the export competitiveness and export performance of five processed food products of Indian Processed food Industry from the period of 2010 to 2015. These five processed food products are, Processed Fruit and vegetable Products, Dairy Products, Bakery Products, Rice and Pickle & Chutney.
Secondary data has been used for the calculation and data for exports has been taken from APEDA. Export Performance of each selected processed food product has been calculated as a percentage of total export of all selected processed food products from India. Export share of each selected food product has been calculated as a percentage of total world export of that product. The analysis of comparative advantage has been undertaken using Revealed Comparative Advantage (RCA) index of Balassa. Balassa's index of relative export performance by country and commodity, defined as a country's share in world export of a commodity divided by its share in total world exports. The index for country i and commodity j is calculated as follows:

$$RCA = \frac{(Xij/Xi)}{(Xaj/Xa)}$$

Where

Xij = Export of product j from India;
Xi = Total processed food exports from India;
Xaj = Total export of product j from the world;
Xa = Total processed food exports from the world

The index of Revealed Comparative Advantage (RCA) is a measure of export performance that shows comparison of commodities of a country's market share compared with the average percentage of exports of the country in total world exports. The index of RCA has a very simple interpretation. If it takes a value greater than unity, the country has a revealed comparative advantage in that product.

TABLE 1: EXPORT PERFORMANCE OF INDIAN PROCESSED FOOD INDUSTRY (In Percentage)

Product Name	2010		2011		2012		2013		2014		2015	
	India Export (In Thousand MT)	India (%)	India Export (In Thousand MT)	India (%)	India Export (In Thousand MT)	India (%)	India Export (In Thousand MT)	India (%)	India Export (In Thousand MT)	India (%)	India Export (In Thousand MT)	India (%)
Pickle & Chutney	45.36	0.40	48.03	0.42	51.62	0.26	66.90	0.22	55.96	0.19	56.11	0.21
Bakery	232.58	2.07	486.36	4.20	573.05	2.89	482.20	1.60	464.63	1.55	432.70	1.59
Dairy	37.79	0.34	37.90	0.33	41.87	0.21	97.53	0.32	82.28	0.27	21.77	0.08
Fruit & Vegetable	309.77	2.75	354.28	3.06	369.81	1.87	457.17	1.52	446.52	1.49	428.05	1.58
Rice	1745.65	15.51	2466.30	21.32	6306.12	31.83	24282.04	80.48	7989.63	26.63	8242.62	30.38
Other	8923.17	79.27	8212.03	71.00	12509.52	63.15	4884.58	16.19	21044.54	70.15	17973.44	66.24
Total	11256.54	100.34	11567.00	100.33	19810.13	100.21	30172.88	100.32	30001.29	100.27	27132.92	100.08

Source: Author's own computation based on data from APEDA.

Table 1; shows contribution of each product in the total export of processed food. Pickle contribution has been decreased from 0.40% in 2010 to 0.21% in 2015. It has also analyzed that Bakery contribution has been decreased from 2.07% in 2010 to 1.59% in 2015, Dairy contribution has been decreased from 0.34% in 2010 to 0.08% in 2015 and processed fruit and vegetable contribution has been decreased from 2.75% in 2010 to 1.58% in 2015. In the last five years only rice contribution has been increased from 15.51% in 2010 to 30.38% in 2015.
Table 2 depicts that share of India Pickle Export in world pickle export has been slightly increased from 4.24% in 2010 to 4.36% in 2015. It has also analyzed that Indian Bakery Export share has also been increased from 0.59% in 2010 to 1.00% in 2015, Indian Processed fruit and vegetable export share has been slightly increased from 0.87% in 2010 to 0.98% in 2015 and India Rice export share has been increased from 8.55% in 2010 to 26.78% in 2015.

TABLE 2: SHARE OF INDIAN PROCESSED FOOD EXPORT IN WORLD PROCESSED FOOD EXPORT (In Percentage)

Product Name	2010		2011		2012		2013		2014		2015	
	Total Export World (In Thousand MT)	Indian Share (%)	Total Export World (In Thousand MT)	Indian Share (%)	Total Export World (In Thousand MT)	Indian Share (%)	Total Export World (In Thousand MT)	Indian Share (%)	Total Export World (In Thousand MT)	Indian Share (%)	Total Export World (In Thousand MT)	Indian Share (%)
Pickle & Chutney	1069.67	4.24	1078.28	4.45	1000.96	5.16	1209.80	5.53	1167.86	4.79	1286.91	4.36
Bakery	39.72	0.59	42420.16	1.15	37807.00	1.52	44127.39	1.09	40946.67	1.13	43356.77	1.00
Dairy	27891.87	0.14	28283.58	0.13	29713.92	0.14	31804.79	0.31	32581.09	0.25	33387.59	0.07
Fruit & Vegetable	35531.59	0.87	38267.29	0.93	68184.35	0.54	41526.65	1.10	40786.42	1.09	43672.06	0.98
Rice	20423.42	8.55	25172.89	9.80	26836.38	23.50	73918.02	32.85	33301.50	23.99	30779.92	26.78
Other	27891.87	31.99	28283.58	29.03	29713.92	42.10	31804.79	15.36	32581.09	64.59	33387.59	53.83
Total	124632.21	9.03	135222.19	8.55	163542.62	12.11	192586.64	15.67	148783.55	20.16	152483.24	17.79

Source: Author's own computation based on data from APEDA.

However Indian Dairy Products export share has been decreased from 0.14% in 2010 to 0.07% in 2015.

TABLE 3: EXPORT COMPETITIVENESS OF PROCESSED FOOD INDUSTRY

Product Name	2010	2011	2012	2013	2014	2015
Pickle & Chutney	0.47	0.52	0.43	0.35	0.24	0.25
Bakery	0.06	0.13	0.13	0.07	0.06	0.06
Dairy	0.02	0.02	0.01	0.02	0.01	0.00
Fruit & Vegetable	0.10	0.11	0.04	0.07	0.05	0.06
Rice	0.95	1.15	1.94	2.10	1.19	1.50

Source: Author's own computation based on data from APEDA.

As indicated in Table 3 Rice is only one product out of total five products of processed food industry enjoys value of revealed comparative advantage greater than one (RCA>1). It means that Rice is more competitive in the world market as compared with the rest of four commodities. Products whose value of revealed comparative advantage less than one (RCA<1) are Pickle & Chutney, Bakery, Dairy products and Processed Fruit & Vegetable.

CONCLUSION

Finally, it is concluded that the rice is playing a major role in the export of all selected processed food products in India and growth in share of all selected processed food products is positive except dairy products. One product (Rice)out of total five products of processed food industry enjoys Revealed Comparative Advantage greater than one. In Conclusion we can say that only rice product of Indian Processed Food Industry performed better in world market as calculated by the Revealed Comparative Advantage.

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