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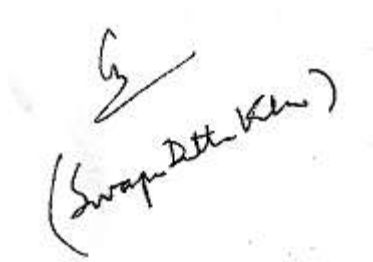
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## Editor's Note

In the area of business management, queries are multitude from why online consumers do not always engage deliberative processes, and often depend on intuition (Neufeld & Roghanizad, 2018) to how firms manage the rather intriguing Peter Principle (Benson, Li, & Shue, 2018). The systematic search for answers to questions that interest the inquisitive mind has always contributed to the vibrancy in life in science, humanities and business management.

This issue, like the previous one showcases the research contributions made at the National Conference on Contemporary Management Practices, 2018 at Army Institute of Management, Kolkata on 21 Apr. An amalgamation of varied business research, it contains empirical and theoretical possible answers to research queries in business. I do wish that it generates as many queries (if not more) as it seeks to answer.

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line and a diagonal stroke, with the name 'Swapna Datta Khan' written in cursive below it.

**Dr Swapna Datta Khan**

## **NOTE FROM ASSOCIATE EDITOR, KINDLER**

As a bi-annual journal, Kindler provides a scope for researchers across the globe to share their research inputs. The journal aims at covering vast domain of inter-disciplinary studies with an objective to attract thoughtful scholarship that is of relevance to corporate, academic and society at large. The NCCMP 2018 special issues covers articles that are conceptual, theoretical and empirical and covers general management, marketing, finance, economics, business accounting, quality, human resource management, IT, diversity, sustainable development to name a few. The papers selected have undergone a strict double blind peer review process. I wish all contributors and readers a very rich and rewarding experience.



**Dr. Ayan Chattopadhyay**  
**Associate Professor (Marketing)**  
**Convener - NCCMP 2018 &**  
**Associate Editor, Kindler**

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# The Impact of Determinants of Sustainability on Green Purchasing Intention

Dibyendu Chattaraj\* & Ataus Samad\*\*

## ABSTRACT

### *Purpose*

*Growing environment conscious among the consumers around the world is paving the way for infusing the concept of sustainability in every sphere of business including marketing. This study was carried out to determine the impact of sustainability on green purchase intention and to examine the moderating effect of demographic factors (education & income) on the relationship between the determinants of sustainability and green purchase intention.*

### *Methods*

*A total number of 150 self-administered close ended questionnaires using seven point Likert scale were distributed to the respondents in Kolkata, India. Non-probability Judgmental sampling was adopted to collect data. Determinants of sustainability were developed and analyzed through Multiple Regression Analysis (MRA) to measure the impact on green purchase intention. Then Education & Income were analyzed using Hierarchical Regression Analysis (HRA) to find out moderating effect on green purchase intention.*

### *Findings*

*The Multiple Regression Analysis measured that green purchasing intention depends on three determinants of sustainability. The standardized slope coefficient beta for three determinants indicated a relatively strong positive relationship with green purchasing intention. The results of hierarchical regression analysis showed the relationship of education & income as moderator on the independent variables and green purchase intention.*

### *Implications*

*The concept of sustainable development across the world is an important strategic goal both for the governments and large companies. It is high time to improve green marketing strategies to attain greater consumption of green products. This study focuses on a new perspective of green consumption considering the key determinants which will help corporate to design sustainable or green marketing strategies.*

### *Originality*

*The study is based on extant literature survey which examines the significance of self developed determinants of sustainability in green purchasing intention in Indian context.*

**Key Words :** *Sustainability, Sustainable Product, Green Manufacturing, Sustainable Packaging, Green Purchasing Intention*

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## **INTRODUCTION**

In the era of globalized economy proliferation of products throughout the world is leading to a single most important issue 'Sustainability' in every domain of business. People should think about the sustainable environment. Considerations of sustainability of environment especially in the marketing domain lead to the emergence of Green marketing. Because of growing importance, green marketing nowadays become a major trend in today's business world (Wahid, Rahbar & Tan, 2011).

Due to the continuous awareness on issues like the environment, consumer behavior and practice as well as industries in production sector also changed (Barber et al., 2012). There has been information deficit regarding consumers' green purchase intention. Thus both local and international marketers are striving to formulate strategies of that particular country (Aman, Harun & Hussein, 2012).

Environmental concern, environmental knowledge, green purchasing behavior and their relationships preceded by consumer demographic profile have been focused by Saleki and Seyedsaleki (2012). Being a complex one green consumption behavior research finding might have different possible outcomes (Ali, Xiaoling, Sherwani & Ali, 2012). Objectives of companies shifted from profit maximization to being sensitive towards the society as well (Boztepe, 2012). With limited resources and unlimited human wants, it is necessary for marketers to use resources efficiently to achieve organizational objectives without waste of resources and not harming the earth.

Sustainability was the most profound and significant development in green marketing which categorically promotes the concept of enjoying a material standard of living today, but not at the expense of the standard of living of future generations (Peattie, 2001). Studies show various determinants of sustainability in relation to green marketing. The concept of sustainability which influences the green purchasing intention can be best explained by the three important determinants namely sustainable product, green manufacturing process and sustainable packaging. This study is an elementary search on the role of sustainability with reference to these three determinants on the green purchasing intention. Consumers' demographic profile moderates the green purchasing intention. In this study education and income are considered as the demographic factors which are playing the role of moderating variables towards green purchasing intention.

## **OBJECTIVES OF THE STUDY**

- To evaluate the impact of determinants of sustainability on green purchase intention.
- To examine the moderating consequence of demographic factors (education & income) on the relationship between the determinants of sustainability and green purchase intention.

## **LITERATURE REVIEW**

Green purchasing is nothing but the behavioral determinants including favorable behavior towards the environment of the consumers (Dietz, Stern, & Guagnano, 1998). Purchasing or buying the environmental-friendly products or products those have reduced harmful environmental impacts are called green purchasing.

Sustainable product has various meaning as discussed by authors. But the central focus is the harmfulness of the product towards human being as well as towards society at large – directly or indirectly. Kordshouli and Bouzanjani (2012) described sustainable product as a product that doesn't harm the environment and does not contain components which are potentially harmful for the nature. Product those serve consumers demand, do not detriment the natural environment and have involvements to the sustainability of the earth is called sustainable product (Shamdasami, Chon-Lin & Richmond, 1993). Products those possess below characteristics can be termed as sustainable products- made of natural resources, bio-degrading, prevalent locally, can be reused, absence of Hydro chlorofluorocarbons (HCFCs), Chlorofluorocarbons (CFCs) and other ozone depleting substances, recycled unhesitatingly, toxic byproducts free life cycle, comprised of recycled contents, do not harm indoor environment, sustainable with low or no maintenance (Nimse, Vijayan, Kumar & Varadarajan, 2007).

van Dam and van Trijp (1994) defined sustainable packaging as consumers' identification and contemplation of features according to their perception of packaging. While Draskovic et al. (2009) proposed sustainable packaging as a communication tool between firms and consumers which has the capacity to mesmerize consumers' awareness. The summation of consumer's individual outlook of packaging material, color, shape, size, label etc makes overall perception. This overall perception is important to better understand the communication tool sustainable packaging.

A comprehensive attempt by a manufacturer to design, manufacture, price and distribute product by upholding the sustainability of the nature can be defined as environmental marketing or green marketing (Polonsky, 2011). It is the combination of all activities related to execution of an exchange intending to satisfy human need by occurring the least negative impact on environment (Polonsky, 2011).

Hence not only the product, the manufacturing process has to be 'green' i.e. less harmful towards human and environment at large. Green manufacturing encompasses the concept of green design which includes application of cleaner production principles that lead to a more ecologically sound and lowers fossil carbon footprints products (Tseng, Chiu, Tan, & Siriban-Manalang, 2013). Sustainable product or green product produced through green manufacturing process must be provided to consumers with Sustainable packaging. Sustainable packaging must meet the functional need as well as economic aspect for both present generations without compromising the next generation of the consumers.

Green purchasing intention is an indicator of a consequently behavior responding to the purchase of eco-friendly products (Park & Ha, 2012). It is both probability and willingness of a consumer to give preference to an eco-friendly featuring product over other regular products in their purchase choices (Rashid & Rashid, 2009). Moreover, green purchase intention is the probability that a consumer would buy a product on the basis of his or her environmental needs and is conceptualized as a single-dimensional variable (Chen & Chang, 2012). When the consumers feel that their consumption of eco-friendly products positively bring effects towards environment, this intension can be translated into reality (Follows & Jobbers, 2000).

Conceptually sustainable development is a combination of three parts- economic,

environmental and sociopolitical. A process describes the improvement of every aspects of human life maintaining of resource fulfillment capabilities in future life or existence is called sustainable development (Hasna Vancock, 2007). Sustainable development's ultimate goal is to control natural resources but it has evolved that of protection of earth's limited resources. This realization on these days has forced marketers to adopt marketing strategies to give a good shape of green marketing concept. Philip Kotler (1999) said that the emergence of green marketing is from social marketing. It's a good attempt to produce environmental friendly favorable features in products. This green marketing concept satisfies both consumer's demand in micro level and the interest of the society in a broad level.

Consumers green purchase intension is a very complex form of ethically decision making process which can be contemplated as ecologically responsible conduct. Because of being an ecologically responsible consumer, they count the environmental magnitude of their regular consumptions. Therefore they bring about flexibility in their purchase decision from purchasing conventional product to sustainable product (Moisander, 2007).

#### **METHODOLOGY OF RESEARCH**

Both secondary and primary research has been used for this study. In the secondary research more over 60 related and quality articles were studied and based on the literature study, three determinants of sustainability were found to be most important and hence these determinants were considered for further study. In the primary research, a total number of 150 self-administered close ended questionnaires using seven point Likert scale were distributed to the respondents in Kolkata, India. Non-probability Judgmental sampling was adopted to collect data. The collected data were analyzed through Multiple Regression Analysis (MRA) to evaluate the impact on green purchase intention. The Hierarchical Regression Analysis (HRA) was used to examine the impact of two prominent demographic factors, namely education and income of the respondents as moderator factors on the relationship between the three predefined determinants and green purchase intention.

#### **SCOPE OF THE STUDY AND LIMITATIONS**

More literature survey may lead to more number of determinants. Also if the study is surveyed in different location with more number of samples, the findings may be more conclusive. A scope of developing model to analyze the data is rest with the future researchers. A bigger sample size than the size considered in this study may provide more acceptable results. Similar study when conducted in a different geographic region may result in different result. Changes in moderator may also lead different moderating effect of demographic factors on the relationship between the determinants of sustainability and green purchase intention. Sustainable product innovation through green manufacturing process should be given priority as a strategic plan both theoretically and practically for environmental sustainability. Expansion of environment hazardous products and the integration of environmental issues in education and government's agenda suggest us about more research to define determinants of sustainability and their role on green purchase decision.

## ANALYSIS AND FINDINGS

### Demographic Profile

The demographic profile of the 150 (n) respondents consists of 101 and 49 participants of both male and female respondents respectively as shown in the Table 1.

### Multiple Regression Analysis

Results of multiple regression analysis as shown on Table 2 exhibits a positive correlation ( $R=.867$ ) between green purchase intention and the three determinants of sustainability namely sustainable packaging, green manufacturing process and sustainable product. Result shows the model summary regression coefficient (Adjusted R Square) is 0.746 which means that the independent variable explains 74.6% of the variation in the dependent variable. The Durbin Watson value of 1.773 shows a relatively high positive correlation between green purchase intention and the three determinants of sustainability.

The standardized slope coefficient beta (Table 3) of sustainable packaging, sustainable product and green manufacturing process indicates a relatively strong positive relationship with green purchase intention with Beta value of 0.477, 0.405 and 0.185 respectively. This also indicates that sustainable packaging and sustainable product are comparatively more significant than green manufacturing process in terms of influence on the green purchase intention.

Variables	Descriptions	Frequency	Percent
Gender	Male	101	67.33
	Female	49	32.67
Age (Years)	18 – 25	25	16.67
	> 25 – 35	39	26.00
	> 35 – 50	66	44.00
	> 50	20	13.33
Education	Under Graduate	54	36.00
	Graduate	48	32.00
	Post Graduate	42	28.00
	Professional	6	4.00
Marital Status	Married	115	76.67
	Unmarried	28	18.67
	Others	7	4.67
Profession	Service	32	21.33
	Business	35	23.33
	Self Employed/Professional	44	29.33
	Student/Housewife	39	26.00
Income	Up to 25000	39	26.00
	25001 – 40000	51	34.00
	40001 – 60000	42	28.00
	60001 Onwards	18	12.00

**Table 1 : Demographic Profile; Source: Primary survey**

R	R Square	Adjusted R Square	R Square Change	F Change	Sig. F Change	Durbin Watson
.867 <sup>a</sup>	0.751	0.746	0.751	146.731	0	1.773
a. Predictors : (Constant), Sustainable Packaging, Green Manufacturing Process, Sustainable Product						
b. Dependent Variable : Green Purchase Intention						

**Table 2 : Model Summary of Green Purchase Intention**

Variables	Standardized Beta	t	Sig.
(Constant)		6.773	0
Sustainable Product	0.405	8.386	0
Green Manufacturing Process	0.185	3.953	0
Sustainable Packaging	0.477	9.443	0
a. Dependent Variable: Green Purchase Intention			

**Table 3 : Regression between Independent Variables with Dependent Variable Hierarchical Regression Analysis**

The result of Hierarchical Regression Analysis shows that no moderating impact of demographic factor “education” on the relationship between green purchase intention and the three determinants of sustainability with no significant change in the value of R (Table 4). But education with another demographic factor “income” has comparatively high significant change which also indicates a change in moderating impact of demographic factor “education” on the relationship between green purchase intention and the three determinants of sustainability. The slight increase in the value of Durbin Watson (from 1.773 to 1.868) shows a relatively stronger positive correlation between green purchase intention and the three determinants of sustainability. The standardized Beta coefficients (Table 5) of the hierarchical regression analysis measure the moderating impact of independent variable on the dependent variable with Beta value of 0.102 and -0.053 for education and income respectively. Education influence positively while income influence negatively as moderator in the relationship between independent variables with dependent variable.

Model	R	R Square	Adjusted R Square	R Square Change	F Change	Sig. F Change	Durbin-Watson
1	.867 <sup>a</sup>	0.751	0.746	0.751	146.731	0	
2	.869 <sup>b</sup>	0.756	0.749	0.005	3.009	0.085	
3	.871 <sup>c</sup>	0.758	0.75	0.002	1.162	0.283	1.868
a. Predictors: (Constant), Sustainable Packaging, Green Manufacturing Process, Sustainable Product							

b. Predictors: (Constant), Sustainable Packaging, Green Manufacturing Process, Sustainable Product , Education
c. Predictors: (Constant), Sustainable Packaging, Green Manufacturing Process, Sustainable Product , Education, Income
d. Dependent Variable: Green Purchase Intention

**Table 4 : Model Summary of Green Purchase Intention**

Model	Variables	Standardized Beta	t	Sig.
1	(Constant)		6.773	0
	Sustainable Product	0.405	8.386	0
	Green Manufacturing Process	0.185	3.953	0
	Sustainable Packaging	0.477	9.443	0
2	(Constant)		4.794	0
	Sustainable Product	0.414	8.582	0
	Green Manufacturing Process	0.177	3.798	0
	Sustainable Packaging	0.484	9.619	0
	Education	0.072	1.735	0.085
3	(Constant)		4.915	0
	Sustainable Product	0.414	8.586	0
	Green Manufacturing Process	0.18	3.848	0
	Sustainable Packaging	0.486	9.648	0
	Education	0.102	2.042	0.043
	Income	-0.053	-1.078	0.283
a. Dependent Variable: Green Purchase Intention				

**Table 5 : Hierarchical Regression Results Using Education and Income as Moderator In The Relationship Between Independent Variables With Dependent Variables**

## CONCLUSIONS

This study aimed to determine the impact of sustainability on green purchase intention and to examine the moderating effect of demographic factors (education & income) on the relationship between the determinants of sustainability and green purchase intention. Calculated results show that green purchasing intention depends on three determinants of sustainability. The standardized slope coefficient beta for two out of three determinants indicates a relatively strong positive relationship with green purchasing intention. The other one also showed positive relationship with green purchasing intention. The results of hierarchical regression analysis of the education

& income as moderator on the relationship between the independent variables (i.e. sustainable product, green manufacturing process and sustainable packaging) and green purchasing intention showed similar findings.

## RECOMMENDATIONS

Extant literature shows, sustainable purchasing behavior can be dominated by a number of factors. Therefore the importance of research on the determinants of sustainability on green purchasing intention those enforce a consumer to purchase such products is a demand of modern market space. Attaining environmental sustainability and improved quality of life, sustainable product has been recognized as one of the dominating factors which are responsible for green purchase intension. Green packaging of sustainable products play a vital role in purchase decision making. Thus most effective product development and packaging strategies ends in purchasing a sustainable product. This satisfies both consumers demand and the sustainability of the nature as well.

## IMPLICATIONS

This study implies that corporate need to redesign their green marketing strategies for sustainable development where both theoretical and managerial decisions should be made according to the significance of the determinants of sustainability. It is high time to improve green marketing strategies to attain greater consumption of sustainable products. This study focuses on a new perspective of green consumption considering the key determinants which will help corporate to design sustainable or green marketing strategies. The findings of the current study suggest that the consumers evaluate sustainable packaging, green manufacturing process and sustainable product as influential determinants of green purchasing. Effect of various demographic factors also should be taken care of while manufacturing and marketing sustainable products.

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# An Empirical Study to Gauge Consumers' Perception towards Homestays in Nainital District

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## ABSTRACT

*There's nothing like Indian hospitality as India is known for its culture to treat guests as God as the saying goes "Athithi Devo Bhava". It is a matter of honour to Indians to have guests in their homes and will do everything to please them. With the growing popularity of homestays in India, visitors, tourists and travellers can not only have a very comfortable stay in reasonable price but also be able to experience Indian hospitality having the authentic local experience. As homestay concept is at its nascent stage in India, it is prudent to analyze the motivating factors customers have for selecting a homestay. Different factors associated with the decision making process of consumers towards homestays were adopted from previous research papers from listed journals. Respondents having the experience of homestays were recruited for this study by using homestay intercepts. The result from the linear regression shows positive influence of the factors on the overall customers' experience. The result will help in having a better understanding of the way Indian customers approach towards homestays.*

**Key Words :** Homestay, Sharing economy, Indian hospitality

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## INTRODUCTION

The process of renting homes is not a new phenomenon but has existed for centuries, it now that with the advancement of technology the process has become online. As the online platform makes the reach worldwide, this process of renting homes in the sharing economy space has got revolutionized (Guttentag, 2015). A BnB or B&B (bed and breakfast) is a lodging space that provides space to stay and breakfast. The brand reputation a BnB firm holds, helps in connecting customers who then share what they have (House, space to stay) and becomes an active member in the whole sharing economy process or in a bigger perspective part of the service ecosystem (Belk, 2014; Botsman and Rogers, 2010). So in a way the participating consumers find access to goods and services without owning them and this whole process has brought in a transformative innovation within the tourism accommodation industry. (Guttentag et al., 2017)

The rise of peer-to-peer short-term rental services (homestays) within the sharing economy represents a transformative innovation within the tourism accommodation industry. While it remains a topic of considerable debate, traditional accommodations increasingly are viewing homestays as a significant threat (Martin, 2016). Because homestay is quite new, very limited research has investigated the important question

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of why tourists use it. Moreover, the existing research has portrayed homestay's guests as a homogeneous group, thereby overlooking the likelihood that homestay users can be divided into market segments based on their reasons for choosing the service. In fact, homestay listings are quite varied and the potential appeals of homestay include both practical advantages and experiential facets that may not generally go hand-in-hand, so the homestay market is particularly suited for segmentation. Consequently, the purpose of this study was to investigate tourists' motivations for using homestay accommodations, and to segment them accordingly. A better understanding of guests' motivations for using homestay, and of the segments identified and profiled, can offer valuable marketing insights for homestay, its hosts, and competing accommodation firms. Only with a clear understanding of consumers' reasons for choosing homestay can these various entities make informed decisions regarding how best to market toward homestay's users, and even whether or not such marketing efforts are worthwhile. The findings also are useful for destination marketing organizations and other tourism firms, as homestay guests' motivations for using the service (e.g., seeking local authenticity) may highlight more general characteristics of their consumer preferences.

## **LITERATURE REVIEW**

### **Motivation-Based Market Segmentation**

Segmentation is the process by which a market is divided into groups that are internally similar in a meaningful way. Segmentation serves as an important strategic tool for tourism marketers, providing them with actionable insights on targeting, positioning, and competitive analysis (Dolinicar 2012). In post hoc segmentation, quantitative data analysis techniques generate a classification system based upon a collection of variables, often focusing on consumers' purchase motivations (Dolinicar 2002). The term motivation has been defined in different ways, but essentially refers to the reasons why someone engages in a particular behaviour (Hawkins, et al., 2007). Tourism literature generally has adopted Dann's (1977, 1981) push-pull motivation framework that recognizes both the internal drives that inspire someone to travel ("push factors") and the particular characteristics of a certain travel product that persuade the traveller to choose it ("pull factors"). While conceptually distinct, push and pull factors are often closely related (Kim, Noh, and Jogaratnam 2007). This study focused on tourists' choice of Airbnb as pertaining to particular characteristics of Airbnb accommodations, and was therefore focused on pull motivations, although several of the motivation items were related to push factors. Push motivations are aligned with a more precise conceptualization of motivation (or motive), common within psychology, consumer behaviour, and some tourism literature, as an inner force or drive to satisfy an internal need (e.g., Gnoth 1999; Hawkins, Mothersbaugh, and Best 2007). As Dann (1981) even acknowledged, "[Push motivation] deals with tourist motivation per se" (p. 190). In contrast, pull motivations are more aligned with the idea that consumers choose products to seek certain benefits, and such benefits also serve as a common basis for customer segmentation (Haley 1968). There is little consensus within the tourism literature regarding the distinction between (pull) motivations and benefits. The present study is positioned as "motivation-based" because the motivation terminology is somewhat more common within tourism literature, and some of the motivation items

considered were related to push factors. Tourism studies segmenting on the basis of motivations (or benefits) have often focused on visitation of a particular destination, attraction, or event. Motivation (or benefit)-based segmentation studies on accommodation choice are much more limited. Chung et al. (2004) used benefits sought to segment independent business travellers staying in luxury Seoul hotels, Inbakaran and Jackson (2005) used motivations and some other variables to segment visitors to Australian hotel resorts, and Khoo-Lattimore and Prayag (2015) segmented “girlfriend getaway” travellers based on their preferences for different accommodation attributes.

### **Motivations to Use Airbnb**

Tourists’ motivations for choosing Airbnb have been investigated by a handful of studies: Lamb’s (2011) unpublished master’s thesis based on interviews with CouchSurfing and Airbnb hosts, Guttentag’s (2015) conceptual examination of Airbnb through the lens of disruptive innovation, Tussyadiah’s (2015) and Tussyadiah and Pesonen’s (2016) surveys of peer-to-peer short-term rental users from the perspective of collaborative consumption, Quinby and Gasdia’s (2014) survey of peer-to-peer short-term rental users (for the tourism research company Phocuswright; see Hennessey 2014), and Nowak et al.’s (2015) survey of Airbnb users (for the financial services company Morgan Stanley). These studies have identified a range of potential motivations. Price (or economic benefits) has been recognized by all of the studies listed above, sometimes as the most important motivator (Nowak et al. 2015; Tussyadiah 2015) but other times as somewhat less important (Lamb 2011; Quinby and Gasdia 2014). Household amenities and space have additionally been acknowledged in several studies and actually were the two top motivations found by Quinby and Gasdia (2014). Authenticity also has been highlighted by several studies, including by Lamb (2011), who posed it as the primary driver of Airbnb use, and by Nowak et al. (2015), who found it to be one of the strongest motivations. Also, Guttentag (2015) viewed interacting with locals as a part of authenticity, but Tussyadiah (2015) and Tussyadiah and Pesonen (2016) positioned such interaction separately, as part of a social benefit enjoyed from using Airbnb. Tussyadiah (2015) also highlighted the importance of sustainability as a motivation to use Airbnb. Finally, Nowak et al. (2015) considered location, which they actually found to be the second most important motivation.

These studies provide some valuable insights into why tourists choose Airbnb, but this body of research also suffers from numerous limitations. It is a fairly small body of literature with minimal peer-reviewed empirical research, and the studies have reached somewhat incongruent conclusions. Additionally, the studies have tended to be limited in the breadth of possible motivations they considered. Furthermore, several of the studies examined peer-to-peer short-term rentals in general, instead of a particular company like Airbnb, which may have obfuscated findings because of dissimilarities between different peer-to-peer short-term rental services. Finally, all of the studies viewed Airbnb users as homogenous, rather than as members of potential motivation-based market segments. The present research, therefore, provides a valuable contribution to this area of inquiry by considering a broad range of motivations, by focusing specifically on Airbnb, and by recognizing the potential for different motivation-based segments of Airbnb users.

## **Tourism Accommodation Choice**

Although very few studies have focused on Airbnb choice, myriad researchers have investigated tourism accommodation choice more broadly. Most of this research has examined hotel choice, frequently with respondents rating the importance of different hotel attributes (e.g., Lockyer 2005; Sohrabi et al. 2012). This literature has identified a variety of key attributes influencing hotel decisions, including cleanliness, location, reputation, price, value, service quality (e.g., staff friendliness and helpfulness), room comfort, and security (Chu and Choi 2000; Dolnicar and Otter 2003). Complementing the hotel choice literature is a more limited literature on the choice to use non-hotel forms of accommodation (e.g., bed-and-breakfasts, homestays). Whereas the hotel choice literature has focused on the choice between hotel properties, the non-hotel choice literature has focused on the choice to use these alternative forms of accommodation more generally. This literature has tended to highlight the unique nature of the experience, rather than merely the practical attributes that dominate the hotel choice literature. For example, McIntosh and Siggs (2005) found that alternative accommodation guests enjoyed the unique character and homely feel of the accommodations, the personalized service and personal interaction with the hosts, and the opportunity to receive useful local knowledge from the hosts. Likewise, Stringer (1981) researched guests of British bed-and-breakfasts and found they were drawn by both the experience and the economical price. Similar findings highlighting the importance of interpersonal and authentic experiences, in addition to saving money, have been found in research on homestays (e.g., Wang 2007), home swaps (e.g., Andriotis and Agiomirgianakis 2014), and CouchSurfing (e.g., Bialski 2011).

## **Innovation Adoption**

The tourism accommodation choice literature highlights various motivations that may draw users to Airbnb. However, that literature has been largely atheoretical, so two innovation concepts—disruptive innovation and the diffusion of innovations—were used to add a conceptual foundation to the present study. These concepts were drawn on for additional guidance on variables to consider, and to better understand these different variables. As described by Christensen (1997) and Christensen and Raynor (2003), a disruptive innovation is a product whose appeal does not derive from improved performance, which one may normally expect, as disruptive innovations rather underperform in comparison with prevailing products' key attribute(s). Nevertheless, disruptive innovations introduce an alternative package of benefits, generally centered on being cheaper, simpler, smaller, and/or more convenient. In other words, disruptive innovations are inferior "good enough" products when compared directly to existing competitors, but their unique set of attributes modifies the prevailing value proposition in a way that appeals to some consumers. The notion of disruptive innovation seems to apply well to Airbnb accommodations—they will seemingly underperform traditional accommodations when considering conventional attributes like cleanliness and security, but they tend to be relatively inexpensive, can foster a more authentic local experience, and can provide various benefits associated with staying in a home (e.g., household amenities) (Guttentag 2015). In other words, Airbnb offers a new value proposition that will appeal to some consumers. This notion that disruptive products introduce an alternative package of benefits offers a basic explanation of the consumer demand for such products. It is essentially a Lancasterian approach of decomposing products into

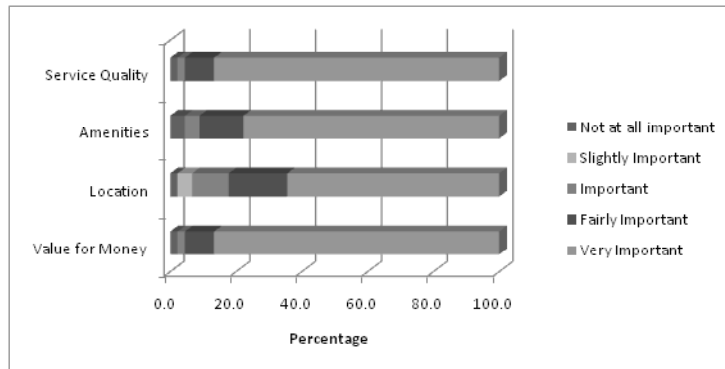
collections of attributes (Lancaster 1966). Nevertheless, the most concentrated look at disruptive innovation demand comes from Adner (2002), who modeled demand for computer disk drives and demonstrated the particular importance of unit price. Adner noted that as product performance levels become very high, market heterogeneity is reduced because most consumers are satisfied with performance, and the characteristics that previously distinguished them become decreasingly relevant. In turn, unit price, rather than a price– performance ratio, becomes increasingly important in encouraging adoption. Additional insight into innovation adoption can be found in literature on the diffusion of innovations, which broadly examines the spread of innovations as they are increasingly adopted by members of a society. This literature has highlighted the significant influence certain innovation attributes have over adoption decisions. Of particular importance is “relative advantage,” which refers to the perception that an innovation is better than its predecessor (Arts, Frambach, and Bijmolt 2011; Evanschitzky et al. 2012; Rogers 2003). Such benefits can vary widely and include financial implications, functional attributes, social prestige, convenience, satisfaction, or immediacy of reward (Rogers 2003). Whereas disruptive innovation tends to focus on objective functional performance, the broader perspective offered by relative advantage highlights important indirect advantages of product adoption. For example, the notion of prestige is reminiscent of tourism “bragging rights,” which Kerr, Lewis, and Burgess (2012) suggested influence some travelers’ destination choice. In addition to relative advantage, innovations are more appealing if they are “compatible” with an adopter’s values, beliefs, positive past experiences, and existing needs (Arts, Frambach, and Bijmolt 2011; Rogers 2003; Tornatzky and Klein 1982).

Beyond characteristics of the innovation itself, innovation adoption decisions also are influenced by characteristics of the potential adopter. “Innovativeness” refers to how early an individual tends to be in adopting innovations. Innovativeness is sometimes examined using chronological adopter segments (“early adopters”, “laggards”, etc.) (Rogers 2003), sometimes as a continuum-based personality trait (Midgley and Dowling 1978). Although innovativeness has not received widespread attention from tourism scholars, a handful of studies have found different forms of innovativeness were positively associated with various purchase behaviours (Couture et al. 2015; Lee, Qu, and Kim 2007; San Martin and Herrero 2012). Innovativeness is very closely related to the notion of novelty-seeking (Hirschman 1980), which is a concept more common within the tourism literature. Conceptualized as a desire for new and unfamiliar stimuli (Lee and Crompton 1992; Snepenger 1987), novelty-seeking has been central to some classic tourism typologies (Cohen 1972; Plog 1974) and has been used in various tourism segmentation studies (e.g., Chang, Wall, and Chu 2006; Mo, Havitz, and Howard 1994).

## **RESEARCH METHODOLOGY**

Data was collected from 256 respondents who were intercepted in a Homestay setup by taking the owner in confidence. The sampling technique used for this study is Purposive sampling. The selection of the respondents was made based on the fact that they must have had experience staying in a Homestay. The respondents were given time to recollect their thought and fill in the details related to their experience of a homestay.

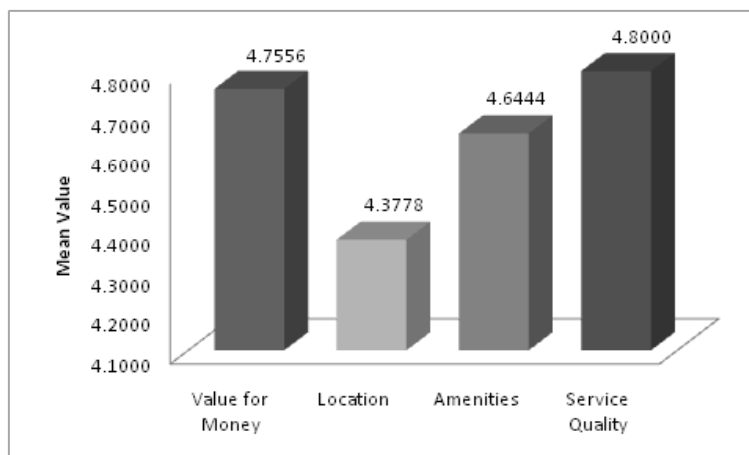
## DATA ANALYSIS



**Figure 1 : Respondents' rating for the importance of various parameters for choosing a Homestay**

	N	Minimum	Maximum	Mean	Std. Deviation
Value for Money	45	1.00	5.00	4.7556	.77329
Location	45	1.00	5.00	4.3778	1.00654
Amenities	45	2.00	5.00	4.6444	.77329
Service Quality	45	2.00	5.00	4.8000	.58775
Valid N (listwise)	45				

**Table 1 : Descriptive Statistics**



**Figure 2 : Mean value of the respondents' rating for the importance of various parameters for choosing a Homestay**

From the above data and graphs it is very clear that each aspect related to choosing a Homestay is important to the customers. In a comparative scale, the most important is Service Quality, Value for Money, Amenities which the guests get while staying in Homestay and lastly the Location. Hence, customers don't mind much about choosing a Homestay which is bit far from the main city.

## **CONCLUSION & FUTURE SCOPE**

AirBnB has indeed provided a platform for home stay owners to come under one umbrella. Even though it is termed as "disruptive innovation" there is a market segment that prefers home stays over Hotel accommodation. This market segment has seen a steep rise over the past couple of years in Nainital which is apparent with the number of new home stays being registered very year. Apart from AirBnb there are numerous other domestic platforms promoting home stays and educating domestic travellers about the benefits of choosing a home stay.

We wanted to gauge the perception of travellers towards home stays and to understand the parameters/factors that influence their choice of home stays over Hotels. For the purpose of this study we choose four parameters namely Service Quality, Amenities, Location and Value for Money to understand the respondents motivating factors to stay in a home stay. The respondents were equal mix of leisure and business travellers & first time and regular home stay users. Service Quality was the biggest factor among respondents. As home stays in Nainital (by law) can offer a maximum of 6 rooms per establishment, it becomes easier for the owner to give more attention to detail towards both tangible and non tangible aspects of hospitality compared to Hotels which have an average of 40 rooms per establishment. Owner's personal involvement towards each guest was appreciated by the respondents. Home stays in Nainital offers amenities and these are unique and different in every homestay. Antique wooden furniture, local art work in lobby, brass cutlery and crockery etc add a value to the whole experience. A few of the first time homestay users were reluctant to adapt to the unique amenities as they are used to standardisation of amenities that Hotels offer.

Homestays in Nainital district are mostly in villages or residential areas away from the city centre where most of the Hotels are located. Due to over commercialisation these city centres have become a concrete jungle and hence lost their natural beauty. Homestays in Nainital being located in villages offer tranquillity and abundance in natural beauty. However, due to their remote location they lack connectivity and hence cost of travelling to these home stays increases. Domestic Indian is very customer is price sensitive and hence location becomes a major deterrent for Indians. However, foreign nationals prefer these remote locations and hence ready to spend extra and take the added effort to reach these unique homestays. Homestays in Nainital cater to all three segments namely Luxury, Mid Market and Economy just like conventional Hotels do. Value is an amalgamation of all three stated factors earlier discussed. It combines both tangible and intangible aspects of hospitality. Majority of the respondents in all the three segments perceived homestays as offering value for money compared to conventional hotels in all three segments.



As this study was focused on understanding the customers using the homestay only in Nainital city, it fails to give a holistic picture of the trend in India. Further study can be taken up taking respondents from different part of the country so as to get a better understanding for this.

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# The Role of Flexible work Timing in Determining the Efficiency of Employees of Organized Retail Industry

Faryas Kausar Ansari\*

## ABSTRACT

*To increase efficiency in employees there is a requirement to make changes in daily working schedule and timing. This thus, leads to adaptation of flexible work timing in their schedule to maintain work and life balance.*

*The research study shows how flexible work timing influences efficiency of employees working in different retail stores. The research study revolve around three elements of flexible work timing i.e. changes in hour (flexi –time), part-time and shift-work. For this purpose hypothesis is formulated. The period of the study is 6 months i.e., January 2017 to July 2017. The data were collected from organized retail stores in Patna region through questionnaire method. The research survey is done on employees of Big-Bazaar, V-Mart, Vishal Mega Mart, Pantaloons, Central Mall and Reliance Trendz in Patna. Central tendency, pie charts, bar graphs, percentage, chi Square and contingency coefficient were used while analyzing the data obtained. Hypotheses is tested by using the statistical packages for social science (SPSS) software. Findings of the research study reveals flexible work timing has positively influenced the efficiency of employees.*

**Key Words :** *Efficiency, Flexible Work Timing, changes in hour, part-time, shift work*

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## INTRODUCTION

Flexible work timing as the name implies is a way of working and providing employment under different job conditions. Flexible working is a way of working that suits an employee's needs, an example having flexible start and finish times, or working from home. *Flexible Working gives employees flexibility on how long where and when they work. Employees access flexible working through human resources policies, which usually require supervisory approval.* The flexible working hours consists of part-time, overtime, long-term leaves, job sharing, flexible time and shift work. The working time refers to the degree of flexibility, gender equity, negotiation structure and diversity of working time.

Each employee is working in an organization wants some kind of freedom for their own development. As a human being, every individual have to take care of his health and mind. Working for the whole day with no changes in his regular schedule makes an employee dull and inefficient due to fatigue at his workplace.

Even as a family person he or she is not capable of fulfilling his responsibilities at home. Working individuals have to face challenges at their workplace and at home. Working under stress and pressure, employees start losing their confidence, efficiency, effectiveness and productivity.

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So, it is important that employees are treated well as a human being not as machines at their workplace. Job satisfaction and motivation plays an important role in enhancing the employee's performance.

Flexible working covers a number of different working practices, from shift work, seasonal work, weekend working, temporary contracts of employment and part – time working as well as teleworking, flexible hours, subcontracting and many variations of these, which have evolved to suit particular people and jobs. The study, recording responses from the European Association of Personnel Managers (EAPM) divides the types of flexible working arrangements into different categories. *Flexibility in the number of working hours or the distribution of working time includes*. Part-time working:

- Job-sharing;
- Flexible work time including banked hours/time off in lieu;
- Annualized hours;
- Flexible daily hours;
- Term-time working;
- Overtime; and
- Shiftworking

#### **LITERATURE REVIEW**

The impact from changes in the economy, technology, social and lifestyle in today's environments have boosted the awareness of flexible working arrangements in an organization. **Cook (1992)** suggested that through the implementation of flexible working hour's schedule, the responsibilities over children's safety and education will be more secured. This is due to the fact that they are able to engage in a better coordination between work and responsibilities to the family. **Smith (1993)** pointed out that working women should have a balance between tasks in the office and responsibility to the family especially on safety, health and children need. **Cushway (1994)** argued that the implementation of flexible working hours is an effective stage to increase productivity without increasing the workforce. However, almost alongside this recognition came the concern with issues of employee access and take up, the gatekeeper roles of line managers and changing workplace cultures if working patterns were to change substantially for a sizeable group of workers (**Lewis, and Lewis, 1996; Lewis and Taylor, 1996**). The first wave of interest in flexible working arrangements (known also as family friendly, work-life balance or work-life integration policies) recognised their importance for offering flexibility to workers, parents and others, to help reconcile work and (family) life in a pressured 20th century global business environment (**Kammerman and Kahn, 1987, Bailyn, 1993; Bailyn et al 1997, 1998;**). It is one thing for employers to offer employees flexibility, but if the availability is not communicated, or other conflicting messages are sent to the communication or line managers are not well informed and trained in implementing company policies, employees' knowledge about policies and take up of any provisions will be expected to be low. That employee is not always aware of their employers' policies is well known and noted in qualitative empirical studies (for example, see **Gill, 1996**) including recent studies of work-life balance policies (**Yeandle et al, 2002; Bond et al, 2002**).

## **OBJECTIVE OF THE STUDY**

The objective of the study is to find out the impact of different arrangements of flexible work timing on employees of various retail outlets in Patna

1. To find out the impact of flexible work timing (changes in hours) on motivational level of employees.
2. To find out the impact of shift work on motivational level of employees.
3. To find out the impact of part time on motivational level of employees.

## **STATEMENT OF THE PROBLEM**

Flexible work time options acts as a tool to help the employee to create a balance between work and personal life. There is always a situation of conflict stating that if flexible work timing is provided to the employees they may misuse it and hamper the productivity of the organization. But from the point of some other experts of HRM they states that flexible work timing options helps in reducing the stress and pressure from both the sides of the employees i.e., personal life and work life ,thus meeting the organizational goals on time.

This study aims to a signify the relationship of flexible work timing with motivation level of employee in the current global scenario.

## **RESEARCH GAP**

Asst. Prof. Vijaya Kuamar (IJARMSS- Vol.1, No.3, Sep.2012, ISSN: 2278-6236) has conducted his research on flexible working conditions to retain employees in IT sector in Banglore (Karnataka). Asst. Prof. Dr. Parul Deshawal (IJAR 2015; 1(13): 810-814, ISSN Print: 2394-7500, ISSN online: 2394-5869) has conducted his research on impact of Flexible working Arrangements in the MNCs of Delhi.

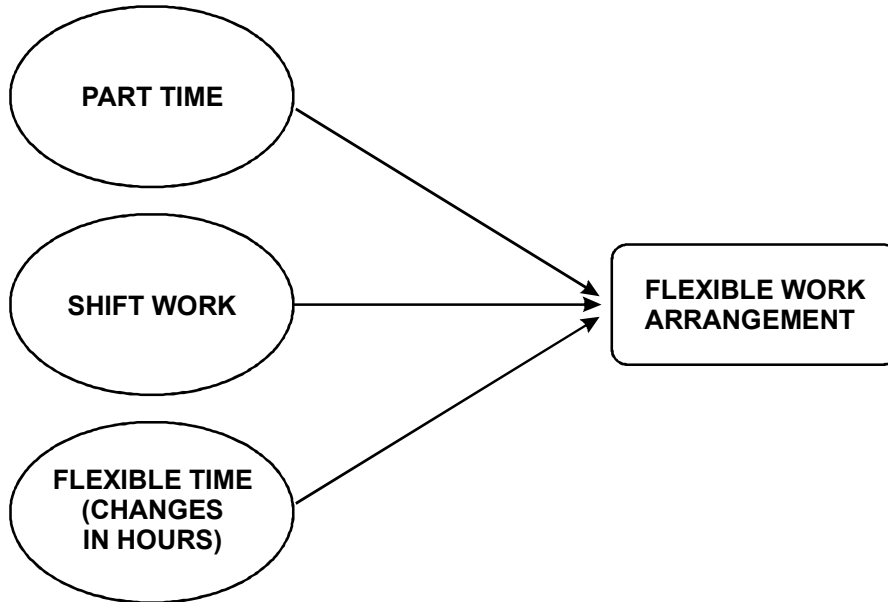
On the basis of the study of literature review it is found that there is a big gap in the research study. Earlier researchers have conducted their research in the field of IT in Banglore and MNCs of Delhi.

It is for the first time in my research, I have taken organized retail sector of Patna for the study. For the first time, I have taken three variables i.e., Part-time, Shift-work and changes in hour (flexi time) of flexible work timing together to know the impact of flexible work timing on motivational level of employees.

This gap is filled by my research study, thus, making this research study different, unique and interesting. This research study will contribute to increase the knowledge related to the subject-matter.



**THEORETICAL FRAMEWORK OF THE STUDY**



**Figure 1 : Research Methodology**

Research Approach	Deductive
Research Design	Descriptive research design
Sources of data collection	Primary method of data collection
Research instrument used	Self -Administered Questionnaire
Research Technique	Questionnaire(Survey method)
Sample location	Patna
Sample techniques	Simple Random sampling
Sampling unit	Employee of Big Bazaar, V-Mart, Vishal Mega Mart, Pantaloon, Reliance Trendz
Sample size	327 Customers
Target Population	18 years to 70 years
Research Data	Non parametric
Scale of Measurement	Nominal / Ordinal scale (5 point likert scale)
Analysis of Data	Descriptive & Inferential Statistics
Statistical Tool	Chi-square.
Variable of Study	Flexible work timing (Shift work, changes in hour, Part time work) and motivation of an employee.

Table1

On the basis of above table, the deductive approach will be used to formulate the hypothesis. The descriptive research design is used to arrive at conclusion of the study. The self-administered questionnaire was formulated for the primary method of data collection. A questionnaire based on five point likert scale has been prepared for this study. Data was collected by the simple random sampling method. Target sample of this research consisted of 327 Big-Bazaar, Vmart, Vishal mega mart, Pantaloons and Reliance trendz employee of Patna.. We formulated three hypotheses: shift work ,changes in hour and Part time work. Chi-square has been used to test hypotheses by using the statistical packages for social science(SPSS) software.

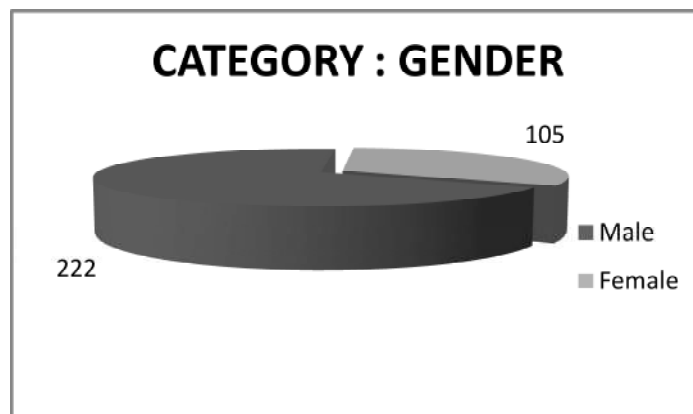
**Interpretation of Data on the basis of Demographic Profile of Respondent**

**Impact of flexible work timing on Gender**

**GENDER**

Gender	Frequency	Percentage (%)
Male	222	67.89
Female	105	32.11
Total	327	100.0

**TABLE 2** : Source: Primary data 2017



**Figure 2**

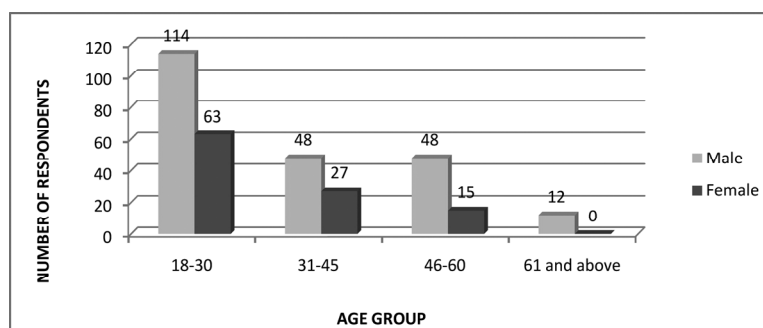
**ANALYSIS**

The above mentioned table and diagram shows that out of 327 respondents 222 were male which means 67.89% constitute the male respondents. Out of 327 respondents 105 were female which means 32.11% constitute the female respondents.

### Age Group

Age Group	Male No.	Male (%)	Female %	Female %	Total	
					No.	%
18-30	114	34.86	63	19.27	177	54.13
31-45	48	14.68	27	08.26	75	22.44
46-60	48	14.68	15	04.59	63	19.27
61 and above	12	03.66	0	0	12	03.66
<b>Total</b>					<b>327</b>	<b>100</b>

**Table 3 : Source: Primary data 2017**



**Figure 3**

### Analysis

From the above shown table & diagram, It is clear that 34.86% of male respondents and 19.27% of female respondents are of the 18.30 age group.

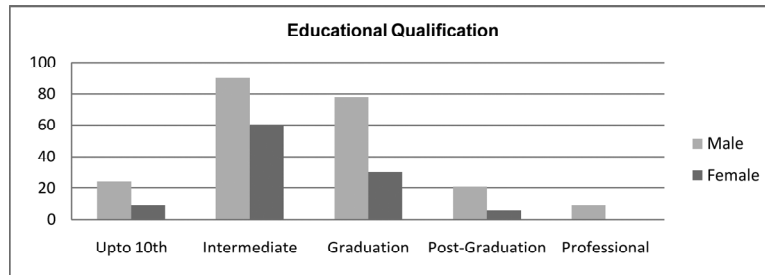
14.68% of male respondents & 08.26% of female respondents comprises of the age group 31.45.

14.68% of male respondents, 04.59% of female respondents are of 46-60 age group. Only 03.66% of male respondents are above the age of 61 years.

### Educational Qualification

Educational Qualification	Male No.	Male (%)	Female %	Female %	Total	
					No.	%
Up to 10 <sup>th</sup>	24	7.33	9	2.75	33	10.08
Intermediate	90	27.52	60	18.34	150	45.86
Graduation	78	23.85	30	9.17	108	33.02
Post-Graduation	21	6.42	6	1.83	27	8.25
Professional	09	2.75	0	0	9	2.75
<b>Total</b>	<b>222</b>	<b>67.87%</b>	<b>105</b>	<b>32.09%</b>	<b>327</b>	<b>100</b>

**Table 4 : Source :Primary data 2017**



**Figure 4**

**Analysis**

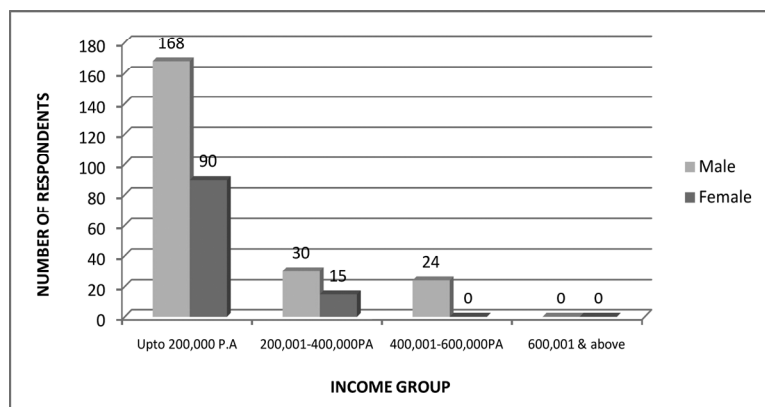
From the above shown table & diagram, It can be said that 7.33% of male & 2.75% of female respondents educational qualification is up to 10<sup>th</sup>. 27.52% male respondents and 18.34% of female respondents educational qualification is up to intermediate. 23.85% of male respondents and 9.17% of female respondents are graduated. 6.42% of male respondents & 1.83% of female respondents are having post-graduate degree. Only 2.75% of female respondents were having professional degree.

**TABLE : 5**

**Income Group**

Income Group	Male No.	Male (%)	Female %	Female %	Total	
					No.	%
Up to 200,000 P.A	168	51.38	90	27.52	258	78.9
200,001-400,000PA	30	9.17	15	4.58	45	13.754
400,001-600,000PA	24	7.34	0	-	24	7.34
600,001 & above	0	0	0	0	0	0
<b>Total</b>	<b>222</b>	<b>67.87%</b>	<b>105</b>	<b>32.09%</b>	<b>327</b>	<b>100</b>

**Table 5 : Source: Primary data 2017**



**Figure 5**

**Analysis**

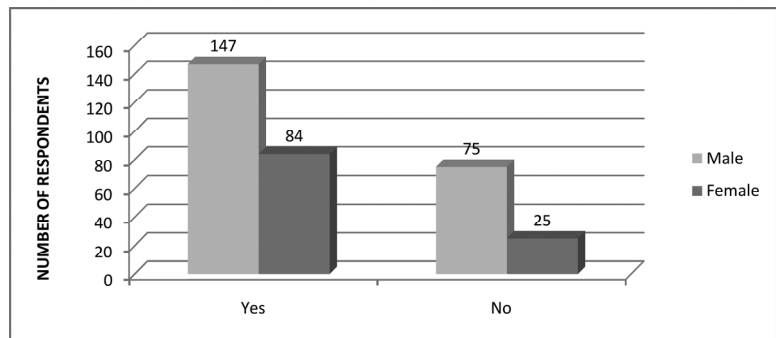
From the above mentioned table and diagram, It can be said that 51.38% of male & 27.52% of female respondents fall in the income group of 200,000 per annum (PA).

9.17% of male respondents & 4.58 of female respondents fall in the income group of 200,001-400,000PA. 7.34% of male respondents fall in the income group of 400,001-600,000PA.

**Do you think that part time work enhances your motivation level?**

	Male No.	Male (%)	Female No	Female %	Total	
					No.	%
Yes	147	44.95	84	25.69	231	70.64
No	75	22.94	21	6.42	96	29.36
<b>Total</b>	<b>222</b>	<b>67.89</b>	<b>105</b>	<b>32.11</b>	<b>327</b>	<b>100</b>

**Table 6: Source : Primary data 2017**



**Figure 6**

**Analysis**

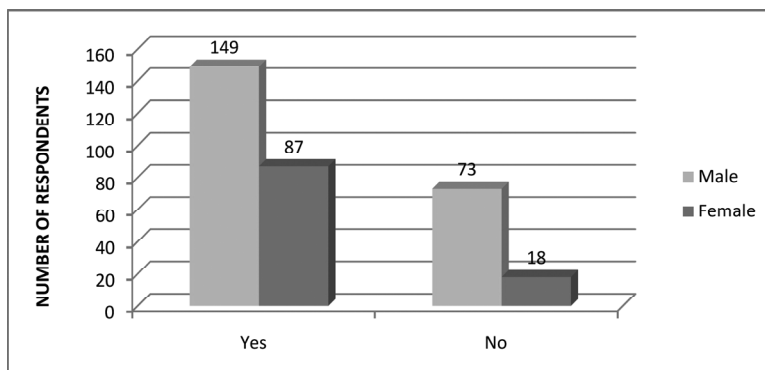
On the basis of above shown table and diagram, it can be observed that 44.95% of male respondents and 25.69% of female respondents are in favour of part-time work and thinks it enhances their motivation level.

So, from the analysis, it is clear that 70.64% of respondents out of 327 respondents are motivated by part-time work in their work place.

**Do you feel that changes in hours (flexi time) motivate your performance?**

	Male No.	Male (%)	Female No	Female %	Total	
					No.	%
Yes	149	45.57	87	26.61	236	72.17
No	73	22.32	18	5.50	91	27.83
<b>Total</b>	<b>222</b>	<b>67.89</b>	<b>105</b>	<b>32.11</b>	<b>327</b>	<b>100</b>

**Table 7: Source : Primary data 2017**



**Figure 7**

**Analysis**

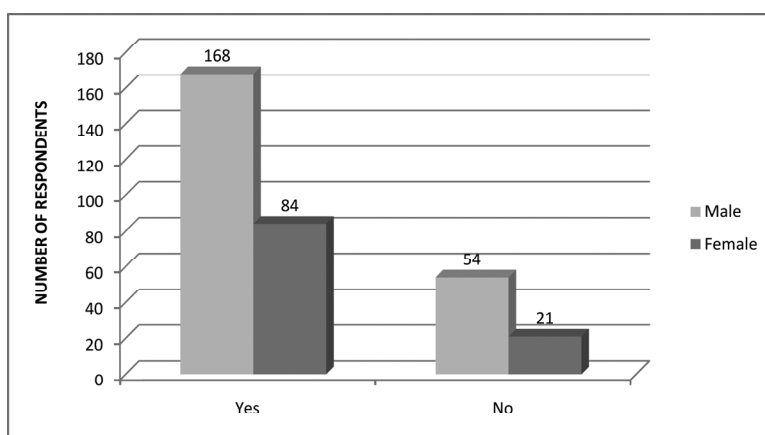
From the above mentioned table and diagram, it can be said that 45.57% of male respondents and 26.61% of female respondents feel that changes in hours motivate their performance.

So, it is clear that changes in hours (flexitime) motivate their performance at work place.

**Does shift work improves the performance of an employee?**

	Male No.	Male (%)	Female No	Female %	Total	
					No.	%
Yes	140	42.81	81	24.77	221	67.58
No	82	25.08	24	7.34	106	32.42
Total	222	67.89	105	32.11	327	100

**TABLE 8 : Source : Primary data 2017**



**Figure 8**

## Analysis

On the basis of above shown table and diagram, 42.81% of male respondents and 24.77% of female respondents are in favour of shift work and agrees that shift work improves their performance at the work place.

## HYPOTHESIS TESTING

The hypothesis for this study is as follow:

### Hypothesis 1

Ho. The performance of an employee is not significantly influenced by shift work.

Hi. The performance of an employee is significantly influenced by shift work.

### Hypothesis 2

Ho. The performance of an employee is not significantly influenced by part time work.

Hi. The performance of an employee is significantly influenced by part time work.

### Hypothesis 3

Ho. The performance of an employee is not significantly influenced by changes in hour.

Hi. The performance of an employee is significantly influenced by changes in hour.

## Hypothesis Test Result

Flexible Work Timing Elements	Pearson Chi square	df value	Asymp.sig Or P <.05	Result
Shift Work	6.450 <sup>a</sup>	1	.011	Accepted
Changes in hour	8.793 <sup>a</sup>	1	.003	Accepted
Part Time Work	6.530 <sup>a</sup>	1	.011	Accepted

Table 9

The above table shows result of the hypothesis testing of all the three variables of flexible work time. The main purpose of this study is to know the significant relationship between elements of flexible work timing and motivation level of employees .I have formulated three hypothesis for research : shift work ,changes in hour and part time work. Chi-square has been used to test the hypothesis by using the statistical packages for social science (SPSS) software.

The chi- square of shift work is 6.450<sup>a</sup> .and the P value is .011 as shown in the significance(2side) which is below 0.05.it means that it accept the alternatives hypothesis. This means there is significant relationship between shift work and motivational level of an employee. Similarly the P value of changes in hour( .003) and part time work(.011) which are less than 0.05. This means all element of flexible work arrangements are significant with motivation level of an employee.

## FINDINGS

- The 3 most popular types of work timing arrangements in retail sector in Patna are changes in hour (flexi time), part time and shift work.

- On the basis of this research study there are 327 respondents from various retail outlets in Patna region. Comprising 222 male respondents and 105 female respondents.
- The most liked flexible work timing arrangement is changes in hour (flexi time). About 72% of employees like to work under flexi time arrangement.
- 70.64% of employees like to work under part time arrangement.
- 67.58% of employees are comfortable in shift work arrangement.

### **CONCLUSION**

- From the analysis, it can be concluded that flexible work timing has motivational impact on employees' performance.
- According to the present study it can be concluded that out of 3 flexible work timing arrangements i.e. part-time, shift-work and flexible work timing, most preferred type of flexible work arrangement among employees is flexi time (changes in hours) and shift work respectively.
- It can be concluded that flexible work timing acts as a strategic tool to attract and retain talented employees.
- Flexible work timing helps in maintaining work-life-balance for employees of retail sector.
- Reason behind preferring arrangements of flexible work timing between male and female employees vary. Most common reasons are due to taking care of dependents and children in family, pursuing higher education, household works, spending time in hobby and leisure activities.

### **SUGGESTIONS**

1. The study reveals that different aged group employees responded differently for flexible work timing to work in a stress-free environment . So, retailers should keep in mind the requirements and time adjustment policies for younger, middle aged and older employees
2. The retailers should implement flexible work timing programmes for reducing the turnover of employees from the organisation.
3. The present study also gives impression about flexible work timing on absenteeism of employees. If implemented carefully in organisations it will decrease the absenteeism rate.

### **LIMITATIONS**

- The data was collected from Patna region only, so sample was geographically limited.
- The result obtained might be based on the biased approach of the employees.
- Only three types of flexible work timing is taken into consideration.
- Only retail sector has been taken into consideration, producing result only for this particular sector.



- Time has proved to be a major setback in conducting the research study. Time was limited and the research could not be expanded.

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# Will E-Commerce be the Aladdin's Magic Lamp to Rural Women Entrepreneur?

Pritha Gayen\* & Dr. Samiran Sur\*\*

## ABSTRACT

*E-Commerce, the popular name of electronic commerce, refers all those business transactions through the electronic media. E-commerce is all about developing, marketing, transporting, selling, servicing and making payments for goods and services through internet. This paper aims to identify the obstacles faced by the rural women entrepreneur and to investigate whether the rural women entrepreneur are propelling themselves to new heights with the support of e-commerce or not. Data used in this study is secondary by nature. In India, e-commerce has emerged as an effective business tool due to the rapid growth of internet technology over the last few decades. Entrepreneurs are also leveraging this technological opportunity to gain their competitive advantage. Moreover to say, Indian women entrepreneur are not also lagging behind. But persistent gender discrimination still exists in the socio-cultural norms of rural India. The English phrase 'Problems come in bunch not in single' is perfectly applicable in the issue of rural women entrepreneur. Problems emerge from various contexts, like- social, cultural, economical, entrepreneurial, financial etc. While the whole world is accelerating with the technology supported fast moving economy, it's time for Indian rural women to strike back all those obstacles by the same weapon. Women entrepreneur have to deal with the issue of balancing both the home and the business. In case of rural women entrepreneur the situation is more complex, due to lack of proper education, guidance, infrastructure, facilities etc. E-commerce can save time and cost of these women entrepreneurs in every step of their business cycle, like- identifying business opportunities, accessing information regarding suppliers, markets, competitors, customers etc. The findings of this study have the implication for academicians, researchers and women entrepreneurs who are striving to achieve success with the help of internet technology.*

**Keywords :** E-Commerce, Entrepreneurship, Rural Women

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## INTRODUCTION

Entrepreneurship is the process of organizing all the factors of production, undertaking risks and providing employment. It transforms individual's creative spirit into long-term business ownership which in turn creates employment, form capital and provide economic security.

In modern era, the significance of entrepreneurship is undeniable. It is the key factor for the economic growth of any society. Developed countries are already enjoying the benefits of entrepreneurship. On the other hand, entrepreneurship is also getting popular in developing countries like India. The patriarchal social structure of India has the partiality for men in the field of entrepreneurship. But now the scenario is changing. In 1991, the new industrial policy explores maximum self-employment

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opportunities both for men and women. Indian women grab the opportunity of entrepreneurship for being economically self-dependent.

According to Vinze(1987), a women entrepreneur is a person who is an enterprising individual with an eye for opportunities and an uncanny vision, commercial acumen, with tremendous perseverance and above all a person who is willing to take risk with the unknown because of the adventures spirit she possesses.”

The role of Indian rural women to gain economic empowerment through entrepreneurship is also noticeable. They are putting their best efforts through various ways like – single ownership of enterprise, Self Help Groups, Co-operatives etc. Nearly 14% of business establishments in India are run by female entrepreneurs [according to sixth economic census by National Sample Survey Organization (NSSO)]. Southern states, mainly Tamil Nadu, Kerala and Andhra Pradesh are leading the way of female run business establishment of India.

E-commerce industry is playing a pivotal role to support women entrepreneurship, specially the rural one. Rural women have to face much more complex situation due to socio-cultural influence, lack of proper education, facilities, infrastructure etc. Moreover, rural women entrepreneur have to manage both the work and home with equal weightage. E-commerce save time and cost of these women entrepreneurs in every step of their business cycle, like- identifying business opportunities, accessing information about markets, competitors, suppliers etc.

Recognizing the significance of women participation in Indian economy and entrepreneurship, Government of India has taken some policy initiatives that emphasize equal opportunity for women. Some of the successful initiatives taken by the government and private organizations are the following-

Startup India: Government of India launches this initiative in 2006 to promote entrepreneurship by nurturing, mentoring and facilitating startups throughout their life cycle. It provides a comprehensive four week free online learning program to initiate a success head start to numerous aspiring entrepreneurs. It offers a bunch of facilities like-

- Startup recognition – Aspiring entrepreneurs who meet the definition prescribed under the G.S.R. notification 501(E) can apply for online recognition under the program.
- Startup India learning programme – It is a free online entrepreneurship program to help the entrepreneurs get their ideas and ventures.
- Startups intellectual property(SIPP) – It nurtures innovativeness and creativity of startups. The scheme assists them to protect and commercialize their intellectual property by providing IP services and resources. The Indian patent office has placed an online filling system for patent application in 2007.

The Startup India scheme also encompasses easy compliance norms, relaxed procedure norms, incubator support, funding support, tax benefits etc.

Stand Up India: This initiative, launched in 2015, aims to provide institutional credit for the benefit of India’s underprivileged section i.e. women entrepreneurs, scheduled

castes, scheduled tribes etc. At least one woman and one individual from SC or ST communities are given loans between Rs 1 million to 10 million for setting up green field enterprise. The Stand Up India is a digital platform for small entrepreneurs to provide information on financing and credit guarantee.([www.startupindiahub.org.in](http://www.startupindiahub.org.in))

Mahila e-Haat: It is an online marketing platform for women entrepreneur to provide access to market. This initiative was undertaken in 2016 under the Ministry of Women and Child Development. It will leverage technology for showcasing products, manufactured / sold by women entrepreneurs. This unique e-platform is a big step forward for socio-economic empowerment of women. It will solve the market related problem that a woman entrepreneur often faces.([www.livemint.com](http://www.livemint.com))

Common Services Centers(CSC): CSC scheme is one of the mission mode project under the Digital India Programme. It was started in 2006 through a Public Private Partnership(PPP). This PPP model encourages private sector and NGOs to play an active role for implementing the CSC scheme. It is an ICT hub which was created to provide information to rural and remote locations where availability of computers and internet are mostly absent. A wide variety of services that are offered by CSC are listed below-

- Agricultural Services (agriculture, horticulture, sericulture, animal husbandry, fisheries, veterinary etc)
- Education & Training Services (school, college, vocational education, employment etc)
- Health Services (telemedicine, health check-ups, medicines etc)
- Rural Banking and Insurance Service (micro-credit, loan, insurance etc)
- Entertainment Services (movies, television etc)
- Utility Services ( bill payments, online booking etc)
- Commercial services ( DTP, printing, internet browsing, village level BPO etc)

([www.csc.gov.in](http://www.csc.gov.in))

SWAYAM : SWAYAM, a free online education programme initiated by GOI under the Ministry of Human Resource Development to achieve main three principles of education policy i.e. access, equity and quality. SWAYAM is hosting 2000 courses covering school, undergraduate, post-graduate, engineering, law and other professional courses. (<https://swayam.gov.in/>)

Pradhan Mantri Gramin Digital Saksharta Abhijan (PMGDISHA) & Nation Digital Literacy Mission(NDLM): PMGDISHA & NDLM are the digital library scheme, initiated by Government of India for imparting IT training to the rural population including Anganwadi and Asha workers. Digital literacy will enable them to operate computers/digital access devices (i.e. tablet, smart phone etc), browse internet, search information, opt cashless transaction etc. The scheme is supervised under the Ministry of Electronics and IT. ([www.pmgdisha.in](http://www.pmgdisha.in))

Self Employed Women's Association (SEWA) & International Crops Research Institute for the Semi-Arid-Tropics (ICRISAT) : In 2014, SEWA and ICRISAT joined their hands

to carry out ICT based knowledge sharing platform for improving profitability and productivity of smallholder agriculture. This platform promotes online courses to SEWA members for enhancing skill. It also provides agro advisories on agricultural innovation. ([www.thehindubusinessline.com](http://www.thehindubusinessline.com))

Amazon Saheli: In 2007 Amazon India has launched The Saheli Store, a platform dedicated to the Indian women entrepreneurs for selling locally produced product online. It offers the women entrepreneurs the opportunity of accessing the nationwide customers of Amazon India. Under this program, women entrepreneurs can enjoy numerous facilities like- subsidized referral fees, account management, free imaging & cataloging during launch, post launch support, enhanced discoverability, differentiation of products through specialized store fronts etc. (<https://retail.economictimes.indiatimes.com>)

## **LITERATURE REVIEW**

Goswami and Dutta (2016) have investigated the degree of adopting e-commerce application by women owned small and medium enterprises (SMEs) in India. Primary data of 144 women entrepreneurs from the state of West Bengal in India are collected through structured questionnaire. Authors have utilized The Unified Theory Of Acceptance and Use of Technology (UTAUT) model to examine the strength of constructs (i.e. performance expectancy, effort expectancy, social influence and facilitating conditions) to influence the women entrepreneurs to use e-commerce. Through study, authors have found that three constructs, namely, performance expectancy, social influence and effort expectancy highly affect the behavioral intention of women entrepreneurs for adoption of e-commerce. Furthermore, the behavioral intention and facilitating conditions have direct, positive impact on the usage behavior of these women entrepreneurs. In India, a significant percentage of SMEs are participating in online sales through online portal. Not necessarily entrepreneurs need to host their own online portal, they may rent also. E-Bay is one of those renowned e-commerce companies that have more than registered woman sellers.

Sekhar and Kabde (2014) highlight on the ICT opportunities offered by the India Government and specially the Andhra Pradesh Government to women entrepreneurs. To boost up women entrepreneurs, the first initiative by India Government was setting up Public Call Offices (PCOs). Women, particularly the physically challenged ones are encouraged to engage in this activity. Subsidized loans were also offered to women for setting up Digital Photography shops and Internet Cafes. In 2006, under National e-Governance Plan over 1lakh Common Service Centers (CSCs) across the country were set up to provide opportunities for women entrepreneur of both the urban and rural areas. The aim to set up CSCs was to deliver hassle-free service by using technologies. Any graduate can set up these kiosks but 10% shops are reserved for women. In 2002, Rural eSeva in West Godavari district of Andhra Pradesh was initiated to provide rural people different government services at a single point through web enabled kiosks. These eSeva centers were specially set up to support rural women entrepreneurs. Many more other initiatives were taken by Andhra Pradesh government to empower rural women entrepreneurs technologically, like- AP Online (2002), RSDP & USDP(2003), RAJiv(2004) etc. The authors find out the emerging opportunities for Indian Women in service sector i.e. BPOs & Call Centers. The performance of women entrepreneur under the CSC scheme is highly appreciable.

Parnami and Bisawa (2015) highlight challenges that the women entrepreneur use to face in e-commerce sector. Entrepreneurs have to find the proper customer niche firstly. Customer acquisition and providing effective customer service is another big issue in e-commerce. Women entrepreneurs face the challenges in raising fund, maintaining reliable logistics & consistent supply chain. Authors suggest to organize programs and workshops by government and non-government agencies to encourage women entrepreneurship for squeezing up all the benefits of e-commerce.

Manjunatha (2013) unfolds numerous problems that the rural women entrepreneurs have to face. Gender biasness is a big social problem that the rural women have to confront. Indian culture use to think women as a weaker sex. Rural women are lagging far behind their male counterpart in the context of literacy, financial assistance, awareness about government programs and schemes. In this article, the author draws special attention to the professional problems of rural women entrepreneurs.

Sharma (2017) unfolds various problems i.e. financial, managerial, social etc. faced by the women entrepreneurs in India. Government of India is supporting the women entrepreneurship through various schemes, like Prime Minister Rojgar Yojana, Integrated Rural Development Programs (IRDP), KVIC, Women co-operative Schemes etc. The author highlights the contribution of the women entrepreneurs in the economic development of the nation by capital formation, employment generation, balanced regional development, improvement of standard of living and innovation.

Desai and Jamsid (2012) describe how e-commerce is getting popularity not only in the urban sector but also in the rural sector of India. But the growth of e-commerce in rural India is comparatively slower than the urban sector due to various reasons, like lack of 'touch & feel factor', poor courier service, lack of credit card facility, lack of trust, fear of carrying transaction over internet etc. The author have suggested that the success factors for e-commerce in rural India are transparency of pricing policy, clarity of the payment option, widening the scope of operation, assurance of security on the financial transaction.

Shyamala (2016) considers the role of unorganized sector in the developing countries for contributing towards economic development and for the source of entrepreneurship. The author also identifies the problems faced by the Indian women entrepreneurs and categorized them into three, namely, Personal problem (such as dual commitment, lack of support from family members, lack of self confidence & education, psychological problem etc); Social problem (such as male dominated society, different social attitude, lack of government support etc) and Business related problem (such as scarcity of finance, paucity of raw materials, marketing problems, exploitation by middlemen etc). The author also suggests ways to overcome these problems, like- providing better educational facilities; arranging training program on management skill; imparting women community focused vocational training; counseling through the aid of committed NGOs, managerial experts, technical personnel to wipe out psychological causes such as fear of success, self-confidence; providing marketing, sales and financial assistance by the government etc.

## **OBJECTIVES**

- To study the key challenges faced by the rural women entrepreneurs.
- To study how e-commerce can support rural women entrepreneurs to successfully run their business.

## **RESEARCH METHODOLOGY**

The study is based on the survey of secondary data which are collected from journals, published research papers, websites, reports etc.

For this research, academic and professional research paper of leading publications and organizations were studied to identify issues of importance relating to the subject. The research media is mainly come through Internet-based resources and IT Trade reports. As E-Commerce for entrepreneurs in India is relatively new concept, there is limited availability of related literature in libraries outside of periodicals. Systemic and relative analysis and generalization of scientific literature were applied while theoretical studies of E-Commerce, Technology Acceptance Model (TAM) and interactive marketing were carried out.

## **FINDINGS**

Studying various literatures, we have found the following problems that the rural women entrepreneurs usually face:

1. Lack of financial support: Finance is the life blood of every business. Women entrepreneurs also need finance to run business successfully. But women possess very less property and bank balance in their own name. Thus they face the problem of getting bank loans due to complicated procedures of the bank. Women entrepreneurs have to depend upon their own savings and loans from family or friends. On the other hand, due to lack of confidence on woman's ability to run business successfully, family and friends ignore to lend them money. So it is very common phenomena for women entrepreneurs to suffer from inadequate financial resources.
2. Lack of Marketing Knowledge: Rural women entrepreneurs have to face bunch of problems regarding marketing their products, like-
  - They often depend upon middlemen to market their product. But middlemen exploit them by pocketing a significant portion of the profit.
  - They lack mobility and extra effort which are very essential to win customer confidence.
3. Lack of Raw Materials: Women entrepreneurs often face difficulty in procuring the raw materials and inputs of production due to lack of awareness regarding the proper source and high prices of raw materials.
4. Severe competition: Majority of the women entrepreneurs of rural India belong to unorganized sector, having imperfect organizational setup. They face stiff competition from organized sector and male entrepreneurs.
5. High Cost of Production: Most effective way to reduce the cost of production is

to increase the production capacity. Most of the rural women entrepreneurs rise up from small and medium enterprise in India. Thus their production capacity is restricted to a certain level. This situation in turn constrains the development and expansion of women enterprise.

6. Legal Formalities: Women entrepreneur find it really difficult to deal with legal formalities such as trademarks, copyrights, licensing, intellectual property related problems etc. due to lack of knowledge and education.
7. Absence of Entrepreneurial Spirit: An entrepreneurial spirit encompasses creativity, risk bearing capacity, devotion of mind & sufficient time etc. But in many cases, it is found that women entrepreneurs are lacking entrepreneurial bent of mind.
8. Patriarchal social structure: Despite of constitutional equality, Indian women have to face gender discrimination due to male-dominated Indian society. Male ego constraints every step of women progress. Women entrepreneur have to face role conflict as they enter into entrepreneurial activity.
9. Lack of Entrepreneurial training: Majority of women in rural India have no proper technical and professional training to setup a new business. Lack of proper information, entrepreneurial attitude and social restrictions are curbing the way of women entrepreneurs.

## **CONCLUSION**

E-Commerce has opened new avenues for communication, information sharing, education, improving entrepreneurial skill of women entrepreneurs with the support of internet. How e-commerce is facilitating women entrepreneurs are explained below-

**Provide market information:** E-commerce enables women entrepreneurs to procure required raw materials through internet which in turn reduces the cost of production. E-commerce helps the women entrepreneurs to find out the most profitable market without taking the help of middlemen. It helps to reach markets that are far from home. Moreover, the market is not confined regionally or nationally, women entrepreneurs can access global market also. E-commerce is an ideal platform to promote the product effectively.

**Impart knowledge:** E-commerce helps women entrepreneurs to know well about the latest production techniques, latest techniques of distribution, modern packaging techniques, knowledge related to storing raw materials, food processing, preservation etc. It explores many innovative ways of doing business to the women entrepreneur.

**Develop entrepreneurial skill:** With the help of e-commerce women entrepreneurs are getting knowledge about management and business practices, data analysis, negotiation techniques, personnel management etc. Furthermore, it helps to handle legal formalities related to entrepreneurship.

**Build up social awareness:** Women entrepreneurs getting success through e-commerce are creating instance in the society. By seeing successful projects of these women entrepreneurs in mass media and social media, many other women are getting motivated to incorporate e-commerce into their businesses.



## **RECOMMENDATIONS**

Government individually or collaborating with NGOs, private firms, should initiate more projects to encourage rural women entrepreneurs for opting e-commerce. Special attention should be given to develop the infrastructure of rural areas that supports e-commerce.

## **LIMITATIONS**

- This study is done on rural women entrepreneurs. To make the study more valid, the scope is required to be broadened i.e. urban women entrepreneurs must be taken into account.
- As E-Commerce is still in nascent stage, several region has different infrastructure so getting the generalize behavior may not be possible. For this study, E-Commerce related data were gathered from different websites. As this research constructed on secondary data so there is the obvious chance that industry has undergone certain changes in the form of up gradation new research. Certain features of e-commerce related data might not have been included in this study because all research data might not be available in web.

## **SCOPE FOR FURTHER RESEARCH**

How urban women entrepreneurs are taking the advantages of e-commerce to achieve success in their business can be studied in future.

The future research may be extended using technology acceptance model to assess the E-Commerce using mobile data service and e-learning applications etc.

Managerial implications on the topic can include the matching criteria of demographics' choice and advertisement's content.

The managerial implications of this research to the developing E-Commerce industry are several, as follows:

- Identification of beneficial combinations of services, pricing options which improve the customer experience, and promote the customer's tendency to buy additive services and stay with the provider longer.
- Assistance in developing effective marketing strategies which are more consumer-centric and therefore increase consumer satisfaction.
- It will provide a brief idea to E-Commerce service providers, about recent E-Commerce market status and challenges of it.

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# An Insight into the Marketing Effectiveness of Bhilai Steel Plant With Respect To the Indian Railways

Dr Swapna Datta Khan\* & Krishna Gusain\*\*

## ABSTRACT

*Bhilai Steel Plant has a major market share with respect to rails, heavy plates and structural steel. It is yet the sole supplier of the country's longest railway tracks. This research gives an insight into the success factors that contribute towards making Bhilai Steel Plant a market leader in such products. The reasons for such success are noted to be the implementation of a reliable Enterprise Resource Planning, strong marketing strategies and a proactive responsiveness towards customer needs.*

**Key Words :** *Bhilai Steel Plant (BSP), Central Marketing Organization (CMO), Critical Success Factors (CSF)*

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## INTRODUCTION : BHILAI STEEL PLANT (BSP)

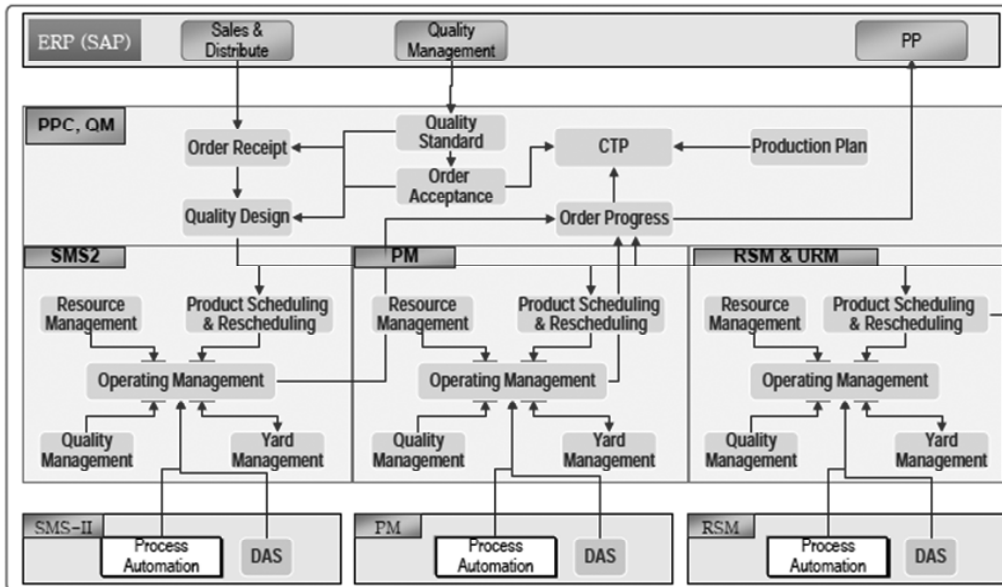
The Bhilai Steel Plant, set up in 1955, is located in Bhilai, Chattisgarh and is India's first and main producer of steel rails. BSP has won the Prime Minister's Trophy for the best integrated steel plant in the country 11 times. It is the sole supplier of the country's longest rail tracks, measuring 260 meters each. In November 2016, it has produced the world's longest rail line in a single piece (130 meters). BSP is the flagship unit of the Public Sector steel company, Steel Authority of India Limited (SAIL) and is its largest and most profitable production facility. BSP reported an annual turnover of 43,337 crore (US\$6.4 billion) (Financial Year 2015-16). Among the notable achievements of BSP is the 345 kilometer railway and plane network between Jammu and Baramulla and the development of special grade of TMT rebars for use in the Bani9hal Pass. BSP has been given the status of "Maharatna" by the Government of India. (Shrivastava & Dave, 2011), ([https://en.wikipedia.org/wiki/Bhilai\\_Steel\\_Plant](https://en.wikipedia.org/wiki/Bhilai_Steel_Plant)), (Gusain, 2017)

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Figure 1 shows the configuration of Manufacturing Execution System (MES) in BSP  
**Configuration of MES in BSP**



**Figure 1;** Source: ([http://www.rdcis-hrms.co.in:8086/Presentation/SP/BSP\\_MES.pdf](http://www.rdcis-hrms.co.in:8086/Presentation/SP/BSP_MES.pdf))

**OBJECTIVE**

The objective of this research is to identify the success factors that contribute in BSP being the market leader in products used by the Indian Railways.

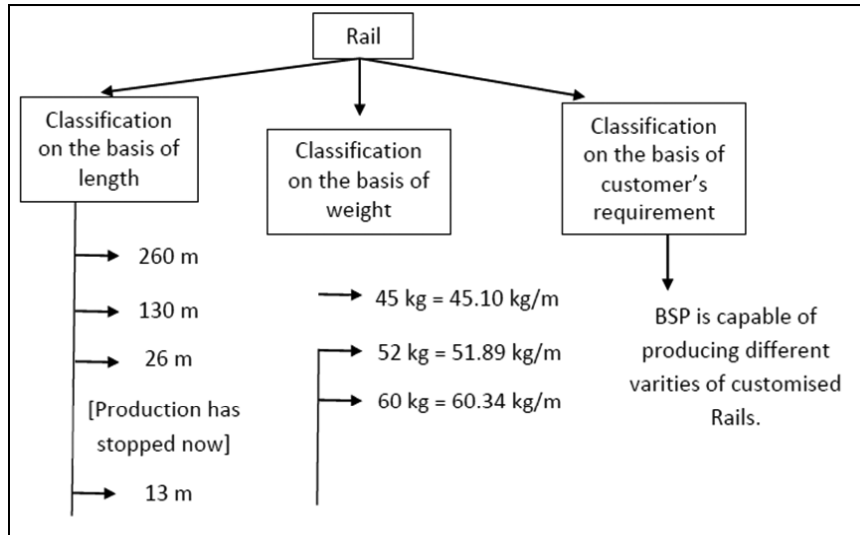
**METHODOLOGY**

This research has been done on the basis of the review of available literature. The pattern of analysis is away from the traditional environmental scan as many factors such as government policies and market demand is not considered, being identical for all competitors. The operations in BSP have been integrated using ERP SAP, affecting the internal marketing environment. Thus the study is made based on the following aspects, using

- The product being marketed to the Indian Railways
- A preliminary insight into the of the Iron and Steel Industry of India
- A glimpse into how the implementation of ERP SAP secured marketing operations
- A large network to connect with the customer
- Other issues in marketing of said product

## THE PRODUCT BEING SUPPLIED TO THE INDIAN RAILWAYS

BSP supplies Indian railways with types of rails. Their classification of is as shown in Figure 2; (Gusain, 2017)



**Figure 2;** Source: (Gusain, 2017)

Finding: Though the manufactured rails are standardized, they may also be customized as per requirement.

The types of rails supplied is as shown in Table 1: (Gusain, 2017)

1.	Rail (Carbon – Manganese, 90 kg./mm <sup>2</sup> UTS)	Railway Tracks all over the country and also for exports customized
2.	High Ys/UTS Rail (V/Nb Micro-Alloyed)	Heavy Haulage, high density railway tracks.
3.	Corrosion Resistant Rail (Cu-Mo & NCC)	Corrosion Pelone regions, mainly coastal areas.
4.	Cr-V alloyed high strength (110 kg/mm <sup>2</sup> UTS) Rail.	Heavy haulage, High traffic, density railway tracks'; developed for dedicated freight corridor.
5.	Thick web Asymmetric Rail.	For making high speed switches to be used at points & crossings in Railway rakes.
6.	High conductivity Rail	High conductivity rail or Third Rail for Metro Trains, made of Rimming steel.
7.	Crane Rail	Crane rails in CR-80/CR-100 sections used for tracks of different types of crane.

**Table 1;** Source: (Gusain, 2017)

Further insight into the length and width of rails is as shown in Figure 3: (<https://sail.co.in/sites/default/files/sailproductpdf/Railway%20Products.pdf>)

<b>Rails</b>			
<b>Bhilai Steel Plant</b>			
Profile	Sectional Wt kg/m	Standard Length (metres)	Mill
R-45	44.61	13	Rail & Structural Mill, Bhilai
R-52	51.89	13, 26, 130, 260	Rail & Structural Mill, Bhilai
R-60	60.34	13, 26, 130, 260	Rail & Structural Mill, Bhilai

Product nomenclature for 13 m & 26 m is "RAIL" and for 130 m & 260 m is "LONG RAIL PANEL".

**Figure 3;** Source: (<https://sail.co.in/sites/default/files/sailproductpdf/Railway%20Products.pdf>)

There are two classes of rails, as shown in Table 2: (Gusain, 2017)

<b>Class A</b>	<b>Class B</b>
Consists of refined rail; Has straight alignment	Less refined than Class A
Used on Metro Lines and high-speed trains where more strength and conductivity is required	Used for trains with speed $\leq$ 100 km/hr

Table 2; (Gusain, 2017)

Prior to usage, the products are tested by RITES Ltd., an ISO 9001 : 2008 company, which is a multidisciplinary consultancy organisation in the fields of transport, infrastructure & related technologies. (Gusain, 2017)

The location of BSP affects positively the affordability of raw material, labour, transport facilities and power. Also, pricing takes into consideration Material Value, taxes, duties & Goods and Service Tax (GST). It had been noted that the cost of production was rising. To address this issue, BSP installed the Universal Rail Mill, with advanced infrastructure and enhanced processing power, thus introducing economy of scale. (Gusain, 2017)

BSP uses channels of promotion of product using electronic and social media. Being a part of the Public Sector Unit (PSU) of SAIL, much of the promotions are looked after by the Central Marketing Organization (CMO). (Gusain, 2017)

## A PRELIMINARY INSIGHT INTO THE OF THE IRON AND STEEL INDUSTRY OF INDIA

Table 3 shows some of the prevalent steel plants in India: ([https://en.wikipedia.org/wiki/Iron\\_and\\_steel\\_industry\\_in\\_India#Steel\\_plants](https://en.wikipedia.org/wiki/Iron_and_steel_industry_in_India#Steel_plants))

NAME	LOCATION	OWNER
Jindal Steel and Power Limited	Raigarh, Angul, Odisha	
Tata Steel Limited formerly Tata Iron and Steel Company	Jamshedpur, Jharkhand	Tata Steel
Tata Steel Limited	Kalinganagar, Odisha	Tata Steel
Visvesvaraya Iron and Steel Plant	Bhadravati, Karnataka	SAIL
Bhilai Steel Plant	Chhattisgarh	SAIL
Durgapur Steel Plant	Durgapur, West Bengal	SAIL
Bokaro Steel Plant	Jharkhand	SAIL
Chandrapur Ferro Alloy Plant	Chandrapur, Maharashtra	SAIL
IISCO Steel Plant	Asansol, West Bengal	SAIL
Salem Steel Plant	Tamil Nadu	SAIL
Rourkela Steel Plant	Odisha	SAIL
JSW Steel	Hospet, Bellary, Karnataka	JSW Steel
Visakhapatnam Steel Plant	Visakhapatnam, Andhra Pradesh	Rashtriya Ispat Nigam Limited
Bhushan Steel Limited	Angul, Odisha	Bhushan Steel Limited
Rimjhim Ispat Limited	Kanpur, Uttar Pradesh	Yogesh Agrawal

**Table 3; Source:** ([https://en.wikipedia.org/wiki/Iron\\_and\\_steel\\_industry\\_in\\_India#Steel\\_plants](https://en.wikipedia.org/wiki/Iron_and_steel_industry_in_India#Steel_plants))

In order to gain an insight into the competitive rivalry of BSP, it would be interesting to view the Porter's Five Forces Model of the Iron and Steel industry in India, as shown in Figure 4 below

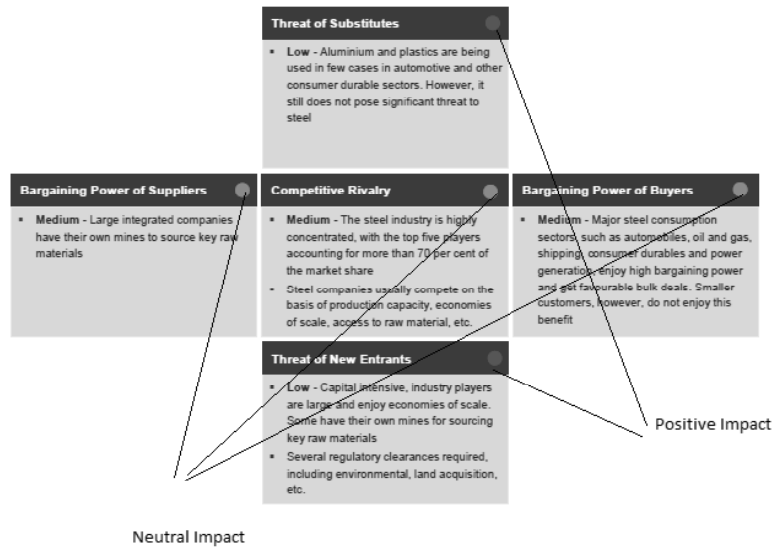


Figure 4; Source : ([https://www.ibef.org/download/Steel\\_Report\\_Feb\\_2018.pdf](https://www.ibef.org/download/Steel_Report_Feb_2018.pdf))

The analytical Hierarchy Process to compute a Composite Sustainability Performance Index for the Steel Industry listed the components as shown in Figure 5:

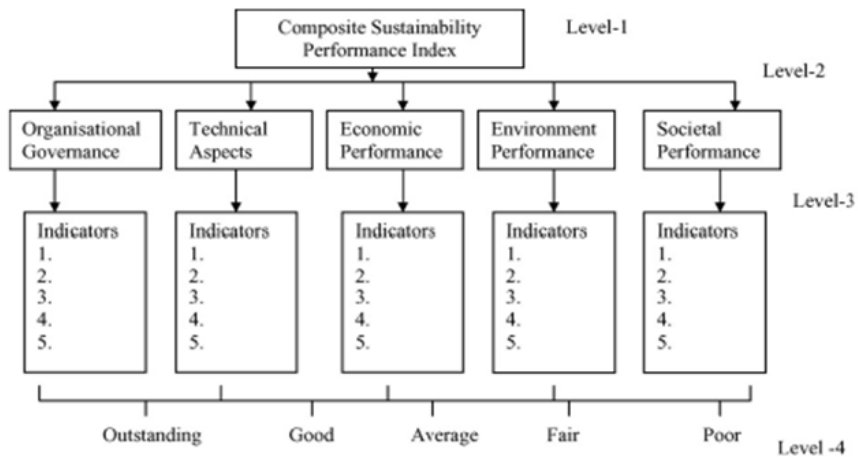


Figure 5: AHP Model for Composite Sustainability Performance Index; (Singh, Murty, Gupta, & Dikshit, 2007)



It may be noted that the sustainability indicators include: (Singh, Murty, Gupta, & Dikshit, 2007)

- Organizational Effectiveness:
  - Strategic Planning and Resource Management
  - Innovation and Knowledge Management
  - Leadership
  - Research and Development
- Technical Aspects:
  - Labour Productivity
  - Defect (%)
  - Market Performance
  - Customer Satisfaction Index
- Economic:
  - Net Profit/ Average Capital Employed
  - Turnover/ Inventory Ratio
  - Investment in new processes and products (as % of revenue)
- Environmental
  - Specific raw material consumption
  - Specific carbon dioxide emission
  - Specific power consumption
  - Specific hazardous waste generation
- Society
  - Rate of accidents
  - Quality of life
  - Employment Generation
  - Customer Health and Safety

Finding : Steel companies compete on the basis of economies of scale and access to raw materials. Thus BSP could stay above the competition. Also, BSP has a network of dealers and suppliers, registered under their policies. Thus their bargaining power would have limited impact on BSP.

## A GLIMPSE INTO HOW THE IMPLEMENTATION OF ERP SAP SECURED MARKETING OPERATIONS

BSP had successfully launched 6 modules of ERP (Systems Applications and Products for Data Processing (SAP)) and the Manufacturing Execution System (MES) as shown in Figure 3, 4



**Figure 6; Source: (Mukti, Tripathi, & Rawani, 2012)**

Focus Interviews among top and middle management of BSP and other end users had listed the implementation of SAP a Critical Success Factor (CSF) in the marketing of products to end users. (Mukti, Tripathi, & Rawani, 2012) User satisfaction is significant for ERP usage at BSP impacting organizational effectiveness positively. (Shrivastava & Dave, 2011) Successful ERP implementation at BSP enabled a significant competitive advantage. (Khaparde & Khaparde, 2016)

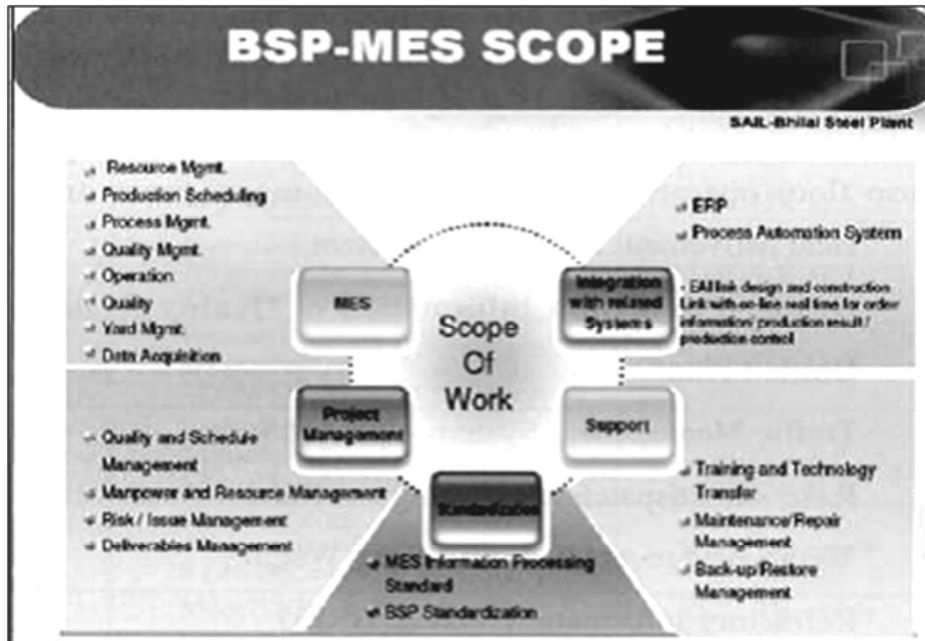
Focus Interviews among top and middle management of BSP and other end users had listed the implementation of SAP a Critical Success Factor (CSF) in the marketing of products to end users.

(Mukti, Tripathi, & Rawani, 2012)

User satisfaction is significant for ERP usage at BSP impacting organizational effectiveness positively. (Shrivastava & Dave, 2011)

Successful ERP implementation at BSP enabled a significant competitive advantage. (Khaparde & Khaparde, 2016)

ERP implementation is imperative to achieve superiority among competition. It is necessary to the top management to be involved and drive the said change management during such an implementation." The result from analysis also showed a correlation between IT professionals and several CSFs such as selection of ERP system, user training and involvement, top management support, effectiveness of consultants, ERP project team, effective communication plan and IT infrastructure". (Khaparde & Khaparde, 2016)



**Figure 7; Source: (Mukti, Tripathi, & Rawani, 2012)**

Finding : BSP had successfully implemented a holistic ERP SAP covering all its operational modules and functions and integrating all key functionaries from smoothed purchasing, promotions, distributions and all other marketing operations, along with the other functional areas of management. This implementation of ERP is a certain CSF in BSP remaining a market leader.

### **A LARGE NETWORK TO CONNECT WITH THE CUSTOMER**

BSP, like other plants of SAIL has its own Branch Sales Office (BSO) which takes orders from the Central marketing organization (CMO). CMO, an ISO 9001:2015 certified organization, is located in Kolkata and its commercial interface is at New Delhi. The CMO is backed by a strong Enterprise Resource Planning (ERP) system and its marketing demands are met and processed by a nationwide network of Regional Offices, 37 Branch Sales Offices, and strategically located 46 warehouses, Consignment Agents, 10 operational Customer Contact Offices and Authorized Dealers. The warehouses are equipped with mechanized handling systems. CMO maintains aggressive marketing efforts through constant cognizance of customer needs and sustained efforts to increase sales. The CMO provides, with the help of Key Account Management, a single window service to key customers for every business transaction from enquiry to after-sales service. (Gusain, 2017) (<https://www.sail.co.in/sales-centres>) The functions of a typical BSO include: (Gusain, 2017)

- Booking customer orders and connecting with the concerned Sales Resident Manager Office
- Handling of customer complaints  
BSP enjoys access to the SAIL dealership scheme whose objectives are: ([www.sail.co.in/sites/default/files/marketing/dealer-network/SAIL\\_DEALERSHIP\\_SCHEME.pdf](http://www.sail.co.in/sites/default/files/marketing/dealer-network/SAIL_DEALERSHIP_SCHEME.pdf))
- To establish a wide distribution network for identified branded products of SAIL and to increase its reach.
- To promote, popularize and showcase identified branded SAIL products.
- To improve market share and Net Sales Revenue

A dealer is evaluated for an annual award based on the criteria on fulfilment of annual commitment, improving brand image, consistent availability of product, adding new customers etc. ([www.sail.co.in/sites/default/files/marketing/dealer-network/SAIL\\_DEALERSHIP\\_SCHEME.pdf](http://www.sail.co.in/sites/default/files/marketing/dealer-network/SAIL_DEALERSHIP_SCHEME.pdf))

SAIL also offers a Rural Dealership Scheme, promoting inclusivity and increasing outreach. ([https://www.sail.co.in/sites/default/files/marketing/dealer-network/SAIL\\_RURAL\\_DEALERSHIP\\_SCHEME.pdf](https://www.sail.co.in/sites/default/files/marketing/dealer-network/SAIL_RURAL_DEALERSHIP_SCHEME.pdf))

The organization maintains extensive customer contact along with product and segment specialization and efficient after-sales management. A Customer Satisfaction Index (CSI) generated from customer feedback is monitored to increase responsiveness to customer needs. (Gusain, 2017), (<https://www.sail.co.in/sales-centres>)

Customer complaints are sent to the General Manager of the particular mill. The CMO appoints an application engineer for commercial settlement. Defective items are withdrawn and the appropriate amount of money refunded. (Gusain, 2017)

*Finding: The marketing management of BSP is supported by a strong network of CMO, BSOs, warehouses, agents and dealers, mostly integrated through a powerful ERP. The CMO enables a single-window service to key customers. A CSI, generated from customer feedback, is monitored to improve responsiveness to the customer. The CMO oversees all customer complaints, which are handled by the relevant mill. Defective items are withdrawn and money refunded*

#### **OTHER ISSUES IN MARKETING OF SAID PRODUCT**

Focus interviews among top and middle management of BSP and other end users listed also the following CSFs, which also affect ERP implementation: (Mukti, Tripathi, & Rawani, 2012)

- Acknowledgement of importance to employees' concern
- Regular and open communication
- Maximum participation
- Promotion of skills and development of employees
- Efficient Change Management

- Top Management Support
- Vendor Selection

## **CONCLUSIONS**

The success factors that contribute in BSP being the market leader in products used by the Indian Railways could be listed as follows:

- Though the manufacture of the product is standardized in the respective mills, it could also be customized as per requirement
- Prior to usage, the product is checked for quality and adherence to specification by an external organization.
- Steel companies compete on the basis of economies of scale and access to raw materials
- With a large network of registered dealers and suppliers. BSP is less under their bargaining power
- The sustainability indicators of the Iron and Steel industry include organizational effectiveness, technical, economic, environmental and social factors
- BSP has implemented ERP SAP which has automated and integrated most operational areas including those of marketing operations
- The implementation of the said ERP and relevant change management was supported by the top management
- BSP has an active BSO which functions with the CMO and a large network of agents, warehouses and dealers to serve the customer as per requirement
- SAIL has a network of registered dealers and registered rural dealers and to improve their performance, has instilled performance awards
- CMO entertains key customers using the Key Account Management, a single window service
- Customer complaints are handled with proactive measures
- Defective pieces are withdrawn and payment for the same refunded
- Customer feedback generates the CSI which is closely monitored
- BSP and its marketing management draws its benefits from a sound governance, transparent communication and appropriate vendor selection

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# A Comparative Analysis of Performance between Public Sector Banks and Private Sector Banks in India

Deepabali Dutta

## ABSTRACT

*Commercial banks in both the public and the private sectors in India have been contributing significantly to the economic development of the nation by functioning as significant financial institutions and vital components of the Indian financial system. Commercial banks in both these sectors operate under the same statutes and regulatory framework but with different corporate structures and corporate philosophies. The business models of the commercial banks also differ between these two sectors. This paper aims at identifying those performance parameters for which commercial banks differ between these two sectors. Mean scores of selected performance parameters have been obtained for these two sectors and the difference between them for each parameter has been tested for their statistical significance. This paper has been able to identify those parameters which differentiate the performance of banks between these two sectors. The findings of this study shall through light on the aspects where improvements can be done by commercial banks to perform in a better manner.*

**Key words :** *Commercial Banks, Private Sector, Public Sector, Performance parameters*

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## INTRODUCTION

Bank is a financial institution that performs several functions like accepting deposits, lending loans thus helps in agriculture and rural development etc. Bank plays an important role in the economic development of the country. Banks contribute to a country's economic development in multiple ways. A sound banking system mobilizes small savings of the community and makes them available for investment in productive enterprises. Banks helps in providing financial resources to industries and that helps in automatically generate employment opportunity. Banks promote saving habits of the people. Banks also help in the economic development of a country by implementing the monetary policy of the central bank.

PSBs have been the backbone of Indian financial architecture since nationalization of State Bank of India in 1955, followed by more banks in 1969 and 1980. PSBs have been successful in meeting their mandate with support from the Government and the RBI. In recent years, though the credit off take has been lower than expected, capital adequacy is appropriate and deposit growth has been following a steady pace.

The private sector banks also play a vital role in the Indian economy. They offer a high degree of professional management and technology oriented solutions, creates

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an environment of healthy competition and encourage private and foreign investments in the banking system.

### **OBJECTIVES OF THE STUDY**

We have performed this study with a two-pronged objective. The first objective is to assess the performance of public sector banks and private sector banks based on certain selected parameters. The second objective is to perform mathematical and statistical functions to ascertain the statistical significance of the differences between the said parameters.

### **LITERATURE REVIEW**

The following documents have been referred to with the basic intention of retrieving selected financial parameters

- Annual reports of the banks we have considered for the survey.
- Books on commercial bank management as detailed in the bibliography
- Books on Indian economy- viz “Indian Economy” by Ramesh Singh

In addition to the above, Websites of the selected public sector and private sector banks have also been visited.

### **METHODOLOGY OF THE STUDY**

Relevant financial data of the selected 16 public sector and 10 private sector banks have been collected from AceEquity® data product. The lists of the banks are contained in Appendix A. The said data for the selected banks have been collected for the financial year 2016-2017. 36 selected ratios have been taken to the parameters of financial performance of the selected banks. The list of ratios considered is contained in Appendix B. Levene’s Test has been done to test equality of variances in order to proceed with independent samples t test. The t- test has been done to assess the differences between the mean scores of the PSU and private banks on each of the ratios considered. The concerned hypothesis testing has been done at 5% level of significance. MS Excel (version 2014) & IBM SPSS (version 23) have been used for the study.

To test the statistical significance of the inequality of mean scores of the ratios between private and public sector banks, t-test for independent samples has been used. However, as a prerequisite for t-test for independent samples, the statistical significance of the inequality of variance have been tested by using Levene’s Test. The hypotheses framed are as under:

$H_0$ : There is no significant difference in variances of the two independent samples

$H_1$ : There is a significant difference in variances of the two independent samples

Based on the outcome of the Levene’s Test, the appropriate t-test for independent samples have been carried out. The hypotheses framed are as under:

$H_0$ : There is no significant difference in means of the two independent samples

$H_1$ : There is a significant difference in means of the two independent samples

All the tests have been done at 5% Level of significance.



## SCOPE & LIMITATIONS OF THE STUDY

The study has been limited to the selected 16 public sector and 10 private sector banks only. Moreover the data collected for the study has been taken for the latest financial year for which audited financial statements are available i.e. 2016-17.

## ANALYSIS OF THE DATA COLLECTED

Synopsis of hypotheses tests for each of the selected 36 parameters for private and public sector banks, are appended below.

Earnings Per Share (ENPS)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	23.991	2.523
Standard Deviation	30.487	13.733
p Value – Levene’s Test	0.023	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.070	
H <sub>0</sub> for t Test	Accepted	

**Table 1**

Dividend Per Share (DVPS)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	4.055	0.933
Standard Deviation	4.382	1.635
p Value – Levene’s Test	0.001	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.055	
H <sub>0</sub> for t Test	Accepted	

**Table 2**

Dividend payout (DVPO)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	15.222	59.061
Standard Deviation	9.133	213.647
p Value – Levene’s Test	0.129	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.526	
H <sub>0</sub> for t Test	Accepted	

**Table 3**

Yield on Advances (YIAD)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	12.996	13.223
Standard Deviation	1.638	2.519
p Value – Levene’s Test	0.196	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.803	
H <sub>0</sub> for t Test	Accepted	

**Table 4**

Yield on Investments (YIIN)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	8.441	8.460
Standard Deviation	0.806	2.426
p Value – Levene’s Test	0.324	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.981	
H <sub>0</sub> for t Test	Accepted	

**Table 5**

Cost of Liabilities (CSTL)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	5.637	5.621
Standard Deviation	0.635	0.730
p Value – Levene’s Test	0.328	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.953	
H <sub>0</sub> for t Test	Accepted	

**Table 6**

Net Interest Margin (NTIM)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	3.168	2.308
Standard Deviation	0.684	0.462
p Value – Levene’s Test	0.185	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.001	
H <sub>0</sub> for t Test	<b>Rejected</b>	

**Table 7**

Interest Spread (INSP)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	7.358	7.602
Standard Deviation	1.088	2.359
p Value – Levene’s Test	0.096	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.763	
H <sub>0</sub> for t Test	Accepted	

**Table 8**

Return on Assets (RNOA)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.984	0.060
Standard Deviation	1.154	0.687
p Value – Levene’s Test	0.364	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.017	
H <sub>0</sub> for t Test	<b>Rejected</b>	

**Table 9**

Return on Equity (RNOE)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	8.415	1.360
Standard Deviation	13.595	14.677
p Value – Levene’s Test	0.658	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.232	
H <sub>0</sub> for t Test	Accepted	

**Table 10**

Cost Income Ratio (CSIR)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	50.448	50.587
Standard Deviation	8.325	7.711
p Value – Levene’s Test	0.482	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.966	
H <sub>0</sub> for t Test	Accepted	

**Table 11**

Operating Cost to Assets (OCTA)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	2.646	1.711
Standard Deviation	1.307	0.357
p Value – Levene’s Test	0.005	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.052	
H <sub>0</sub> for t Test	Accepted	

**Table 12**

Loan to Deposits (LNTD)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.312	0.070
Standard Deviation	0.348	0.048
p Value – Levene’s Test	0.022	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.056	
H <sub>0</sub> for t Test	Accepted	

**Table 13**

Cash to Deposits (CSTD)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.061	0.066
Standard Deviation	0.013	0.053
p Value – Levene’s Test	0.144	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.760	
H <sub>0</sub> for t Test	Accepted	

**Table 14**

Investments to Deposits (INTD)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.453	0.326
Standard Deviation	0.295	0.077
p Value – Levene’s Test	0.030	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.215	
H <sub>0</sub> for t Test	Accepted	

**Table 15**

Inc Loan to Deposits (INLD)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	31.252	7.071
Standard Deviation	34.811	4.793
p Value – Levene’s Test	0.022	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.056	
H <sub>0</sub> for t Test	Accepted	

**Table 16**

Credit to Deposits (CRTD)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	90.392	65.549
Standard Deviation	16.992	9.310
p Value – Levene’s Test	0.117	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.000	
H <sub>0</sub> for t Test	Rejected	

**Table 17**

Interest Expended to Interest Earned (IXIE)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	62.144	69.672
Standard Deviation	7.693	6.626
p Value – Levene’s Test	0.542	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.014	
H <sub>0</sub> for t Test	Rejected	

**Table 18**

Interest earned to Total Funds (IETF)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	7.729	7.210
Standard Deviation	0.597	0.636
p Value – Levene’s Test	0.526	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.056	
H <sub>0</sub> for t Test	Accepted	

**Table 19**

Interest Expended to Total Funds (IXTF)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	4.801	5.054
Standard Deviation	0.677	0.724
p Value – Levene’s Test	0.558	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.396	
H <sub>0</sub> for t Test	Accepted	

**Table 20**

Current Accounts Savings Accounts (CASA)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	35.632	39.609
Standard Deviation	14.383	18.260
p Value – Levene’s Test	0.939	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.573	
H <sub>0</sub> for t Test	Accepted	

**Table 21**

Price to earnings (PTEN)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	21.403	-37.395
Standard Deviation	11.542	163.034
p Value – Levene’s Test	0.118	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.270	
H <sub>0</sub> for t Test	Accepted	

**Table 22**

Price to Book Value (PTBV)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	2.572	0.844
Standard Deviation	1.551	0.409
p Value – Levene’s Test	0.000	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.006	
H <sub>0</sub> for t Test	Rejected	

**Table 23**

Dividend Yield (DIVY)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.555	1.295
Standard Deviation	0.448	2.785
p Value – Levene’s Test	0.053	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.417	
H <sub>0</sub> for t Test	Accepted	

**Table 24**

EV to Net Sales (EVNS)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	5.496	1.431
Standard Deviation	3.081	0.611
p Value – Levene’s Test	0.000	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.002	
H <sub>0</sub> for t Test	Rejected	

**Table 25**

EV to EBITDA (EBET)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	17.952	6.486
Standard Deviation	11.456	3.314
p Value – Levene’s Test	0.004	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.012	
H <sub>0</sub> for t Test	Rejected	

**Table 26**

EV to EBIT (EVEB)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	6.460	2.165
Standard Deviation	3.306	1.197
p Value – Levene’s Test	0.002	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.002	
H <sub>0</sub> for t Test	Rejected	

**Table 27**

EV to CE (EVCE)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.423	0.101
Standard Deviation	0.245	0.043
p Value – Levene’s Test	0.000	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.002	
H <sub>0</sub> for t Test	Rejected	

**Table 28**

Market capitalization to Sales (MCTS)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	3.498	0.597
Standard Deviation	2.325	0.335
p Value – Levene’s Test	0.000	
H <sub>0</sub> for Levene’s Test	Rejected	
p Value – t Test	0.003	
H <sub>0</sub> for t Test	Rejected	

**Table 29**

Cash Flow Per Share (CFPS)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	87.573	35.381
Standard Deviation	52.764	119.773
p Value – Levene’s Test	0.183	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.212	
H <sub>0</sub> for t Test	Accepted	

**Table 30**

Price to cash Flow (PTCF)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	7.313	-20.694
Standard Deviation	7.043	80.746
p Value – Levene’s Test	0.132	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.289	
H <sub>0</sub> for t Test	Accepted	

**Table 31**



Free Cash Flow Per Share (FCFS)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	62.855	-20.867
Standard Deviation	52.775	133.166
p Value – Levene’s Test	0.122	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.074	
H <sub>0</sub> for t Test	Accepted	

**Table 32**

Price to Free Cash Flow (PFCF)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	9.033	-0.026
Standard Deviation	10.671	11.496
p Value – Levene’s Test	0.788	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.063	
H <sub>0</sub> for t Test	Accepted	

**Table 33**

Free Cash Flow Yield (FCFY)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	0.284	0.014
Standard Deviation	0.532	1.093
p Value – Levene’s Test	0.187	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.479	
H <sub>0</sub> for t Test	Accepted	

**Table 34**

Post tax Profit Margin (PTPM)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	10.864	-1.814
Standard Deviation	13.915	8.903
p Value – Levene’s Test	0.539	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.012	
H <sub>0</sub> for t Test	Rejected	

**Table 35**

Assets to Equity (ATEQ)		
	Pvt Sector Banks	Pub Sector Banks
Mean value	11.071	20.756
Standard Deviation	3.953	2.956
p Value – Levene’s Test	0.453	
H <sub>0</sub> for Levene’s Test	Accepted	
p Value – t Test	0.000	
H <sub>0</sub> for t Test	Rejected	

**Table 36**

### FINDINGS OF THE STUDY

From the t-Test, null hypothesis (H<sub>0</sub>) has been rejected in 12 cases out of 36 cases indicating differences in mean scores of the variables concerned. This means, there exists a significant difference between the public sector banks and private sector banks in these aspects. The parameters for which the null hypothesis is rejected, i.e., alternate hypothesis is accepted, are listed below in the table, stating their corresponding p – values.

Parameters	Mean Value Private Sector Banks	Mean Value Public Sector	p Value
Net Interest Margin (NTIM)	<b>3.168</b>	2.308	0.001
Return on Assets (RNOA)	<b>0.984</b>	0.060	0.017
Credit to Deposit (CRTD)	<b>90.392</b>	65.549	0.000
Interest Expended to Interest Earned (IXIE)	<b>62.144</b>	69.672	0.014
Price to Book Value (PTBV)	<b>2.572</b>	0.844	0.006
EV to Net Sales (EVNS)	<b>5.496</b>	1.431	0.002
EV to EBITDA (EBET)	<b>17.952</b>	6.486	0.012
EV to EBIT (EVEB)	<b>6.460</b>	2.165	0.002
EV to CE (EVCE)	<b>0.423</b>	0.101	0.002
Market Capitalization to Sales (MCTS)	<b>3.498</b>	0.597	0.003
Post Tax Profit Margin (PTPM)	<b>10.864</b>	-1.814	0.012
Assets to Equity (ATEQ)	<b>11.071</b>	20.756	0.000

**Table 37**

So, out of 36 selected parameters this study has filtered out 12 of them in terms of statistical significance of difference in mean scores, which differentiates the performances of public and private sector banks.

From the above table it is evident that private sector banks are better in terms of performance in all of these 12 parameters.

## CONCLUSION

From the findings of the study, subject to the scope and limitations, it may be inferred that only 12 out of the 36 parameters chosen for the study, significant differences exist between the public and private sector banks in only 12 parameters. The private sector banks are better off in all these 12 parameters which include Enterprise Value of the banks, net interest margin, profitability, asset utilization and assets to equity ratios.

## RECOMMENDATIONS

This study has identified the areas where public sector banks are lagging compared to their counterparts in the private sector. Thus the public sector banks should align their banking operations to improve on these selected areas. There are of course inherent limitations on the public sector banks. However, the areas as revealed in this study need be prioritized to be stressed upon.

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www.iob.in as on 05.12.2017	www.federalbank.co.in as on 06.12.2017
www.pnbindia.in as on 05.12.2017	www.jkbank.com as on 06.12.2017
www.sbi.co.in as on 05.12.2017	www.yesbank.in as on 06.12.2017

## Appendix A

List of Banks selected for the study

Public Sector Banks	Private Sector Banks
1. Allahabad Bank	1. Axis Bank Ltd.
2. Andhra Bank	2. HDFC Bank Ltd.
3. Bank Of Baroda	3. ICICI Bank Ltd.
4. Bank Of India	4. IDFC Bank Ltd.
5. Bank Of Maharashtra	5. IndusInd Bank Ltd.
6. Canara Bank	6. Kotak Mahindra Bank Ltd.
7. Central Bank Of India	7. RBL Bank Ltd.
8. Corporation Bank	8. The Federal Bank Ltd.
9. IDBI Bank Ltd.	9. The Jammu & Kashmir Bank Ltd.
10. Indian Bank	10. Yes Bank Ltd.
11. Indian Overseas Bank	
12. Punjab National Bank	
13. State Bank Of India	
14. Syndicate Bank	
15. Union Bank Of India	
16. Vijaya Bank	

## Appendix B

Selected parameters of performance by banks considered for the analysis

1. Earnings per Share- (ENPS)	1. Interest Earned to Total Funds- (IETF)
2. Dividend per Share- (DVPS)	2. Interest Expended to Total Funds- (IXTF)
3. Dividend payout- (DVPO)	3. Current Accounts Savings Accounts- (CASA)
4. Yield on Advances- (YIAD)	4. Price to Earnings- (PTEN)
5. Yield on Investments- (YIIN)	5. Price to Book Value- (PTBV)
6. Cost of Liabilities- (CSTL)	6. Dividend Yield- (DIVY)
7. Net Interest Margin- (NTIM)	7. EV to Net Sales- (EVNS)
8. Interest Spread- (INSP)	8. EV to EBITDA- (EBET)
9. Return on Assets- (RNOA)	9. EV to EBIT- (EVEB)
10. Return on Equity- (RNOE)	10. EV to CE- (EVCE)
11. Cost Income Ratio- (CSIR)	11. Market Capitalization to Sales- (MCTS)
12. Operating Costs to Assets- (OCTA)	12. Cash Flow per Share- (CFPS)
13. Loan to Deposits- (LNTD)	13. Price to Cash Flow- (PTCF)
14. Cash to Deposits- (CSTD)	14. Free Cash Flow per Share- (FCFS)
15. Investment to Deposits- (INTD)	15. Price to Free Cash Flow- (PFCF)
16. Inc Loan to Deposits- (INLD)	16. Free Cash Flow Yield- (FCFY)
17. Credit to Deposits- (CRTD)	Post tax Profit Margin- (PTPM)
18. Interest Expended to Interest Earned- (IXIE)	Assets to Equity- (ATEQ)

# Impact of E Word of Mouth Publicity on Destination Selection -A study of Gwalior

Dr. Ashoke Kumar Sarkar\* & Unnati Gupta\*\*

## ABSTRACT

*The study relates with the detailed description of the most modern form of promoting e word of mouth. Word of mouth is one of the oldest and vital medium of information dissemination between people. eWOM is said to be a type of buzz marketing and it if its required to become viral, it should contain persuasive or funny message. eWOM is perceived more credible than information provided by professionals. The reliability of an information source often relates positively to information credibility. Consumer is more credible than that presented by seller. When seller provides information about product they tend to hide the product weakness and develop its strength. However consumer provides honest assessment of product strength and weakness and this from the consumer perspective. Therefore consumer online review are more likely to be reliable than information generated by the seller. Hence in this work, we have tried to test whether e word of mouth has any impact on how people chose a destination to travel to.*

**Key words :** *E-word of mouth, Destination selection, word of mouth communication*

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## INTRODUCTION

### Conceptual Framework

#### Word of mouth

Word of mouth is one of the oldest and vital medium of information dissemination between people. According to oxford English dictionary, WOM was first mentioned in 1533. The Oxford dictionary define this term as oral communication, oral publicity and other method of publication (Ismagilova, Dwivedi, Slade, & Williams, 2017). Word of mouth (WOM) is the communication between consumers about a specific product, service, or a company in which the sources are considered independent of commercial influence (Zerrad & Debabi, 2015). Arndt 1967 was one of the earliest researchers into the influence of WOM on consumer behaviour. He characterized WOM as oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial regarding a brand, product or service.

WOM is a positive and negative statement shared by consumer as per their experience. It is a way of communication between person to person through mouth. They talk about everything about their experience related to anything. Word of mouth play crucial role in marketing of any product. Word of mouth is medium to share news from person to person. It is interpersonal communication about company brand,

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product or services. Satisfied and unsatisfied consumer share information through mouth to their relatives, colleague and well wisher.

People search out information through word of mouth to minimize risk related to the product. It is unpaid form of promotion in which satisfied customer tell other people how much they like a product or services. WOM is the spoken communication as a means of transmitting information. It is the most powerful and effective form of communication because it reduce perceived risk.

### **eWord of Mouth**

**eWOM is said to be a type of buzz marketing and it if its required to become viral, it should contain persuasive or funny message.** In eWOM we focus on person-to-person contacts that happen on the internet(Kremers). eWOM is a particular form of communication that has emerged with development of internet and specially with the advent and evolution of social media as well as user generated content. The great no of definition suggested by researchers. Indeed, to refer to eWOM researcher often used the following term word of mouse, consumer review, online references, word of modem, online word of mouth(Rathore & Panwar, 2015). Electronic word of mouth is a form of communication which is done through Internet. It involves comment on product, service or place which is given by current and past customer on internet. It may be positive or negative. In eWOM communication sender may be known or unknown person and message spreads all over the word. It provide a platform based on technology to share information independently and it covers large area.

Traditional word of mouth is spread between individuals, after a period of time is forgotten and becomes invisible ,where as using eWOM stays on internet for very long time and could be seen by all people concerning with the information about product or services.

eWOM has significant reach among the people and it is publically available. It is tool for getting information about product or services.

### **eWOM is very important to consumer in terms of following reasons**

- **eWOM-generated information is more credible**

eWOM is perceived more credible than information provided by professionals. The reliability of an information source often relates positively to information credibility. Consumer is more credible than that presented by seller. When seller provide information about product they tend to hide the product weakness and develop its strength. However consumer provide honest assessment of product strength and weakness and this from the consumer perspective. Therefore consumer online review are more likely to be reliable than information generated by the seller.

- **eWOM generated information is consumer oriented**

Consumer-generated information is more likely to be consumer-oriented than seller generated information. Seller generated information is product oriented and is often objective. This type of information focuses on product attribute that are generally aimed to several unspecified customer. Consumer provided information on other hand describes the usage and benefits of product from consumer perspective. It is more

understandable and familiar because it reflects personal feeling or consumer satisfaction about the used product.

- **eWOM-generated information has no standardized form**

Information generated by the seller is represented in standardized and structured format, yet information generated by consumer is not. This qualifies as subjective information, consisting largely of emotional output or it may be as well as objective information the same as information created by seller. It may consist of a few words or larger number of words.

eWOM communication has the capability to influence different elements of the consumer behavior such as purchase decision, their purchase intention, their potential repurchase intentions and the development of future approach.(Rathore & Panwar, 2015)

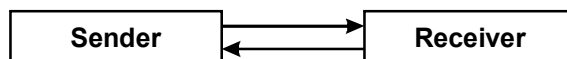
Word of Mouth to E word of mouth

WOM and eWOM both is the platform to share thought about product or services having some differences as WOM is oral communication while eWOM is mouse communication via internet. In WOM sender of message is known while in eWOM sender is usually unknown.

eWOM is face to face transmission of message between transmitter and receiver. These two parties may be buddy, colleague, or well wisher. It is free from outside control that's why it more acceptable and trust worthy.

Due to improvement in electronic component consumer are able to share information with the help of internet. eWOM can be favourable or unfavourable about product or company which is given by the consumer using various electronic channel like social media, review website or blogs. WOM and eWOM both entitled consumer to share past or present experience.

**WOM**



**eWOM**



**Figure 1**

**DESTINATION CHOICE**

Destination is the intended end point of a journey or other travel or a Tourist destination. The destination of someone or something is the place to which they are going or being sent. Destination choice mean to choose destination for travelling. Choosing destination is based up on different factor of destination. Like heritage monument, personal security, cuisine, service accommodation etc.

The degree of consumer loyalty to a destination is reflected in their intention to revisit the destination and their willingness to recommend it. Destination contains a number

of key elements that attract visitors and meet their need upon arrivals. Destinations are composed of many-part: attraction, facilities, infrastructure, transportation and hospitality. Successful destination which achievement in attracting tourists will rely on upon the quality of those crucial advantages that they offer them: attractions, amenities and accessibility.

The process of tourist decision-making when selecting a destination is influenced by different changeable factors depending on the influence of tourist need and habits as well as of the influence of external factors. Internal factors influencing decision making include desire for escape, rest, relaxation, prestige, health and fitness, adventure, and social interaction while external factor based on attractiveness of the destination, including tangible resources, and tourist perception and expectation state, consumer purchasing process remain highly influenced by social, cultural, personal, and psychological factors. (Seyidov & Adomaitiene, 2016)

## LITERATURE REVIEW

(Zarrad & Debabi, Analyzing the Effect of Electronic Word of Mouth on Tourists' attitude, 2015) explored the interrelationship between eword of mouth publicity and tourist attitude towards a specific destination and actual intention to travel. The study conducted a structural equation model (SEM) to test the relationship between the variables and found that eWOM has acceptable influence on tourist attitude and intention to revisit a destination.

(Albarq, 2014) explored the empirical and theoretical evidence regarding the causal eWOM relationship between tourists attitude regarding specific destination and actual intention to travel. SEM technique was used to examine the relationship. The study indicates that e-WOM communications positively impact tourists' travel intentions and their attitudes toward Jordan as a destination, while a positive effect is found for the attitudes toward Jordan visit on their intention to travel.

(Fakharyan, Jalilvand, Elyasi, & Mohammadi, 2012) explored the interrelationships among electronic word of mouth, tourists attitude toward Islamic destinations and travel intention. A structural equation model test with maximum likelihood estimation was performed to test the relationship among variable and found that that online word of mouth has a significant impact on tourists' attitude towards Islamic destinations and also travel intention tourist attitude toward Islamic destination are significantly associated with intention to travel.

(Manuela & Silica, 2014) explored the determinants of E word of Mouth influence and found quadratic relationship between consumers Internet experience and e-WOM influence and found high correlations between attitude towards the product and the number of positive messages. Impact of e-WOM on decision-making is affected by volume of obtained information.

(Rodríguez & Torres, 2016) tried to explore the image of travel destinations after the visit by analyzing sentiment orientation of the online reviews and how eWOM affect the perceived helpfulness of shared opinions measured through the helpfulness score. They found that online review user are reluctant to share very good and very bad opinion to any travel subcategory of tourist destination and eWOM perceived helpfulness grow with expertise of reviewer.



(Ishida, Slevitch, & Siamionava, 2016) assessed the effects of and differences between traditional WOM and electronic WOM, between personal WOM and commercial WOM and between positive and negative WOM on a destination image. The result suggested that traditional WOM had a greater influence on destination image compared to electronic WOM. Personal and traditional WOM had a greater influence on destination image compared to electronic personal WOM and commercial WOM. However, negative WOM exerted less influence on the destination's image compared to positive WOM while negative electronic WOM had a greater influence on destination image compared to negative traditional word of mouth.

(Fatima, Jan 2014) tried to study the attention of consumer word of mouth to power their online purchasing activity and to analyze the people influenced by word of mouth and found that impact of word of mouth on marketing arise due to social media where people see comment of people who did shopping from such place.

(Jalilvand & Manzari, 2012) explored the interrelationships among eWOM, destination image tourist attitude and travel intention in the tourism industry and study also explored the effect of sociodemographic characteristics on the research variable. A SEM test was applied to test relationship and possible influence of sociodemographic characteristics on research variable was analyzed by using ANNOVA. The result revealed that eWOM positively influence destination image, tourist attitude and travel intention, destination image and tourist attitude have significant relationship with intention to travel, destination image positively affects the tourist attitude and the socio-demographic characteristics influence using eWOM, destination image, tourist attitude and travel intention. On the whole travel intention directly and indirectly affected by eWOM, destination image and tourist attitude.

(Reza J. M., Ali, Javad, & Parisa, 2016) investigated how electronic word of mouth, attitude and city image affect tourists intention to visit a tourism city and the result suggested that eWOM has positive and significant influence on tourist attitude and overall city image and eWOM , attitude toward city and overall city image were significant that determinants of visit intention.

(Dina, Ivana, & Vlatka, 2016) explored their role and importance of eWOM in travel decision making process found that the effects of eWOM are the only real indicator of the value of product and services, taking into account their independence and objectivity, and fact that they are not paid or purchased, fabricated or falsified.

(Androniki & Aikaterini, 2015) examined in visitor perception and relevant importance of social media when choosing a Mediterranean destination and also explored the extent in which they believe it is important for them to belong to an online community with shared characteristics among its member and found that the respondent when using the internet for gathering information about a tourism Mediterranean destination, consider different online channel. Facebook is among the most important sources of information for them associated with tourism destination, official blog are first source and photo sharing sites are second most proffered source.

(Reza & Ali, comparing face to face and electronic word of mouth in destination image formation: the case of Iran, 2017) explored which type of word of mouth communication, face to face vs electronic has the stronger influence on destination image and attitude and found that electronic word of mouth has more powerful effect on destination image, attitude and travel intention rather than face to face WOM.

(Setiawan, Jan 2014) explored the causal relationship among eWOM, destination image, satisfaction and loyalty and found that eWOM has significant direct effect on destination image and indirect effect on satisfaction and loyalty while indirect effect on satisfaction and loyalty are completely mediated by destination image.

(Reza & Neda, The impact of eWOM on tourism destination choice, 2012) investigated the impact of eWOM on tourism destination choice using theory of planned behavior and the effect of past travel experience on using eWOM and TPB conduct and found that eWOM among tourists has a significant, positive and direct impact on attitude toward visiting Isfahan, subjective norm and perceived behavior control and intention to travel and also found that travel experience has a significant impact on using eWOM and TPB conduct.

(Arciana, Adi, & Aulian, 2017) explored the effect of eWOM toward tourists' interest (future behavioral intention) by analyzing the dominant factors which defined eWOM in the scope of social networking sites. Partial least square technique was used for analysis and found that there were dominant factors which defined eWOM that yield a weak effect towards future behavioral intention and eWOM values as a source of information search for planning an excursion trip were very important but yielded a weak effect towards future behavioral intention.

(Abubakar, 2016) investigated the influence of eWOM on destination trust and travel intention and also diagnosed gender differences and found that eWOM is positively related to travel intention and destination trust; destination trust is positively related to travel intention. Additionally, results revealed that the impact of eWOM on destination trust was significant for both genders but stronger for men, while the destination trust on travel intention was stronger for women.

(D & Cina, 2013) found that Twitter affecting tourists' decision making and this social medium is not a panacea; it is another marketing channel to be wisely used in integrated communications marketing of tourism services.

(Wang, 2014) explored the influence of electronic word of mouth on outbound tourists' intention to visit a destination through a dual process perspective. The results revealed that outbound tourists' intention to visit a destination is influenced by argument quality, attitude toward destination and WOM intention and tourist attitude toward a destination is positively influenced by argument quality of eWOM, and intention to recommend the destination before travel is positively influenced by attitude towards destination and source credibility of destination related eWOM.

(Yulin, 2015) explored the relationship between eWOM and Chinese tourists decision-making influence factor to visit Thailand and how eWOM affects tourist behavioral intention toward visiting Thailand by affecting their attitude and by using theory of planned behavior it was found that eWOM significantly affects Chinese tourist behavioral intention toward visiting Thailand by affecting their attitude.

(Chauhan, Kaur, & Yajula) explored the customers propensity for WOM and eWOM in Indian settings and found that the domestic tourist have high prosperity for both WOM and eWOM albeit with limited impact of socio-demographic variables.

(Seyidov & Adomaitiene, 2016) explored factor influencing the behavior and decision-making of local tourists in choosing Azerbaijan as a destination and the analysis of social, cultural, personal and psychological factor influencing the decision-making of local Azerbaijani tourists to travel to various types of tourism destination with different attributes like attractions, available amenities, accessibility, image, price and human resource is done and found that the age, monthly income and marital status of local Azerbaijani travelers affect their travel behavior especially in their duration trip. Destination amenities, tourism infrastructure, environmental feature, human resources and price are the important attributes for local tourist in choosing destination. Survey results are analyzed by descriptive statistics, non-parametric tests and factor analysis.

(Jang & Cai, 2009) uncover the underlying push and pull factors of motivation associated with British outbound pleasure travelers as well as to identify key motivational factor that have significant effect on destination choice. Six push factors and five pull factors are found. Knowledge seeking and cleanliness and safety were perceived as the most important push and pull factors respectively. The results of logistic regression analyses showed that the British tend to visit the US for fun and excitement and outdoor activities, Oceania for family and friend togetherness and Asia to seek a novel experience. The finding of differential motivational factors across seven destinations can capitalize on its strength with an optimal combination of push and pull factor to attract and retain British travelers.

## **RATIONALE**

Various studies have been conducted in context of impact of eWOM and destination selection. Now people are paying attention to eWOM and its factor, hence tourist destination choice are influenced by it. The eWOM has become a medium to communicate the information about the product.

The study is useful for the online advertising agencies. Since the study tries to find out the impact of e word of mouth publicity on the factors of choosing a destination, the study may be helpful for the agencies and business organizations which are directly or indirectly related with the tourism industry. As the area of study limits to Madhya Pradesh, the tourism department may utilize the results for improving the destination. The lacking point which may or may not be in publicizing a destination through e word of mouth, may be controlled.

## **OBJECTIVE**

- To determine the consistency of the item in the questionnaire
- Identify the factors of e word of mouth publicity and destination selection
- To identify relationship between e word of mouth & destination selection

## RESEARCH METHODOLOGY

1. The study: The study will be causal in nature with survey method
2. Sampling design
  - Population : Population includes Hotel guest of Gwalior
  - Sampling Element : Individual guest will be used as a sampling element
  - Sampling Techniques: Non probability sampling technique was used to select the sample.
  - Sample Size : 250 Respondents
3. Tools used for data collection

Redesign Standardized Questionnaire will be used for evaluation of e- word of mouth and destination selection. The data will be collected on likert scale type skill where 1 indicates for minimum agreement and 5 indicate for maximum agreement.

4. Tools used for data analysis
  - Reliability test will be applied to evaluate the reliability of items of questionnaire
  - Factor analysis test will be applied to identify the underlying factors of eWOM on destination selection
  - Linear regression test will be applied to find relationship between e- word of mouth and destination selection

## RESULT AND DISCUSSION

### Reliability Measure

The entire it in the questionnaire were checked by the help of of reliability analysis in which we use alpha by using SPSS software and the reliability test measure alpha given: Alpha for electronic word of mouth publicity : .616

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.616	0.636	6

**Table 1**

Alpha for destination selection : .773

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.773	.773	10

**Table 2**

### Reliability statistics for electronic word of mouth publicity

It is considered that reliability value is good when it is more than 0.7 and it can be seen here that the reliability value is much higher than the standard value. So, all the items in the questionnaire are highly reliable.

**Factor Analysis**

**KMO Bartlett's Test**

The KMO Bartlett's test of sphericity indicates the suitability of data for factor analysis. The KMO measures the sampling adequacy should be greater than 0.7 for a satisfactory factor analysis to be conducted.

**KMO and Bartlett's Test of eWOM**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.711
Bartlett's Test of Sphericity	Approx. Chi-Square	171.024
	Df	15
	Sig.	0.000

**Table 3**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.834
Bartlett's Test of Sphericity	Approx. Chi-Square	432.147
	Df	45
	Sig.	0.000

**Table 4**

By Looking at the tables above, the KMO measure is 0.711 and .834. From the same tables, we can see that the Bartlett's test of sphericity is significant and df value is 105 at level of sig. .000 Hence data is adequate enough for carrying factor analysis.

<b>Total Variance Explained</b>							
Component		Initial Eigenvalues			Extraction Sums of Squared Loadings		
		Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
dimension	1	3.311	33.115	33.115	3.311	33.115	33.115
	2	1.101	11.014	44.128	1.101	11.014	44.128
	3	.941	9.413	53.541			
	4	.873	8.734	62.275			
	5	.807	8.071	70.346			
	6	.702	7.022	77.368			
	7	.616	6.163	83.531			
	8	.593	5.926	89.457			
	9	.573	5.725	95.183			
	10	.482	4.817	100.000			
action Method : Principal Component Analysis.							

**Table 5**

Rotated Component Matrix <sup>a</sup>		
	Component	
	1	2
VAR00012	0.708	
VAR00013	0.694	
VAR00009	0.688	
VAR00011	0.613	
VAR00008	0.522	
VAR00010		0.719
VAR00016		0.676
VAR00007		0.591
VAR00014		0.574
VAR00015		
Extraction Method : Principal Component Analysis.		
Rotation Method : Varimax with Kaiser Normalization. Rotation converged in 3 iterations		

**Table 6**  
**Factor of electronic word of mouth**

Factor No.	Factor Name	Eigen		Items	Loading
		Total	% of Variances		
1.	Feeling confident	1.841	30.687	6. To make sure I choose the right destination, I often read other tourists' online travel reviews.	0.782
				2. When I travel to a destination, tourists 'online travel reviews make me confident in travelling to the destination.	0.711
				3. I frequently gather information from tourists' online travel reviews before I travel to a certain destination	0.668
2.	Being stress less	1.411	23.524	5. If I don't read tourists' online travel reviews when i travel to a destination, I worry about my decision.	0.806
				1. I often consult other tourists 'online travel reviews to help choose an attractive destination	0.75

**Table 7**

### Factor of Destination Selection

Factor No.	Factor Name	Eigen		Items	Loading
		Total	% of Variances		
1.	Naural environment and quality of service	2.386	23.865	12. I choose a destination when I think this tourist destination respects the natural environment.	0.708
				13. I choose a destination when I think I like this destination because there is quality of service in accommodations.	0.694
				9. I choose a destination when I think this tourist destination has a unique image.	0.668
				11. I choose a destination when I think the staff at this tourist destination always put guest first.	0.613
				8. I choose a destination when I think the staff at this tourist destination is friendly towards the guests	0.522
2.	Popularity and fun for family	2.026	20.264	10. I choose a destination when I think this tourist destination is popular.	0.719
				16. I choose this city because of listening to the praises about tourist spots.	0.676
				7. I choose a destination when I think most people have a positive opinion about this tourist destination.	0.591
				14. I choose this city there is possibility of recreation activities for the entire family	0.574

**Table 8**

#### Description

The factor analysis was applied to the electronic word of mouth and two factors emerged from it. The description of that factor is given below.

**Feeling confident** : This factor emerged as the first important determinant of the research with Eigen Value 1.841 and percentage of variance was 30.687. It consists of 3 statements. Here the result indicated that surity on choosing the right destination have highest loading value .782 and frequently gathering information from tourist online travel have lowest loading value .668.

**Being stress less** : This factor emerged as the first important determinant of the research with Eigen Value 1.411 and percentage of variance was 23.524. It consists of 3 statements. Here the result indicates that before reading travel online review feeling worry about destination have the highest loading value .806 and consult other tourist online travel review before choosing attracting destination have lowest loading value .750.

The factor analysis was applied to destination selection and two factors emerged from it. The description of that factor is given below.

**Natural environment and quality of service :** This factor emerged as the first important determinant of the research with Eigen Value 2.386 and percentage of variance was 23.865. It consists of 5 statements. Here the result indicated that natural environment of destination have highest loading value .708 and friendliness of staff of tourist destination have lowest loading value .522.

**Popularity and fun for family:** This factor emerged as the first important determinant of the research with Eigen Value 2.026 and percentage of variance was 20.264. It consists of 4 statements. Here the result indicated that popularity of destination have highest loading value .719 and possibility of recreation activities for family have lowest loading value .574.

### Regression Analysis

Linear regression is calculated by taking the total of electronic word of mouth, destination selection where electronic word of mouth publicity taken as independent variable and destination selection is taken as the dependent variable.

### Results of Linear Regression

In the model summary in which we have two variables one is electronic word of mouth publicity which is independent variable and second is destination selection which is dependent variable. The linear regression using electronic word of mouth takes as independent variable and destination selection as dependent variable was applied and the R value was found to be

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Durbin-Watson
1	.443 <sup>a</sup>	0.197	0.193	5.29266	2.049
a. Predictors: (Constant), independent					
b. Dependent Variable: dependent					

**Table 9**

From the above model summary table, it is observed that the value of R is .443 and value of R Square is .197, which indicates that 19.7% of variance in dependent variable.

The linear regression was applied between eWOM (independent variable), destination selection (Dependable variable) electronic word of mouth has positive cause and effect relationship with the dependent variable. However, the relationship is significant as indicated by Beta value of .443 which is significant at 0% and "t" value is 7.792.



Therefore there is a positive effect of independent variable (electronic word of mouth publicity) on dependent variable (destination selection). And regression equation for the same is given below  $Y = 23.910 + 0.684 (\text{image}) + 2$ .

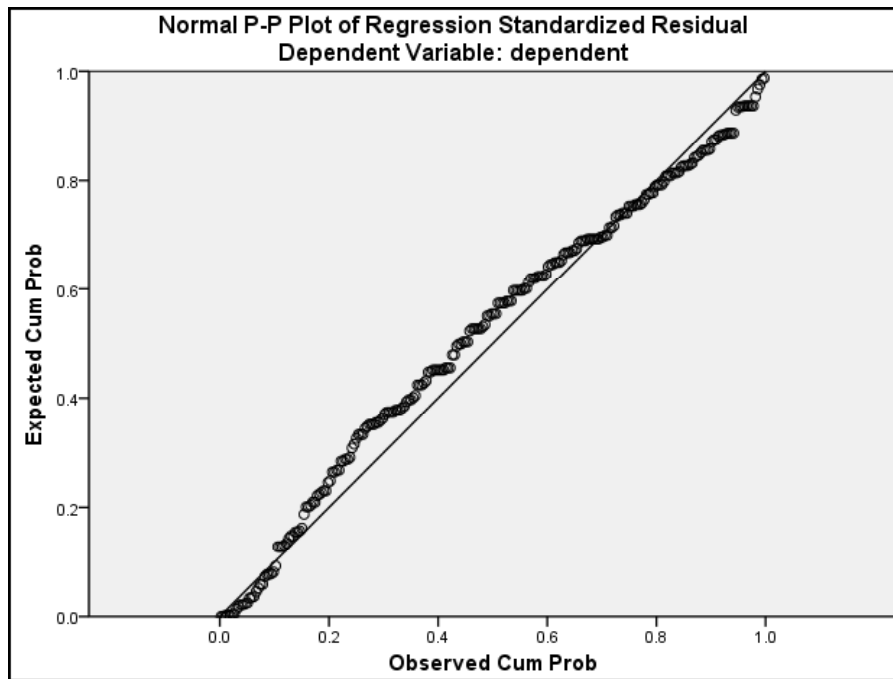


Figure 2

ANOVA<sup>b</sup>

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1700.767	1	1700.767	60.715	.000 <sup>a</sup>
	Residual	6947.029	248	28.012		
	Total	8647.796	249			

a. Predictors: (Constant), independent

b. Dependent Variable: dependent

The model predictability is stated by F value. The F statistics is the mean square divided by the residual mean square. Here, the value of F is 60.715 and the p = .000, which is less than 0.05 (i.e., the regression model is a good fit of the data) indicating a high predictability of model.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.9	2.015		11.864	0
	independent	0.68	0.088	0.443	7.792	0

a. Dependent Variable: dependent

Table 10

## **SUGGESTIONS**

- In this study, Gwalior region is taken as population but population can be increased.
- The analysis is based on only two fifty respondents, as soon as we increase the respondent, result may vary.
- The research on e word of mouth and destination selection as correlates of customer loyalty can also be conducted in other sectors.

## **IMPLICATIONS**

- This is intended to be useful contribution to understand the importance of electronic word of mouth and destination selection.
- It is also intended to be useful contribution for further researchers because it provides a link between theory and practice.
- This study will also be useful to conduct research for knowing the correlation of electronic word of mouth and hence they will be able to solve several predestination selection problems related to customer.
- It is also contributes to the service industries in helping them by knowing about the effect of electronic word of mouth and destination selection.

## **LIMITATIONS**

- **Small sample size.**  
There are only 250 respondents, so it is a limitation of this study.
- **Demographic**  
The data collected was not segregated on the basis of demographic characteristics of the respondents. Thus it could be said that the data was highly biased as no proper segregation was present.
- **Geographical limitation**  
The research was conducted in Gwalior region only. So, the data is compromised.

## **CONCLUSION**

The study examined the effect of electronic word of mouth publicity and destination selection in Gwalior region. The questionnaire were filled by tourist visited in Gwalior and by applied test like item to total correlation validity reliability factor analysis and regression it has been concludes that electronic word of mouth publicity play a role in destination choice.

The study reflects correlation between service electronic word of mouth publicity as independent variable and destination selection as dependent variable.

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# Impact of Entry of Low Cost Carriers on the Aircraft Operations of Indian Scheduled Carriers

Abhik Kumar Mukherjee\*

## ABSTRACT

*Indian aviation sector was deregulated in 1994-95 by the repeal of the Air Corporations Act of 1953. This ended the regulated era of the Indian airline industry and allowed entry of private players in the domestic civil aviation sector. After almost a decade of deregulation, a new upsurge appeared over the Indian skies in the year 2003 when India's first low cost carrier 'Air Deccan' was launched. Within the next three years six more airline companies were launched in India, all of which happened to be low cost carriers. The emergence and spread of these low cost carriers alongside the full-service carriers changed the dynamics of Indian domestic aviation industry. This study focuses on the impact of entry of these low cost carriers on the aircraft operations of the scheduled domestic airline sector. In this study, three broad variables representing the operations of aircraft, namely aircraft departures, aircraft hours flown and aircraft distance flown have been studied using descriptive statistics. Moreover, these operating variables have been compared between the pre-LCC and the post-LCC entry periods. For the purpose, non-parametric Mann-Whitney U Test has been performed to test the hypothesis. The results of the study show that there has been significant increase in all the variables in the post-LCC period as compared to the pre-LCC period.*

**Key Words :** *Indian Aviation Sector, Low Cost Carriers, Aircraft Operations.*

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## INTRODUCTION

The Indian aviation sector was deregulated in 1994-95 by the repeal of the Air Corporations Act of 1953. This ended the regulated era of the airline industry in India and allowed entry of private players in the domestic civil aviation sector. All the privately-owned airline companies that started providing scheduled airline operations in India immediately after the deregulation of the sector can be recognised as Full Service Carriers i.e. carriers that provided all possible services and frills to its passengers. However, on the other part of the globe, in the US to be specific, a new breed of airline originated in the late 1960s and aimed at providing basic air transportation service ignoring all the 'frills' associated with air travel. This breed of airline started spreading its wings successfully all over the globe. This comparatively newer breed of airline carriers, called the Low Cost Carriers, happened to be a new business model of airliner and it made entry in the Indian civil aviation scenario after a decade of its deregulation.

A new upsurge appeared over the Indian skies in the year 2003 when India's first low cost carrier 'Air Deccan' was launched. Its founder was Capt. G. R. Gopinath, a

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retired Indian Army captain who had gained experience in the aviation industry. It was India's first budget carrier which launched its operations on August 25, 2003. The airline started providing scheduled operations from October, 2003. The airline followed the traditional low cost carrier model.

It was the entry of Air Deccan in the Indian air space which resulted in the landing of a new breed of airliners in India. This low cost carrier business model happened to be a new airline business model in India whose primary focus is on providing timely and efficient transportation service, while doing away with the in-flight frills. This model had its origin in the US and had successfully operated since its inception in 1970s<sup>1</sup>. This airline model primarily aims at cost reduction, without any compromise in the basic service provision. Thus, with the launch of Air Deccan in 2003, the journey of low cost carriers in Indian air space began. Within the next three years six airline companies were launched in India, all of which happened to follow the 'low cost carrier' model. During the period 2006 to 2009 some other low cost players namely, SpiceJet, GoAir, Indigo Airlines, Air India Express etc. also started providing scheduled airline services over the Indian skies (Refer to Table 1). This resulted in more number of low cost carriers operating on Indian sky than full-service carriers. The emergence and spread of this low cost carrier business model alongside the full-service carriers changed the dynamics of the Indian domestic air transport industry.

## **LITERATURE REVIEW**

Most of the studies relating to various aspects of civil aviation have been performed with reference to the US and the European operators and markets. There exists scarcity of academic literatures on Indian civil airline sector. Some of the studies relevant for this article have been highlighted hereunder:

The article 'Impact of Low Cost Carrier in a Mature Market like the US' by Harumi Ito and Darin Lee (2005) outlines the evolution and growth of LCCs in a well established market like the US. It discusses the market characteristics which have influenced the non-stop entry of LCC and also the future exposure of LCCs.

In the article titled 'Low Cost Business Model', the author G. Saradhi Kumar (2005) provided an insight into the new airline business model – low cost carriers. He identified how this business model differed from the traditional airlines and how the cost savings are achieved on a consistent basis.

In the article titled 'Low-Cost Carriers: Growth, and the Success of their Business Model' (2006), the author R. Bharat primarily focussed on the growth and success of the low cost carrier model and the emergence of low cost carriers in India. It also discussed the network carriers' response to the LCC threats and the future of these two airline business models.

In the book 'Deregulation and Competition – Lessons from the Airline Industry' the authors Jagdish N Seth, Fred C Allvine, Can Uslay and Ashutosh Dixit (2007) chronicled the evolution of the airline industry and the impact of deregulation to this sector with special focus on the US airline sector. The authors also endeavored in a comparative performance evaluation of some leading airline companies in the US.

In the article titled 'Impact of Deregulation on the financial parameters of Indian Airlines – An Analytical Study' by A. K. Mukherjee (2016), the author studied the impact of deregulation of the Indian airline industry on the financial parameters of the Indian Airlines – the publicly owned domestic carrier.

#### **OBJECTIVES OF THE STUDY:**

The broad objective of the study is to analyse whether there exists any difference in the aircraft operations of the scheduled carriers of Indian airline sector over the pre-LCC entry period and post-LCC entry period. Specifically, the objectives can be set as:

- To check the trend of aircraft operations viz. aircraft departures, aircraft hours flown, and aircraft distance flown by scheduled airline operators during the period of the study;
- To check whether there exist any significant difference in aircraft departures, aircraft hours flown and aircraft distance flown by scheduled airline operators during the pre-LCC and post-LCC periods of the study;

#### **HYPOTHESIS DEVELOPMENT**

In conformity with the above objectives, the following testable hypothesis have been formulated:

##### **Hypothesis 1:**

*Null Hypothesis* ( $H_0$ ) : There is no significant difference between the mean values of aircraft departures before and after LCC entry; set against the

*Alternative Hypothesis* ( $H_1$ ) : There is significant difference between the mean values of aircraft departures before and after LCC entry.

##### **HYPOTHESIS 2 :**

*Null Hypothesis* ( $H_0$ ) : There is no significant difference between the mean values of aircraft hours flown before and after LCC entry; set against the

*Alternative Hypothesis* ( $H_1$ ) : There is significant difference between the mean values of aircraft hours flown before and after LCC entry.

##### **HYPOTHESIS 3:**

*Null Hypothesis* ( $H_0$ ) : There is no significant difference between the mean values of aircraft distance flown before and after LCC entry; set against the

*Alternative Hypothesis* ( $H_1$ ) : There is significant difference between the mean values of aircraft distance flown before and after LCC entry.

#### **METHODOLOGY OF THE STUDY:**

- **Nature of the Study** : This study is exploratory and analytical in nature.
- **Nature & Source of Data** : It is an analytical study that is completely based on secondary data. The data have been collected from the published records of the Directorate General of Civil Aviation (DGCA), Ministry of Civil Aviation, Government of India.

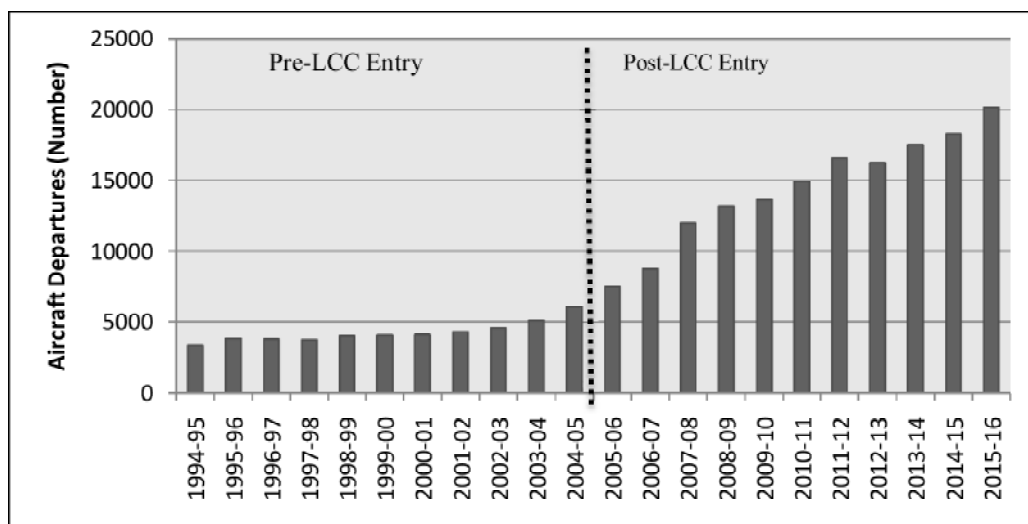
- **Period of the Study:** The time period of the study is twenty-two years, and this includes eleven years pre-LCC period (1994-95 to 2004-05) and eleven years post-deregulation period (2005-06 to 2015-16).
- **Participants:** Six scheduled airline carriers have been selected for the purpose of this study namely, Indian Airlines, Jet Airways, SpiceJet, GoAir, Air India Express and Indigo Airlines.
- **Tools for Analysis:** The analysis of the data has been performed by calculating the relevant descriptive statistic measures (viz. Mean, Standard Deviation and Co-efficient of Variation) and thereafter testing the hypothesis by non-parametric Mann-Whitney U Test at 5% level of significance.

#### DATA ANALYSIS :

The aircraft operations of the scheduled carriers have been represented by three broad variables namely, aircraft hours flown, aircraft distance flown and tonne-kilometres performed. These variables have been firstly presented graphically and thereafter analysed by comparing their descriptive statistics.

#### A] Analysis of Aircraft Departures

This variable refers to the number of revenue flight departures made by the selected scheduled carriers. During the pre-LCC entry period of the study, the total number of flight departures was 2,212,089 while during the post-LCC entry era, the number of aircraft departures increased to 6,746,289 departures. From Figure 1, the increase in aircraft departures in Indian scheduled airline sector during the post-LCC entry period can be observed.



**Source :** Developed by Author from DGCA Annual Statistics Reports  
Figure 1 : Aircraft Departures over Pre-LCC entry and Post-LCC entry periods



From Table 1, it is confirmed that the mean aircraft departures during the post-LCC entry period is sufficiently higher than that of the pre-LCC entry period. Moreover, it is observed that both absolute variability and also the relative variability of operating revenue are higher during the post-LCC entry period.

Statistic	Pre-LCC entry	Post-LCC entry
Mean	201,099	613,298.985
Standard Deviation	49,622.4297	129,472.891
Coefficient of Variation	0.24675622	0.21110893

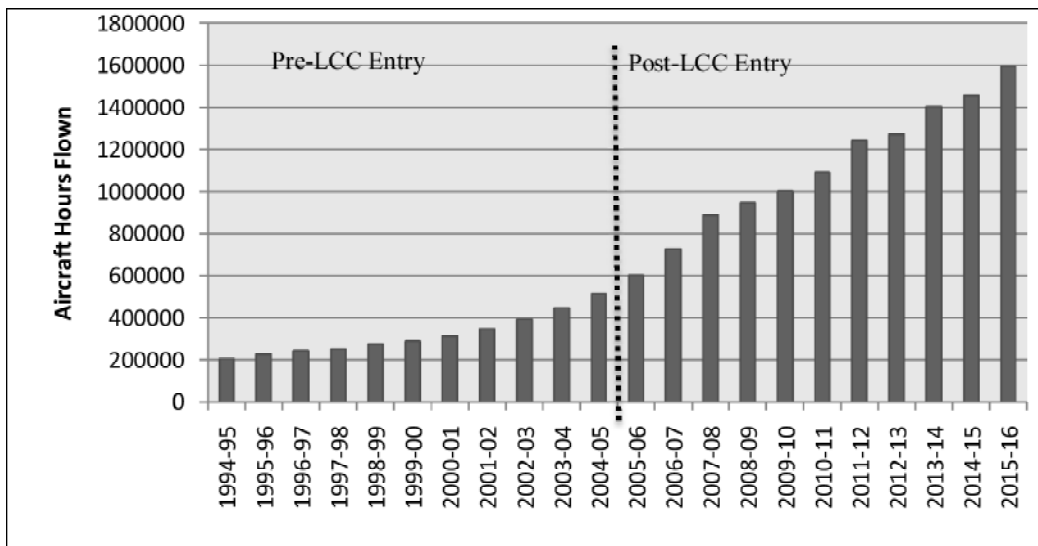
**Table 1 : Descriptive Statistics of Aircraft Departures(Pre-LCC entry vs Post-LCC entry)Source:** Computed by Author

**Hypothesis 1 : Regarding Aircraft Departures**

The examination of the findings of Mann-Whitney U Test reveals that the distributions of the aircraft departures over pre-LCC entry and post-LCC entry periods were not similar, as assessed by visual inspection of the population pyramids (Exhibit 1 in Appendix). The operating revenue earned during pre-LCC entry period (mean rank = 6.00) and post-LCC entry period (mean rank = 17.00) are statistically significantly different,  $U = .000$ ,  $z = -3.973$ ,  $p = .000$ . Hence, the Null Hypothesis ( $H_0$ ) stands rejected.

**B] Analysis of Aircraft Hours Flown**

During the pre-LCC entry period of the study, the aircraft hours flown by the selected scheduled carriers was 3,528,506 hours, while the aircraft hours flown during the post-LCC entry era increased by more than three times to 12,239,884.95 hours. From Figure 2 and Table 2, it can be observed that there has been an increase in aircraft hours flown during the post-LCC entry period.



**Figure 2: Aircraft Hours Flown over Pre-LCC entry and Post-LCC entry periods Source:** Developed by Author from DGCA Annual Statistics Reports

Table 2 reflects that the mean aircraft hours flown during the post-LCC entry period is sufficiently higher than that of the pre-LCC entry period. Moreover, it is observed that both absolute variability and also the relative variability of operating expense are higher during the post-LCC entry period.

Statistic	Pre-LCC entry	Post-LCC entry
Mean	320,773.2727	1,112,716.814
Standard Deviation	97,075.10389	312,524.2787
Coefficient of Variation	0.302628405	0.280865962

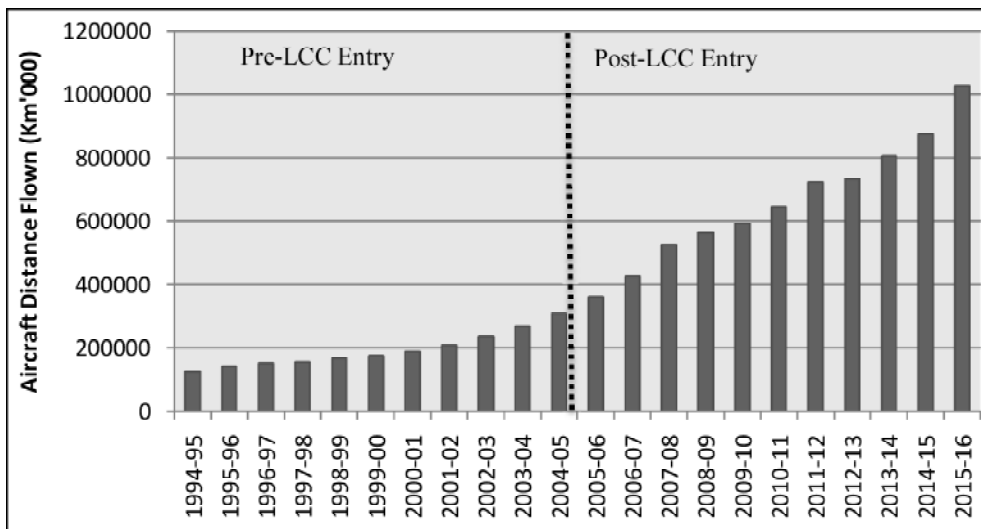
**Table 2: Descriptive Statistics of Aircraft Hours Flown(Pre-LCC entry vs Post-LCC entry) Source:** Computed by Author

Hypothesis 2: Regarding Aircraft Hours Flown

The examination of the findings of Mann-Whitney U Test reveals that the distributions of the aircraft hours flown over pre-LCC entry and post-LCC entry periods were not similar, as assessed by visual inspection of the population pyramids (Exhibit 2 in Appendix). The aircraft hours flown during pre-LCC entry period (mean rank = 6.00) and post-LCC entry period (mean rank = 17.00) are statistically significantly different,  $U = .000$ ,  $z = -3.973$ ,  $p = .000$ . Hence, the Null Hypothesis ( $H_0$ ) is rejected.

**B] Analysis of Aircraft Distance Flown**

During the pre-LCC entry period of the study, the total aircraft distance flown in the Indian aviation sector was 2,122,931,800 kilometres, while the aircraft distance flown during the post-LCC entry era increased to 7,283,090,270 kilometres. From Figure 3, it can be observed that there has been an increase in aircraft distance flown in scheduled airline carriers during the post-LCC entry period.



Source : Developed by Author from DGCA Annual Statistics Reports

**Figure 3: Aircraft Distance Flown over Pre-LCC entry and Post-LCC entry Periods**

From Table 3, it is confirmed that the mean aircraft distance flown during the post-deregulation period is sufficiently higher than that of the pre-deregulation period. Moreover, it is observed that both absolute variability and also the relative variability of aircraft distance flown are higher during the post-deregulation period.

Statistic	Pre-LCC entry	Post-LCC entry
Mean	192,993.8	662,099.116
Standard Deviation	56,703.0905	196,966.078
Coefficient of Variation	0.29380783	0.2974873

**Table 3 : Descriptive Statistics of Aircraft Distance Flown(Pre-LCC entry vs Post-LCC entry)Source:** Computed by Author

### Hypothesis 3 : Regarding Aircraft Distance Flown

The examination of the findings of Mann-Whitney  $U$  Test reveals that the distributions of the aircraft distance flown over pre-LCC entry and post-LCC entry periods were not similar, as assessed by visual inspection of the population pyramids (Exhibit 3 in Appendix). The aircraft departure during pre-LCC entry period (mean rank = 6.00) and post-LCC entry period (mean rank = 17.00) are statistically significantly different,  $U = .000$ ,  $z = -3.973$ ,  $p = .000$ . Hence, the Null Hypothesis ( $H_0$ ) gets rejected.

### EMPIRICAL FINDINGS, OBSERVATIONS & CONCLUSION:

From the aforementioned graphical presentations and the relevant descriptive statistics, it can be observed that there has been an increase in all the three selected variables during the post-LCC entry period as compared to the pre-LCC period.

The summary results of hypotheses testing on selected variables are presented in Table 4 below:

Hypothesis	Variable	p-value	Null Hypothesis
Hypothesis 1	Aircraft departures	.000	Rejected
Hypothesis 2	Aircraft Hours Flown	.000	Rejected
Hypothesis 3	Aircraft Distance Flown	.000	Rejected

**Table 4: Results of hypothesis testing with regard to entry of low cost carriers**

Thus, combining the results of the descriptive statistics and hypothesis testing, it can be concluded that there has been statistically significant change in all the selected variables after the entry of low cost carriers in Indian airline sector. Thus, from the above observations the following conclusions can be arrived at:

- There has been a significant impact of deregulation on all the three variables reflecting airline operations, namely aircraft departures, aircraft hours flown and aircraft distance flown.
- There has been statistically significant increase (in absolute terms and mean) and also in its variability in all the three selected variables representing aircraft operations, namely aircraft departures, aircraft hours flown and aircraft distance

flown during the post-LCC entry period as compared to the pre- LCC entry period.

- On an overall basis, it can be concluded that the selected aircraft operating variables of the Indian scheduled carriers have shown significant improvement after the entry of low cost carriers. It implies that the entry of the new airline business model has had a positive impact on aircraft operations.

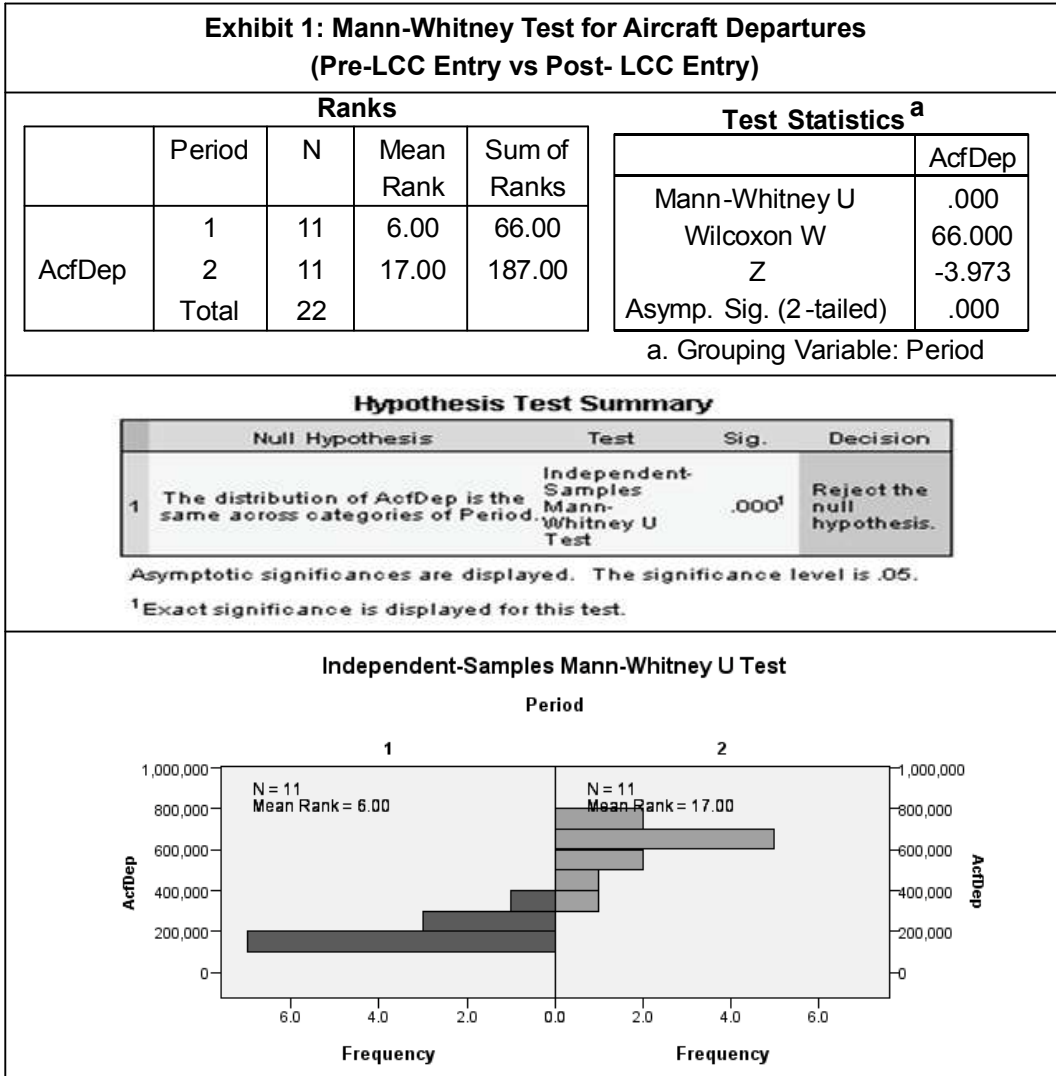
#### **LIMITATIONS & SCOPE FOR FURTHER RESEARCH:**

In this study, it has been observed that there has been statistically significant change in all the selected variables after the entry of low cost carriers in Indian airline sector. But during this period of time, scheduled air transport services in India were provided by both the full-service carriers and also the low cost carriers and so at this stage it cannot be objectively stated which airline model (i.e. full-service carriers or the low cost carriers) has played a significant role in such change. This leaves a scope for further research.

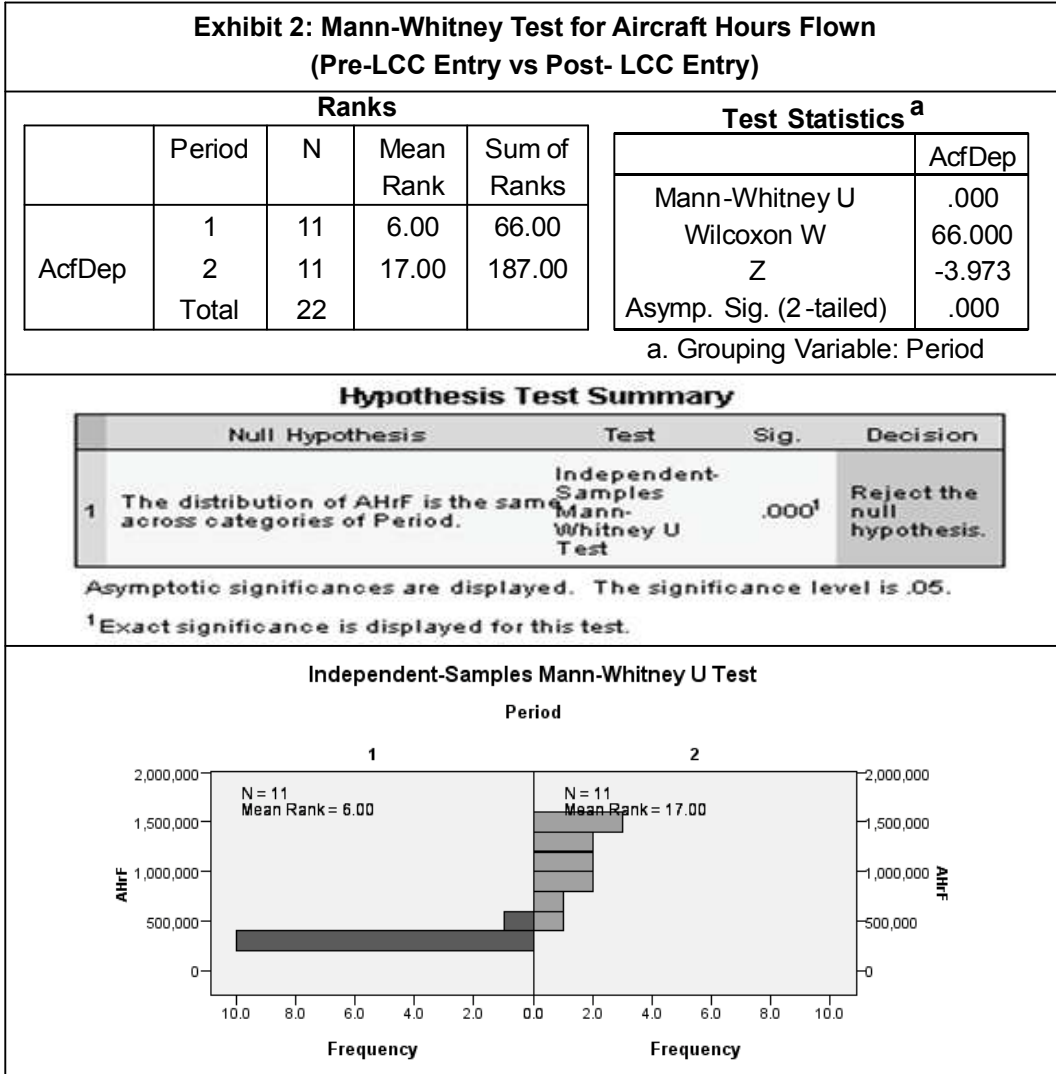
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**APPENDIX :**



**APPENDIX :**



# Perception of Individual Investors to Different Avenues with Special Reference to Mutual Funds

Ami Jain\* & Dr Saswati Chaudhuri\*\*

## ABSTRACT

*Mutual Fund has emerged as a tool for ensuring one's financial well being. As information and awareness is rising more and more, people are enjoying the benefits of investing in mutual funds. This paper intends to study the customer perception with regard to mutual funds i.e. the reasons behind such selections and this research also dealt with different investment options, which investors prefer along with and apart from mutual fund like postal saving schemes, recurring deposits, bonds and shares, etc. Mutual funds provide a platform for a common investor to participate in the Indian capital market with professional fund management irrespective of the amount invested. The Indian mutual fund industry is growing rapidly and this is reflected in the increase in Assets under Management of various fund houses. Mutual fund investment is less risky than directly investing in stocks and is therefore a safer option for risk averse investors. However it has been observed that most of the investors are not aware of the benefits of investment in mutual funds. This is reflected from the study conducted in this research paper. This paper makes an attempt to identify various factors affecting perception of investors regarding investment in mutual funds. Data for this study were collected from sample respondents residing in Kolkata using a structured questionnaire and analysed by exploratory factor analysis. It has been revealed out that only 27% of the respondents who were predominantly male preferred to park their money in mutual funds. It was clearly seen in the analysis that still Word of Mouth is being sought out before choosing an investment avenue, as here about 50% of the respondents were introduced to mutual funds through friends and relatives. It was also seen that majority of the investors park their money in mutual funds for a short duration i.e., for less than 2 years and investment is mostly done to avail tax concession. It was also found that still the investors have a big fear of losing their money which mostly deviate them from investing in mutual funds. For the data analysis, Exploratory Factor Analysis technique has been used which deduced the factors influencing the investors to invest money in mutual funds into three components namely First Component comprised of Goodwill of the Sponsoring Company, Convenience, Credit Rating, Efficient Investor Service, Transparency and Past Records, while the Second Component included Return on Investment, Tax Benefit and Safety. The Third Component comprised of factors like Suitability of Fund/Scheme & Portfolio of Mutual Fund. The findings from this project is that most of the people are hesitant in going for new age investment like mutual funds and prefer to avert risks by investing in less riskier investment options like recurring deposits and so on. These findings will help mutual fund companies to identify the areas required for improvement in order to create greater awareness among investors regarding investment in mutual funds.*

**Keywords :** *Mutual funds, Investors, Perception, Factor Analysis.*

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## **INTRODUCTION**

In this modern era, money plays an important role in one's life. In order to overcome the problems in future, one has to invest money in desired avenues. Investment of hard earned money is a crucial activity for every human being. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Thus, it is a reward for waiting for money. Savings of people are invested in assets depending on their risk and return demands, safety of money, liquidity, the available avenues for investment, various financial institutions, etc.

Investment is a purchase of a financial product or other item of value with an expectation of favourable future returns. Investing is a serious subject that can have a major impact on investor's future well-being. The risk and returns available from each of these investment avenues differ from one avenue to another. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan, and employees saving programme or through purchase of life insurance or a home. In India many investment avenues are available where some are marketable and liquid while others are almost riskless. The investor has to choose a proper avenue depending upon his specific need, risk preference and returns expected.

The different investment avenues on varied bases are:

- Safe/Low risk avenues : Savings account, Fixed deposits, Public Provident Fund, Govt. Securities, etc
- Moderate risk avenues : Mutual funds, Life insurance, Debentures, Bonds, etc
- High risk avenues : Equity share market, Commodity market, FOREX market, etc
- Traditional avenues : Real estate, Gold/silver, Chit funds, etc.

## **RATIONALE BEHIND THE STUDY**

The investors should not always follow the majority. They should try to research about investments before making investments. The investors should focus on safe investment avenues. The people should develop the habit of making investment at any stage of life. Saving money is an old method so the people should invest the money in order to get maximum returns. The investors should have full knowledge of the investment options in order to avoid any loss in future. The investor should be alert what, when, why, where and how to make investment in different investment options.

In the dynamic and competitive environment, marketing of financial services has become challenging. It is the responsibility of the persons involved in marketing of financial services and other investment avenues to understand the attitudes of the investors in order to be successful in their affairs. Though a variety of investment options are available, majority of them still depend on the banking system to invest their savings using the surplus liquidity on the banking system and consequently banks have steadily reduced the interest payable on deposits. There is a steady decline in interest rates offered by banks in spite of the huge cry raised by retired



people and depositors. Hence, it would be more useful to study the various other options available for getting better returns on one's hard earned savings from the organised system.

Investors, in general, like higher predictability in regard to return on investments and dislikes volatility in terms of price fluctuations. Coupled with this, they also prefer a sense of asset belonging in exchange for their investments. So if one looks at an Indian household investment pattern, one gets to see a picture that they have majorly chosen conventional form of investments, such as fixed deposits, investment in gold, real-estate, etc.

When it comes to mutual fund typically, investors have a notion that it is mostly related to stock market which they perceive to be highly unpredictable and volatile and this is one of the reasons why investors have by in large shied away from investing in mutual funds. However, a gradual shift of investors' perception towards mutual fund is being witnessed with increasing awareness on mutual funds. Investors have also been realising that with their growing aspirations, they are finding it difficult to manage their financial goals through conventional form of investments. Therefore, they have been exploring newer and more efficient methods of investing in order to realise their financial goals. With this shift in the investor's mindset, one has been witnessing significant amount of growth in Mutual Fund participation as they offer solutions to varied groups of investors which enables them in turn to realise their financial needs and requirements.

When one draws a closer lens to understand mutual fund, one discovers that it is a pool of investments managed by a professional, i.e. it is a pool of professionally managed fund that pools the savings of many investors and invests them in securities like stocks, bonds, short-term money market instruments, etc. Investors in a mutual fund have a common financial goal and their money is invested in different asset classes in accordance with the fund's investment objective.

As stated earlier, mutual fund is a diversified fund where diversification reduces the risk because all stocks may not move in the same direction in the same proportion at the same time. Mutual fund issues units to the investors in accordance with the quantum of money invested by them, who are known as unit holders. The profits or losses are shared by the investors in proportion to their investments.

In short, a mutual fund is a common pool of money into which investors with common investment objective place their contribution that are to be invested in accordance with the stated investment objective of the scheme. It is a suitable investment for a common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

## **NEED AND SIGNIFICANCE OF THE STUDY**

The mutual fund industry in India set up its feet in 1963 with the formation of Unit Trust of India, at the initiative of the Government of India and Reserve Bank of India. Initially it was a one man show where the UTI had played a significant role since its inception and had a net worth of assets under management of Rs.6700 crores in 1987. Gradually, public sector funds were allowed to function in the market with entry

granted to SBI Mutual Funds, LIC, GIC and public sector banks and collectively they had assets under management of Rs.47004 crores. In the year of 1993, private sector was also allowed to enter the mutual fund sector which resulted into providing a wider choice of fund families given to the Indian investors. By the end of 2003, the total number of mutual fund players functioning in the country was 33, which collectively had assets under management worth Rs.1,21,805 crores. The year 2003 marked the beginning of the current phase of mutual fund industry with the bifurcation of UTI into two segments, viz, UTI Mutual Fund and Specified Undertaking of the UTI effective from Feb.2003. The net worth of assets under management by the end of December 2017 is about Rs. 22 lakh crores.

A critical examination of the working of mutual fund industry would involve a number of important issues such as:

- Whether the individual investors are aware about the mutual fund industry existing in the country;
- Whether they are aware about the mutual fund players in the market;
- Whether the present organisational structure of the mutual fund industry is a reason for creating misunderstanding amongst the investors;
- To find out the strategies to be adopted for removing the myths in regard to investment in mutual funds.

A big boom is being witnessed in mutual fund industry in recent times. A large number of players have entered the market and are trying to gain market share in this rapidly increasing market. This study is conducted to know about the customer awareness in regard to mutual funds and how customers are investing their funds in different areas like equity market, fixed deposits, insurance, the preferences of the customers, mode of investment, option for getting return and so on.

## **OBJECTIVES**

The following objectives are taken for the study:

1. To study the investment pattern of Indian investor.
2. To know the preference of individual investor for investment.
3. To find out the level of awareness of investor regarding mutual funds.
4. To study the perception of investor towards mutual funds.
5. To determine the significance of factors considered by the investor which ultimately influence him for investing
6. To understand why an investor is not investing in mutual funds.

## **LITERATURE REVIEW**

Ramya and Bhuvaneshwari (2017) in their article intended to identify whether there is any difference in trading behaviour of individuals on the basis of demographic factors as well as to understand the relationship between demographic factors and risk tolerance levels of individual investors. Upon research it was inferred that there exists

a significant association between demographic factors like education, gender, marital status, etc. and risk tolerance levels of investors and significant difference in the trading behaviour of the respondents based on demographic factors.

Mane (2016) in her article intended to find out the perception level of the investors in Aurangabad town towards mutual funds. Upon data analysis and its interpretation it was found out that the investors are not confident in investing in mutual funds because they consider it to be the most risky option as compared to other investment options. The investors are averse to investment in mutual funds because they are either unaware about the benefits of the same or the awareness level is too low that they consider investment in mutual funds are too risky and may result in loss of money because of the uncertainties of the stock market.

Mishra (2015) in his paper inferred that the important factors regarding the perception of investors about mutual funds are investment, return and future respectively. The investors, for this purpose, have been categorised as small investors and large investors. Small investors while investing look for tax return benefits whereas on the other hand large investors look for return on investment and future in it.

Selvi (2015) in her article intended to ascertain the main objective of the investors in Coimbatore district towards making investment decisions as well as to assess the attitude of the investors towards the investment avenues. It is inferred that majority of the investors believe in the variable "Investing today for a better tomorrow" which encourages the respondents to save and invest. As well as it is also indicated that investors prefer to invest only in safer avenues amongst which bank deposits and gold are the most preferred avenues. Majority of the respondents do not prefer to invest in newer schemes like MFs and so the govt. should take appropriate steps to persuade the investors to invest in the new schemes.

Batra and Kaur (2015) in their article conducted a study to determine the perception of investors towards mutual funds as an investment avenue and also to give suggestions for the growth of MFs in India. It is inferred that investors are highly unaware about the working mechanism of the MFs and for this they totally rely upon the fund houses. Along with this, the area of MFs operation is still restricted to urban areas, so MF houses should also focus on rural areas. Investors feel frustrated as their grievances are unheard so for enhancement of investors' confidence, a separate investors' grievance redresser agency should be set up. Some of the suggestions are that there should be transparency, top class code of conduct by Assets Management Companies and investor grievance redresser agency.

Agrawal & Jain (2013) in their paper made an attempt to study mainly the investment avenue preferred by the investors in Mathura and their preferences towards mutual fund when other investment avenues like Bank Deposits, LIC, PPF, Bonds, Real Estate, Commodity Market, Gold, Post Office investment instruments are also available in the market. In this study, it was revealed that investors while choosing an investment avenue look into various criterion like safety, return, liquidity, convenience, tax planning, etc. However, the most common criterion which almost all the investors seek to while choosing an investment avenue is the return on investment.

Murithi, Narayanan and Arivazhagan (2012) in their article intended to determine

investor's preference towards various investment avenues. The sample size chosen for this study was of 100 respondents with 52% being female respondents and 48% male respondents with majority being post graduates as well as earning a monthly salary of more than Rs.20000. It is inferred from the study that the individual investors still prefer to invest in those financial products which give risk free returns, i.e., more income and less risk and majority of them rely upon family and friends for making investment decisions.

Shanmugham and Ramya (2012) in their article conducted an exploratory study to understand the impact of social factors on attitude as well as impact of attitude, perceived behavioural control towards trading in order to determine whether there exists any relationship between them. Social interactions and media are found to have positive relationship with attitude towards trading whereas the factor 'internet' does not seem to influence the respondents' attitude towards trading. Further among the social factors, social interaction is found to have major impact on attitude towards trading followed by media. There also exists a strong positive correlation between attitude, perceived behavioural control and intention towards trading whereas subjective norms are found to be negatively related with intention towards trading. A very high positive correlation is found between intention towards trading and trading behaviour. So it can be concluded that social factors namely social interactions and media influence the trading behaviour of individual investors.

Raj and Murgan (2011) conducted the study to identify the needs of an investor, their scheme preference, investment objectives, and factors influencing the selection of schemes. The study pointed out that the most influencing factor for scheme selection is self decision. Investors may also be influenced by other factors such as suggestions by friends, brokers' recommendation, and advertisement. The factors for which the investors look into investment in MFs are good returns, capital appreciation, tax benefits and liquidity in a sequential manner in the order of preference.

Shobana and Jayalakshmi (2006) the analysis, in this study, revealed that the investment in real estate is preferred by majority of the respondents. The second most preferred investment is bank deposits. Awareness about investment options and risks are high among aged, highly educated and those who are professionals by occupation. It was also revealed that demographic variables such as age and education do not have significant influence over investor's awareness whereas difference in occupational status leads to difference in the awareness level of investors.

Somasundaram (1999) in his study, the researcher has identified the problems faced by the savers and investors along with their expectations by analysing and interpreting the attitude of people towards saving as well as what makes them not to invest. The researcher has made appropriate recommendations to make investment climate more congenial and attractive to the investing community.

Madhumati (1998) in this study the investors (respondents) were classified as risk seekers, risk bearers and risk avoiders. The major findings of the study revealed that majority of the investors were risk bearers and they had the tendency to use the company's performance as a basic factor to take investment decisions. They also depend on the advice of the share brokers and investment consultants. The risk

seekers generally took decisions based on market conditions, industrial positions and social changes. They also relied on newspapers and reports for information. The risk avoiders did not have any specific traits. They were very objective and looked for facts and certainty in their investment decisions.

## **RESEARCH METHODOLOGY**

The research methodology depicts the flow of research process and serves as guidance for the researcher to carry out the research smoothly. It includes the data source, sample size, sampling technique and tools of analysis. The method of the study is an empirical one. The study is based on both primary as well as secondary data. The primary data is the data obtained by the researcher as first hand information from the sample respondents.

In this study, the researcher has used the primary data obtained from 106 respondents selected by applying random sampling techniques in Kolkata. The data is collected with the help of five point Likert scale questionnaire. The analysis of data has been done with the help of factor analysis.

It is clear from the objectives, that the information required for the project are specific and the study will be designed to provide for the collection of all necessary information keeping the above specification in mind.

Secondary data is collected from the following sources:-

1. Journals & Periodicals
2. Annual Reports of Asset Management Companies
3. Publications & Research articles

## **LIMITATIONS OF THE STUDY**

1. The results are location specific as the data has been collected from the respondents of Kolkata and therefore the conclusions drawn may not be applicable to different socio-economic conditions.
2. Few respondents are not willing to express their opinions and views on their investment and have expressed common view on investment practices.

## **DATA ANALYSIS :**

From Table 1, it was observed that the sample size comprised of 67% male respondents and 33% female respondents. The respondents in the sample comprised of 32% belonging to the age group of up to 30 years, 52% for 30 – 40 years and lastly 16% to above 40 years group. 64% of the sample size was private sector employees, 19% were businessmen and remaining 17% were cumulated comprising of homemakers, professional practitioners, govt. employees and retired persons. 31% of the respondents earn between the range of Rs.50000 – Rs.100000, while 29% earn less than Rs. 50000, 28% earn more than Rs.150000 and 12% earn between the range of Rs. 100000 – Rs.150000. About 33% of the respondents invest their money in various investment avenues for a period of more than 5 years, followed by 25% of the people invest for at least 4 – 5 years, 22% for 2 -3 years and only 20%

of the people invest money for less than 1 year. Almost an equal number of investors prefer Mutual funds (27%) and Real estate (25%) as avenues to invest and save their money, which is very closely followed by investment in fixed deposits (22%), then about 16% in gold n lastly a cumulated 10% in other investment avenues like bonds, shares, provident fund, insurance schemes, etc

From Table 2, it was observed that about 81% of the respondents regularly invest in mutual funds while 19% choose not to do so. About 50% of the investors invest in mutual funds only for period of less than 2 years, while 27% invest for a longer period of 6 – 10 years, 19% of the investors invest for 2 – 5 years and only 4% invest for more than 10 years. Around 73% of the respondents were introduced to mutual funds through friends, relatives and advertisements, while 13% became aware of this investment avenue through internet, 10% through brokers and lastly 4% became aware through other sources. About 30% of the investors invest money in mutual funds for availing the benefit of tax concession, while 28% of the investors want to provide for their old age, 17% for their children's future and remaining cumulated 25% for other miscellaneous purposes. Majority of the investors (about 60%) are of an opinion that investment in mutual funds carry a medium level of risk factor as well as it also gives medium return. The top five problems which are faced by the investors while investing in mutual funds which stops them from investing in mutual funds are fear of unexpected loss, delay in grievance handling, lack of transparency, poor performance of the funds and lack of research and investor education.

<b>Socio-economic variables</b>	<b>Percentage</b>
<b>1. Gender</b>	
Male	67
Female	33
<b>2. Age</b>	
Up to 30 years	32
30-40 years	52
Above 40 years	16
<b>3. Occupation</b>	
Pvt. Sector Employees	64
Professional Practitioners	
Businessmen	19
Govt. Employee	2
Homemaker	4
Others	5
<b>4. Monthly Income</b>	
Less than ₹ 50000	29

₹ 50000-100000	31
₹ 100000-150000	12
Above ₹ 150000	28
<b>5. Preferred Investment Avenues</b>	
Mutual Funds	27
Real Estate	25
Fixed Deposits	22
Gold	16
Others <sup>10</sup>	
<b>6. Average Investment Period</b>	
Up to 1 year	20
2-3 years	22
4-5 years	25
Above 5 years	33

Source : Authors' Survey, 2017.

Table 1 : Socio-economic profile of the respondent investors

Variables	Percentage
<b>1. Regular Investor</b>	
Yes	81
No	19
<b>2. Duration in Mutual Funds</b>	
less than 2 years	50
2-5 years	19
6-10 years	16
above 10 years	4
<b>3. Source of Introduction to MFs</b>	
Friends	28
Relatives	23
Brokers	10
Advertisements	22
Internet	13
Others	4
<b>4. Purpose of Investment</b>	
Tax Concession	30

Children's Future	17
Income for Old Age	28
Purchase Properties	6
Holidays	6
Others	13
<b>5. Opinion on Return on Investment in MFs</b>	
High Gain	30
Medium Gain	60
Low Gain	10
<b>6. Perception on Risk on Investment</b>	
High Risk	30
Medium Risk	60
Low Risk	10
<b>7. Top five problems faced in Investment</b>	
Fear of Unexpected Loss	30
Delay in Grievance Handling	23
Lack of Transparency	18
Poor Performance	16
Lack of Research & Investor Education	13

Source : Authors' Survey, 2017.

Table 2 : Perception towards Mutual Funds

### Factors influencing investment in mutual funds: Exploratory Factor analysis

Factor analysis is a data reduction technique. The first condition to apply factor analysis is that there should be significant correlation between the variables. In this study all the variables had shown a significant correlation. This provides an adequate basis for proceeding to next level.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.739
Bartlett's Test of Sphericity	Approx. Chi-Square	202.240
	df	55
	Sig.	.000

Table 3 : KMO and Bartlett's Test

The KMO (Kaiser- Meyer- Olkin) and Bartlett's test have been conducted to measure sampling adequacy and the results have been represented in Table-3. KMO measure of sampling adequacy is an index for comparing the magnitude of observed correlation co-efficient with that part of partial correlation coefficients and its value should be greater or equal to 0.05.



In Table-3, it is seen that the KMO measure of 0.739 indicates that the sample is adequate for performing factor analysis. Bartlett's test, another indicator of the strength of the relationship among variables is used to test the null hypothesis as:

**H<sub>0</sub>: The variables in the population correlation matrix are not correlated**

**H<sub>1</sub>: The variables in the population correlation matrix are related**

The observed significance level is 0.000 that is much smaller than 0.05 and hence null hypothesis that the variables are not correlated with each other has been rejected. Therefore, it could be inferred that the strength of relationship among variables is strong and factor analysis might be performed. The next step in the process was to decide about the number of factors to be derived. While using Principal Component analysis, a rule of thumb has been applied and number of factors have been chosen equal to the number of Eigen values which are greater than one unit and the same were calculated with the help of the software SPSS. The component matrix so formed was further rotated orthogonally using Varimax Rotation Algorithm and the results have been depicted in Table-5. Total variance accounted for all the factors with Eigen value greater than '1' was 60.091% and the remaining variance was explained by other factors (Table 4).

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Return on Investment	<b>4.081</b>	<b>37.097</b>	37.097	4.081	37.097	37.097	3.203	29.121	29.121
Suitability of Fund/Scheme	<b>1.314</b>	<b>11.946</b>	49.043	1.314	11.946	49.043	1.854	16.858	45.979
Efficient Investor Service	<b>1.105</b>	<b>11.048</b>	<b>60.091</b>	1.105	11.048	60.091	1.442	14.112	60.091
Portfolio of Mutual Fund	.943	7.573	67.664						
Past Records	.798	7.251	74.915						
Credit Rating	.720	6.544	81.459						
Tax Benefit	.549	4.989	86.447						
Convenience	.523	4.758	91.205						
Goodwill of the Sponsoring Company	.423	3.846	95.051						
Safety	.323	2.933	97.984						
Transparency	.222	2.016	100.000						

Extraction Method : Principal Component Analysis.

Table 4: Total Variance Explained

To assess the importance of each component, Eigen values have been used in selecting the number of factors. In this study we have chosen three factors which represent 60% variance of all components and having Eigen value more than one.

Table-4 has shown that only three components show Eigen value more than one. These three variables explained 60.091% variance which is more than 60%. In unrotated loading first factor has explained 37.097% variance and 11.946% and 11.048% are explained by second and third variable respectively. Then Varimax method has been used to redistribute the variance so that the factor loading pattern and percentage of variance of the factors is different. So in the under mentioned table (Table 5) rotated loading is different from unrotated components.

Factors	Component		
	1	2	3
Goodwill of the Sponsoring Company	<b>.754</b>	.155	.052
Convenience	<b>.703</b>	.310	-.304
Credit Rating	<b>.680</b>	-.044	.454
Efficient Investor Service	<b>.659</b>	.093	.125
Transparency	<b>.594</b>	.143	.163
Past Records	<b>.586</b>	.533	-.028
Return on Investment	.001	<b>.834</b>	.066
Tax Benefit	.185	<b>.615</b>	.240
Safety	.510	<b>.554</b>	-.074
Portfolio of Mutual Fund	-.029	.123	<b>.841</b>
Suitability of Fund/Scheme	.503	.151	<b>.569</b>

Extraction Method : Principal Component Analysis.

Rotation Method : Varimax with Kaiser Normalization.

Rotation converged in 8 iterations.

Table 5 : Rotated Component Matrix

By considering the factor loadings, it can be observed in Table-5 that all the factors were loaded on three factors. Factor loadings of all the variables/characteristics on each of the three factors have been depicted in Table-5 and the highest one in all the columns are earmarked with bold font. All the three factors have been given names on the basis of variables included in each case. The factors have been named as:

First Factor – Reputation of the Company

Second Factor – Incentives for Investors

Third factor – Appropriateness of Security Selection

In rotated matrix, for first factor significant loading components namely Goodwill of the Sponsoring company, Convenience, Credit Rating, Efficient Investor Service, Transparency & Past Records have shown variance of more than 0.50 to be

significantly loaded. Similarly, components namely Return on Investment, Tax Benefit & Safety have shown significant loading on the second factor and components like Suitability of Fund/Scheme & Portfolio of MF has shown significant loading on factor three.

Overall three factors have been extracted from the above variables. On the basis of above variables following names are given to factors:

**First Factor: Reputation of the Company (Qualitative Aspect)**

Goodwill of the Sponsoring Company

Convenience

Credit Rating

Efficient Investor Service

Transparency

Past Records

**Second Factor: Incentives for Investors.**

Return on Investment

Tax Benefit

Safety

**Third Factor: Appropriateness of Security Selection.**

Portfolio of Mutual Fund

Suitability of Fund/Scheme

**First Factor**

In total six variables has been loaded on this factor. The variables composing the factor with their labels and factor loadings are given in Table-5. This table reveals that for the first factor 'Goodwill of the Sponsoring Company' has got the highest loading of 0.754 which is closely followed by the variable 'Convenience' (0.703), 'Credit Rating' (0.680), 'Efficient Investor Service' (0.659), 'Transparency' (0.594) and 'Past Records' (0.586) being the last variable. It has been depicted in the under mentioned Table-6.

<b>Variables</b>	<b>Loadings</b>
Goodwill of the Sponsoring Company	.754
Convenience	.703
Credit Rating	.680
Efficient Investor Service	.659
Transparency	.594
Past Records	.586

**Table 6 : Variables in Factor Reputation of the Company**

First Factor/Component describes various considerations in the investors' mind that are taken into account for making decisions regarding the investment in mutual funds. It implies that reputation of the company plays a very significant role in making the investment decision in them.

### Second Factor

The second important factor representing investors' perception for investment in mutual funds is the "Incentives for Investors" where the variables being 'Return on Investment', 'Tax Benefit' and 'Safety' has been loaded on this factor. Different constituents of this factor with their labels and holdings have been presented in Table 7.

Variables	Loadi
Return on Investment	.834
Tax Benefit	.615
Safety	.554

**Table 7: Variables in Factor Incentives for Investors**

The table reveals that the variable 'Return on Investment' have got higher loading of 0.834 than other two variables 'Tax Benefit' (0.615) and 'Safety' (0.554). This factor describes various aspects for considerations by the investors if investment is to be done in mutual funds.

### Third Factor

The third factor represents the 'Appropriateness of Security Selection' where the variables being 'Portfolio of Mutual Fund' and 'Suitability of Fund' has been loaded on this factor as can be seen in Table 8 with their respective loadings.

Variables	Loadi
Portfolio of Mutual Fund	.841
Suitability of Fund/Scheme	.569

**Table 8 : Variables in Factor Appropriateness of Security Selection**

The table reveals that the variables 'Portfolio of Mutual Fund' have a loading of 0.841 while the variable 'Suitability of Fund/scheme' has 0.569. These two variables have a significant impact on the investors when it comes to choosing a fund where money needs to be invested for better returns as well as which is investor friendly on an individual basis.

### FINDINGS

Out of the sample size of 106 respondents who were predominantly male (67%) and in the age group of 30- 40 years (52%), we found that only 27% preferred MFs to be their first investment avenue which is closely followed by Real estate and FDs.

Out of those who had regularly invested in MFs which is about 81% of the sample size, about 50% of them parked their money only for less than 2 years in MFs, while 27% had their money invested in MFs for a period of 6-10 years.

An in-depth enquiry into the source of introduction to MFs of the investors revealed that friends & relatives played a major role (i.e. about 51%), while advertisements (22%), and brokers, internet, etc were the other sources. It also implies that investors preferred Word of Mouth from their friends and relatives as compared to others.

It is also inferred that majority of the investors investing in mutual funds invested their funds to avail tax benefits (about 30%), which is closely followed by respondents investing to provide for their old age (28%) as well as providing for children's future, purchase of properties, holidays, etc. being other reasons for investing money in MFs.

It was also found that 60% respondents were of an opinion that MFs as an investment avenue is considered to be an instrument giving medium return on investment and perceived to be bear medium risk.

It was also inferred upon factor analysis that the factors which influence the investors to invest in mutual funds were grouped under three components. The first component comprised of factors which were titled as the Qualitative aspect as the factors under this group are Good will of the sponsoring company, convenience, credit rating, efficient investor service, transparency and past records. The second component also comprised of three factors titled as the quantitative aspect i.e. the main reason for investment of savings which influences almost every respondent for choosing and investing in mutual funds, the factors being return on investment, tax benefits and safety, The third component were the factors which influenced the respondents to make selection of funds to be invested in i.e. portfolio of mutual fund and suitability of fund/scheme.

## **RECOMMENDATIONS**

1. The advertisements in T.V. and print media for various investments avenues are not adequate, as majority of the respondents are aware of the various schemes only through friends and relatives. A door- to – door campaign, organizing debates and competitions, periodical meetings are highly essential to promote the savings habit.
2. Educating the investor is the need of the hour. Though a number of institutions offer investor education, it is not sufficient, continuous awareness programme should be organised. Financial institutions, with the help of social organizations like Rotary club, Lions club and Banking companies, may individually or jointly take part in educating investors. The participation of these institutions in the line would serve a greater social cause and ultimately the country's resources will be diverted in the right way.
3. The success of any business depends upon the satisfaction of the customer. In order to retain the existing investors, the financial institutions should offer satisfied returns to their investors and various schemes should be introduced to attract the new investors.
4. Efforts should be made by the financial institutions to influence the customers to view the investments as a complete security and family protection rather than a tax saving instrument.

5. More transparency about the institution and their performance would help the investors to channelize their investments safely.
6. The investing public as a whole cultivates the habit of reading and watching information relating to investments. General awareness about the investment avenues are not sufficient to them, they should try to understand the pros and cons of all investment avenues in particular, this helps them to earn maximum returns on their investments with minimum risk.

## **CONCLUSIONS**

Indians are traditionally known for their orientation towards savings and preference for safe investments. Post independence India has been continuously witnessing higher rates of savings. The increase is more pronounced during the recent years. On the investment side, many new instruments have been introduced during the last two decades to attract the public. The advertisements for various investment schemes are not adequate, as majority of the respondents are aware of the various schemes only through friends and relatives. Therefore, it is recommended to various financial institutions to adopt a broad advertising strategy in order to enable the investors to know the various investment schemes.

The results of the study indicate that the investors prefer to invest only in safer avenues. Further analysis of the data indicates that the family culture plays a dominant role in investments decisions. Among the conventional investment avenues, real estate, bank deposits and gold are the most preferred avenues, while mutual funds are getting increased attention. Majority of the respondents have not preferred to invest their savings in Mutual funds which are the latest investment schemes and hence the government should take appropriate steps to persuade the investors to invest in the above schemes.

Mutual funds are pooled investment vehicles actively managed either by professional fund managers or passively tracked by an index or industry. The funds are generally well-diversified to offset potential losses. They offer an attractive way for savings to be managed in a passive manner without paying high fees or requiring constant attention from individual investors. It also presents an option for investors who lack the time or knowledge to make traditional and complex investment decisions. By putting one's money in mutual funds, one permits the portfolio manager to make those essential decisions. This study will be helpful in ascertaining the various factors which influence the investors to make a choice of investing in mutual funds to realise their financial goals. So, it is hoped that this study will be of immense importance for all concerned.

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# Impact of Social Marketing on Consumer Behaviour

Soma Nath\* & Soulina Banerjee\*\*

## ABSTRACT

*Purpose : The purpose of this paper is to study the attitude of the consumers by investigating the psychology of people regarding the awareness of Social marketing. It further explains the reaction of consumers on Social marketing initiative by the different organizations.*

*Methodology : To achieve the objective this research is done in two stages. Firstly it tries to focus on the awareness among the consumer, taking help of secondary data such as journals, corporate brochures, and cases. With the help of a questionnaire, the dynamic behaviour of consumers towards social marketing initiative is determined.*

*Findings/Results : The paper finds that in the era of commercial marketing how social marketing attract the attention of the customers and has an impact on them. It also tries to highlight how marketers are focusing on the inarticulate needs of customers and contentment to the society. It further contributes how the corporate houses face hardship to find such inarticulate need and emphasize on them. This study has many implications on both theory and practice.*

*Implication-This study indicates the practical implication of social marketing. It indicates how social marketing influences the consumer behavior and the financial entities become a facilitator and participant rather than a behavior change agent. Such results can be used as input to government policy makers to inspire the use of such social marketing programs by business enterprises to benefit both the stakeholder interest and build an alliance with non-profit organizations to induce the promotion of their social activities.*

*Originality/Value : This paper weaves together different set of ideas from various disciplines that introduces the determinants of social marketing which effect the behavioral change among consumers.*

**Key words :** *Social marketing, inarticulate need, emotional appeal*

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## INTRODUCTION

Since ages social marketing has been the flag-bearer of the marketing discipline's contributions to intention of social progress. The custom has guided the ideas and thoughts of many governments, policy experts, social organizations and corporate houses programs that influence consumer behavior towards greater social good. A fair notion is that most of the social marketers genuinely strive to deliver social change programs in an equitable, fair and sustainable way as the discipline summarizes well-established ethical guidelines. Social marketers essentially became behaviour change agents who measured victory not only in terms of behavioral outcomes rather than in terms of social outcomes.

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Another inherent consequence of adopting the definition was that the focus shifted to influencing “downstream” target audiences and away from influencing “upstream” stakeholders and the broader economic and socio-political structure within which all stakeholders operate (Dann, 2010). Social projects such as quit smoking, charity giving, drunk and driving, seatbelts fastening, aids protection, littering etc are tools of social marketing which are used for changing consumer behaviour and has been very popular. Different advertising and marketing campaigns which promote social projects can be termed as tools for defining social norms. Social marketing programs must be at par with society’s perception and should be properly designed, implemented, and evaluated to be active in the rapidly changing environment. The most important problem faced by the organizations are the clash between society’s need as a whole and individual needs.

Corporate houses often use these social marketing tools in commercial sector to highlight the organization’s image of social responsibility, reputation and caring attitude towards the customers. On the contrary social marketing can be interpreted for implementation of social projects which will help to cater to social welfare and encourage social change. Social changes can be attained by affecting consumer’s attitude and behaviours. With such social initiatives organizations do influence customers mind adding extra values to their lives.

#### **OBJECTIVE(S) OF PAPER**

1. To analyze the characteristics of social marketing initiatives by different organizations
2. To determine the consumer attitude towards the social marketing initiatives by the organizations

#### **LITERATURE REVIEW**

Andereasen, A.R. (1995) has emphasized on the solution of the social marketing problems and how social marketing reach out to the social problems such as health, environment and social welfare. Simon, F.L. (1995) has stated that consumers express a positive attitude towards a product might be due to cause related product. There might be differences in the opinion among the consumers related to social cause consumer preference or corporate effort. Varadarajan, P.R & Menon, A. (1998) has focused on the basic objectives or the programs of different marketing ideas enhancing corporate structure, easing corporate structure and pacifying activity for the promotion of the brand. Kozinets, R.V. (1999) has explained that informational society has influenced the consumer decision making process and purchase behaviour. Social media provides an advanced channel to provide product information. Cone, Inc. (2000) The survey in US consider company’s commitment to social cause as the second most important factor after the product quality when teenagers decide to buy followed by price and celebrity endorsements. J. L. Campbell (2007), has cited that for some people the idea of acting in socially responsible ways would seem impractical. The main objective of an organizations is not only to maximize profit and shareholder value at its best but to stand out from its competitors in the markets even if that includes acting in socially responsible ways if they believe that they can get away

with it. Saunders *et.al.*,(2014) have depicted how the definition of social marketing has changed over the years. The collective ideas and actions of social marketing which has led to fair and sustained social transformation has been cited in his paper.

## **METHODOLOGY OF RESEARCH**

In order to frame the research we have designed the study in two fold. Firstly we have analyzed the campaigns of Ariel, Lifebuoy and Make love not scars and the results of such campaign have been explained how it creates an impact in consumers life. Furthermore in the second part of the study we have collected the valid responses of 117 consumers from the area of Kolkata with the help of a questionnaire. Convenience sampling method has been used to collect the data.

## **SCOPE OF PAPER & LIMITATIONS**

- The research has only been done in specific geographical location that is in Kolkata
- The survey measured attitudes of the customers only related to specific corporate houses at a particular point of time
- In this paper it is not concerned with the large population whether the social marketing effect their life or not it has been restricted to only 107 respondents
- Further this research can be done taking into consideration different social initiatives by the different institutions
- The social marketing initiatives by the government (state/central) can be taken further taken into consideration

## **ANALYSIS**

### **Cases :**

#### **Lifebuoy : Help A Child Reach 5**

Hindustan Unilever's award-winning campaign for Lifebuoy is the incredible one when it comes to arousing social cause marketing campaigns that went viral. The soap brand that has been an active proponent of handwashing with soap, they started a movement "Help a child reach 5" to instill hygienic hand washing behaviour in schools and villages. The idea of such initiative came from a doleful statistic that each year infectious diseases like diarrhoea and pneumonia take away the lives of 2 million children under the age of 5. HUL took into concern such a miserable situation and they started promoting the importance of hygienic handwashing through various programs one of which involved social media. A heartfelt digital film about Gondappa and his son Muthu was created for the campaign, where Facebook and Twitter was the tools to endorse such awareness with pledges and the hashtag # helpachildreach 5. Results : Such initiative by HUL handwashing programs launched in Thesgora village in India noting a prodigious drop in the occurrence of diarrhoea from 36% to 5% where 1 in 3 mothers who never wash their hands with soap has changed their habit. The decrease of disease like diarrhoea in this village which was known for having one of the highest rates in India was witnessed over the period of Lifebuoy's

involvement in an independent evaluation of 1485 households with children aged below 12 years conducted by Nielsen in September 2013. Lifebuoy has impacted the hand washing behaviours among 183 million people in 14 countries and the results of such efforts proved that when a social mission is embedded into a successful brand's core values. The 3-minute film got over a million views in the first two weeks and now stands at 19M+ views.

#### **Make Love Not Scars '#Endacidsale'**

Make Love Not Scars is a rehabilitation center in New Delhi which now has been extended to Mumbai. Their main initiative is to provide dignity and independence to acid attack survivors from all walks of life by focusing on their complete medical, legal, education, vocational and psychological rehabilitation.

An acid attack is an atrocious crime with lifetime consequences of the victim. In India 1000 cases of acid attacks every year, acid attacks remain one of the most horrifying forms of gender based violence with almost 90% of victims being women. Sadly acid being so harmful still it is easily available at our local store it is the cheapest way to clean toilets.

Make Love not Scare in association with Ogilvy & Matheris promoting campaigns where a girl Reshma Bano Quereshi who is an acid attacker she is trying to convince readers to sign the petition but she did so in hard-hitting satire. A series of films have her giving beauty tips on applying eye liner, lipstick and getting rid of dark spots. Towards the end of her tips she shared that cosmetics are being available for INR 100 while acid is available at just INR 30 .The notion was to move for a complete ban on toilet-cleaning acid and stronger implementation of Poisons Act and Poisons Rules.

Results: The petition has got over 225K signatures while the videos have got many views and counts. 'How to get perfect red lips' got over 1.1 million views, 'How to apply eyeliner' 200K views while 'How to get rid of dark spots naturally' got 47K views.

#### **Ariel # Sharetheload**

Procter & Gamble's detergent brand Ariel's Share the Load campaign has topped the annual World Advertising Research Centre (Warc) 100 ranking, which ranks the world's best marketing campaigns and companies according to their business impact. Ariel's Share the Load campaign voiced for Indian women with endemic view that Indian women should be in charge of household duties. The agencies used online, cinema and television as well as campaign-specific packaging to push for the social cause where both men and women share household work.

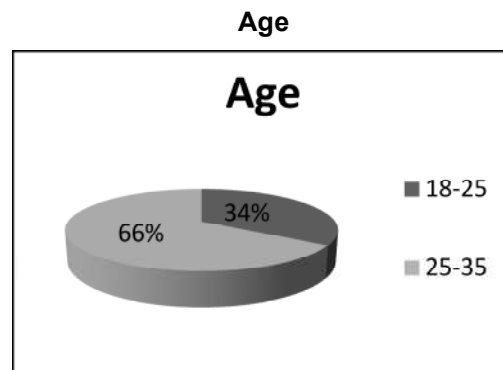
Ariel wanted to remove the stains of gender inequality that has been built over the years in our society. A small thought that boomed through the minds of people and made it relevant to the society, is "Why can't men do laundry?" An ambition that was considered upon a global level after the campaign reached that level after it was launched in India, Pakistan, Bangladesh, and Sri Lanka, but the thought leaped further as it went viral in 22 countries in 16 languages. One of the campaign film depicts two seniors acknowledging with delight the evolving professional scenario of women, while sharing how her daughter in law earns more than her son as she is seen working in

the background, just when her husband pokes his head out asking her about not washing his green shirt. The film ends with a question asking, Is laundry only a woman's job?

**Results :** The impact of the campaign was such that value and volume sales rose by 106%. Also the campaign received **6.4M views** on Facebook, with **124k shares, 231k reactions** along with creatives floating around social media, stating facts and engaging their audiences.

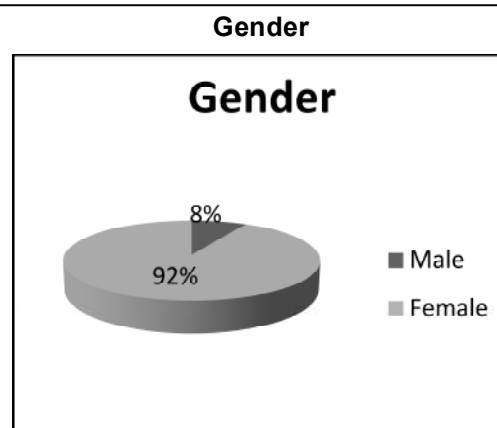
The impact of social marketing campaigns on Indian consumers is being analyzed. Few questions were asked to the respondents to find out whether they have any effect in their purchasing behaviour or daily lives after coming across such ample number of social marketing campaigns every now and then.

### Respondents



**Figure 1**

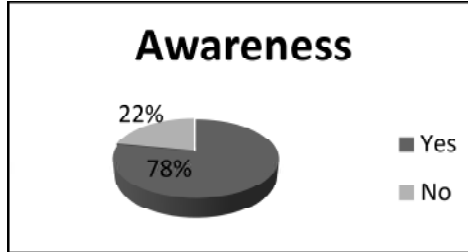
The age group of 66% respondents is 25-35 years and 34% of the respondents belong to the age group of 34%



**Figure 2**

Among the 117 respondents 92% of the respondents are female whereas only 8% are male.

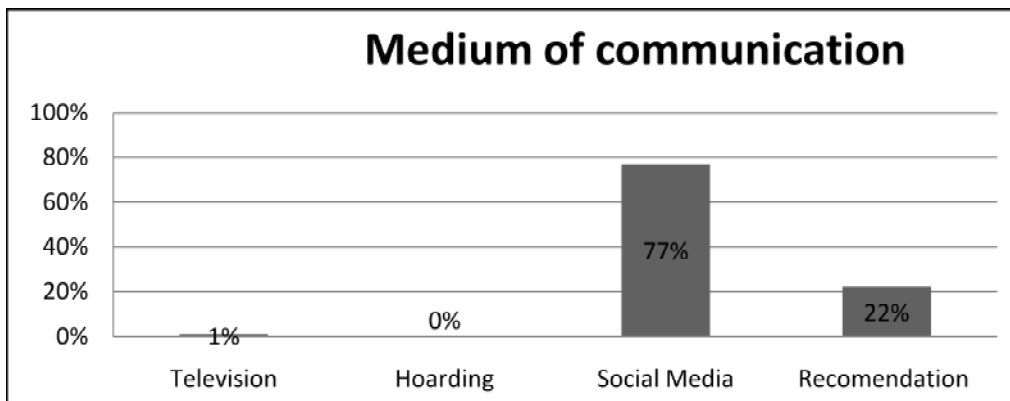
**Awareness:**



**Figure 3**

The projects which we have taken into consideration for the purpose of our study 78% of the respondents were aware about such campaigns but 22% of them were not aware of such campaign they never heard or saw about them.

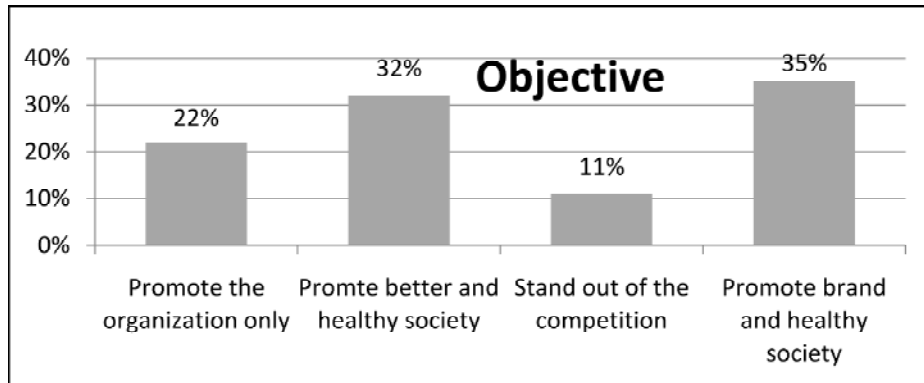
**Came across these social projects on**



**Figure 4**

Out of 117 respondents only 91 of them were aware of such campaigns whereas among them noticingly 77% came across it through social media such as (Facebook, Twitter, YouTube, WhatsApp) whereas 22% people heard about such initiative by friends and family and only 1% across these campaigns via television.

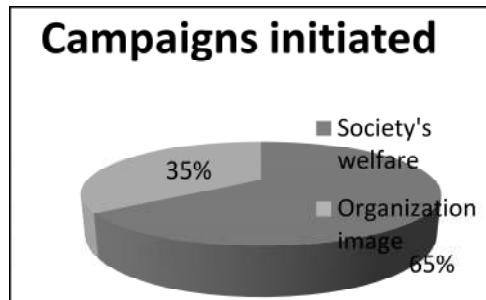
**Objective of the campaign:**



**Figure 5**

When we asked the respondents about the objective behind such campaigns 35% believed that it is to promote the organization party and party for a better and a healthier society, 32% of them think that the organizations takes such initiatives only to have a better and a healthier society on contrary 22% believes that the organizations do that to promote themselves only and 11% thinks that it is to stand out of the competition from the competitors in the market.

**Campaigns:**



**Figure 6**

65% respondents believe that these kinds of campaigns are initiated for the welfare of the society and on the other hand 35% consider that it might be initiated to build up the organizations image.

**Ariel#sharetheload**

Questions	5	4	3	2	1
I feel attached to this campaign	46				
This campaign affect my daily life		11			
I am already attached with this brand		17			
Ariel is concerned about their customers		17			

**Table 1**

**Lifebuoy help a child to reach 5**

Questions	5	4	3	2	1
I feel a closed relation with this campaign	32				
I am satisfied with most of the brands product I buy		11			
This campaign will affect my purchase behaviour towards this brand		39			
Lifebuoy carries out a lot of product advertising so this campaign is similar to that				9	

**Table 2**

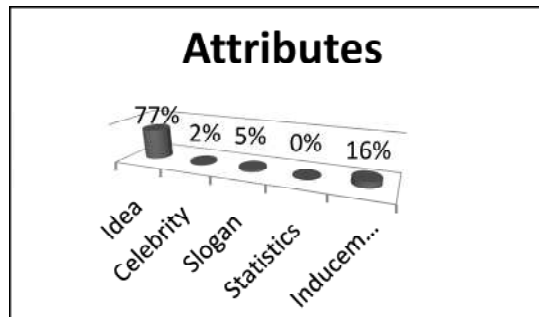
**Make love not scars#endacidsale**

Questions	5	4	3	2	1
I feel attached to this campaign	27				
This campaign will affect my daily life		12			
I will take initiative to promote this campaign to the people who are not aware of it		30			
This campaign is not only to promote the NGO but to create awareness		22			

**Table 3**

From the above table we can we can determine that about Ariel’s campaign most of the people feel attached to this campaign followed by few respondents who have been already attached with this brand but still the respondents believe that Ariel takes such initiative as they are concerned about their customer. In case of Lifebuoy most respondents said that this campaign will affect their purchasing behaviour and they feel very close relationship with this campaign but they don’t accept the fact lifebuoy takes up such campaign only for the promotion of their product. While talking about Make love not scars’ campaign people feel attached to the campaigns noticingly people will take an initiative to promote this campaign to their peer members who are not aware of this and this will affect their daily life.

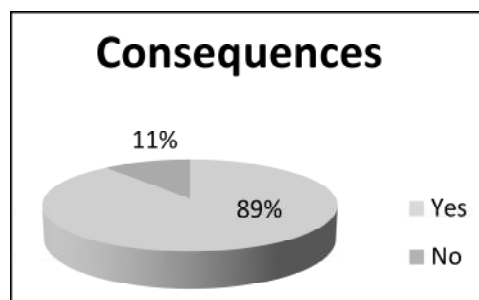
**Attributes :**



**Figure 6**

The most important attribute to pass on these campaigns is the Idea of the campaign which 77% people responded followed by 16% respondents who feels it might be for inducement to help whereas 2% of them think that depicting celebrity in such campaign may act as an added advantage and 5% think that using some slogan or jargon may promote it in a better way.

**Consequences:**

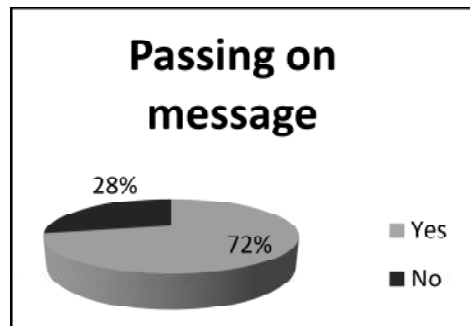


**Figure 7**

Thinking about the consequences people might behave in a specific manner which 89% of the people agreed to that and 11% believe even after knowing the consequences people won't bother much and might just continue to behave in an old prescribed manner.



**Passing on Message:**

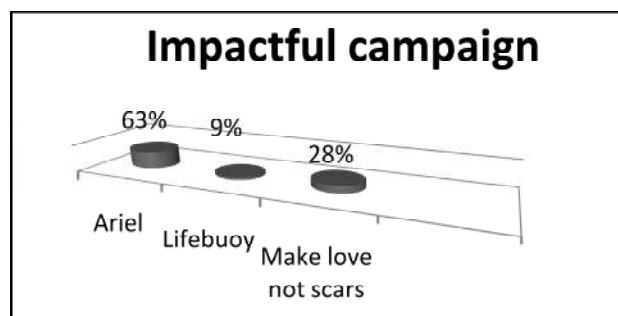


**Figure 8**

The above table depicts us that 72% of the respondents will take an initiative to pass on the messages to their peer group or the person who are not aware of it as it is a social cause where 28% won't take any effort to pass on such social messages or sharing the ideas of the campaigns to others.

**Most Impactful Campaign:**

From the above three campaigns which we have discussed when we have asked the respondents which is the most impactful campaign according to them 63% of the respondents said about the Ariel's share the load campaign as it is such an initiative which they face in their daily life and want to make changes about it. Followed by 28% people who has said make love not scars was impactful from the society's point of view and the use of acid should not be made so easy if it's so harmful for such life's followed by only 9% people said lifebuoy as this campaign will be mostly impactful in the villages or rural areas who are not bothered about hygiene much.



**Figure 9**

## **FINDINGS**

The findings of the study is presented in the terms of consumers perspective as consumers

always want to fulfill their needs But the work of the organizations or business houses is not only to fulfil the need of the customers but to cater to the inarticulate need (i.e. the inner want) whatever the consumers don't express but reach out to fulfill the same. Government takes many initiatives for a better and a healthy society. Nowadays organizations are also catering to such needs of the customers which previously were not taken into consideration. Organizations do not take up such initiatives only because it is a part of their social responsibility or to build up the corporate image but also for contributing towards a better and a healthy society. Analyzing the consumer's responses, it is found that they believe that many such initiatives are taken by many organizations but few of them fail to reach the target audience for whom such awareness campaigns are promoted. Even in such cases few campaign are so impactful that it actually affects their daily life not only in terms of purchasing decision but also in terms of change in behaviour also in terms of coming out of the social bindings and doing something different which actually has an impact to the society. Many respondents have added on that they will take an effort or they might act as an initiator to pass on to the messages to the society or their peer group who has lack of information about such campaigns. The most vital influence of these campaigns lies in motivating people to think and do something for a healthier society. According to respondents' opinion, social projects are important and have impact on the welfare of our society

## **CONCLUSIONS**

This research has provided an understanding of the impact of social marketing on corporate image. Based on the study made we can conclude that businesses often pair up with social causes to create a meaningful impact, but mostly to drive authentic consumer engagement and brand building. The advent of social media has been a fruitful platform for raising awareness on social causes as well as gaining consumer trust points and participation. Thus Social marketing has an impact on the consumer attitude towards their specific behaviour. Consumer's attitudes regarding social marketing influences corporate image not only that but it also deals with betterment of consumers and society as a whole. It is difficult to define social project as a product, which is often intangible and has advantages that could be difficult to detect. Socially responsible organizations can engage in projects or campaigns encouraging a safe and better society. Favourable consumer's reaction would be a guide to the welfare of the society as a whole.

## **RECOMMENDATIONS**

- Policy makers can use this research to motivate other enterprises for applying social marketing initiative
- Marketers must focus on primary program initiatives such as company seminar and company magazines rather than other communications strategies such as advertising

- Marketers should be concerned with believe more than feeling creation
- The effective measures from this study can be applied for consumer's goods or products industry
- This study might help the marketers to select the attributes of the future campaign which might gain a positive image in consumers mind

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## APPENDICES

### QUESTIONNAIRE

The data (Information) collected through this questioner will be kept confidential; and it will be used exclusively for research purpose only

Personal Details-

1. Contact No.:
2. Email ID:
3. Age :

Age Group	18 - 25 Years	25 - 35 Years
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4. Sex:
5. Are you aware of the following advertisements?



- Yes  
 No
6. Where did you come across these social projects on?  
 Television  
 Hoarding  
 Social Media  
 Recommendation by Friends/Family
  7. What do you think the objective of such campaign?  
 To promote the brand only.  
 To promote better and a healthy society  
 To stand out of the competition in the market.  
 To promote their brand as well as healthy society.
  8. Why do you think such campaigns are initiated?  
 Society's welfare  
 Corporate image

9. For each of the following statement please tick the box which best describes your opinion. *(Please rate your level of agreement or disagreement by ticking the appropriate box using the following scale)*

- 5 = Strongly agree  
 4 = Agree  
 3 = Undecided  
 2 = Disagree  
 1 = Strongly disagree

*(i) Ariel#sharetheload*

Questions	5	4	3	2	1
I feel attached to this campaign					
This campaign affect my daily life					
I am already attached with this brand					
Ariel is concerned about their customers					

*(ii) Lifebuoy help a child to reach 5*

Questions	5	4	3	2	1
I feel a closed relation with Lifebuoy					
I am satisfied with most of the brands product I buy					
This campaign will affect my purchase behaviour towards this brand					
Lifebuoy carries out a lot of product advertising so this campaign is similar to that					

*(iii) Make love not scars#endacidsale*

Questions	5	4	3	2	1
I feel attached to this campaign					
This campaign will affect my daily life					
I will take initiative to promote this campaign to the people who are not aware of it					
This campaign is not only to promote the NGO but to create awareness					

11. What is the most important attribute to promote the social project?

- Idea  
 Celebrity  
 Slogan  
 Statistics  
 Inducement to help

12. Do you think such initiatives made you more conscious to behave in a specific manner keeping the consequences in mind?
- Yes
  - No
13. After seeing such campaign do you take an initiative to pass on the messages to others?
- Yes
  - No
14. Among the following campaign which one has an impact in your life the most and why?
- Ariel#sharetheload \_\_\_\_\_
  - Lifebuoy help a child to reach 5 \_\_\_\_\_
  - Make love not scars#endacidsale \_\_\_\_\_

# Impact of trade openness and currency depreciation on the inflow of Foreign Direct Investment in India in the post reform era

Dr Rupam Mukherjee\*

## ABSTRACT

Over the last two decades Foreign Direct Investment (FDI) has been sought by most of the developing nations in the world as the driver of their economic growth and India is no exception. Immediately after the Gulf War in 1991, India suffered from severe Balance of Payments (BOP) problem and negotiated with the IMF and the World Bank to avail loans to recover from the crisis. As loan conditionality, IMF prescribed the government of India to adopt structural adjustment programmes and initiate economic reforms to solve the problem of BOP difficulties and macroeconomic imbalances. The corner stone of the structural adjustment policy was to liberalize the economy to a great extent in terms of reduction in the role of government (minimalist state) and extending the role of market (invisible hand) in the economic decision making process. Accordingly in 1991 government of India adopted new economic policy by substantially liberalizing the economy in the spheres of trade, investment, financial sector, the role of public sector, industrial policies, fiscal policies etc. As a result, from 1990 onwards, there has been a sharp increase in FDI inflows in the nation. This paper tries to investigate the contribution of trade openness and depreciation of home currency in FDI inflows in India in the post reform era for the period of time from 1991-92 to 2009-10 in terms of multiple regression analysis with heteroscedasticity and autocorrelation consistent standard errors and covariances. The study finds that both trade openness and currency depreciation has affected FDI inflows positively in the period of study and the result is statistically significant. The stationarity status of the data series are checked in terms of standard unit root test of Augmented Dickey Fuller. Autocorrelation problem is examined in terms of Durbin Watson test and Multicollinearity problem is verified in terms of correlation matrix. The causal relation between the variables under study is investigated in terms of Granger causality test. The paper also tries to understand the policy relevance of this trade openness and home currency depreciation for future growth prospect of the nation.

**Key Words :** Liberalization, Trade-GDP Ratio, Real Effective Exchange Rate, FDI inflow

**JEL Classification:** C10, C13, C53, F41, F63, O24

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## INTRODUCTION

Foreign Direct Investment (FDI) is the key driver of international economic integration. Large MNCs are the dominant players in cross-border FDI transactions. FDI can be defined as a category of cross-border investment made by a company (usually an MNC) in one economy (who may be called the direct investor) with the objective of establishing a lasting interest in an enterprise (which may be called the direct investment enterprise) that is situated in the economy other than the direct investor.

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The motivation of FDI is the strategic long term relationship with the direct investment enterprise to ensure a significant degree of influence by the direct investor in the management of that enterprise. De-regulation of markets, technological innovation and cheaper means of communication have allowed investors to diversify their participation in competitive markets overseas.

In the literature of economic development, FDI inflow for the host developing nation is seen as a driver for growth. It not only fills up the saving-investment gap, foreign exchange gap as well as budgetary gap of the host governments, but also fills the knowledge gap. Inflow of FDI in host developing nations promotes capital formation, create employment opportunities and greater export revenue earnings.

Over the last two decades, Foreign Direct Investment (FDI) has been sought by most of the developing nations in the world as the driver of their economic growth and India is no exception. Since late 1980s, the high rate of inflation, fiscal deficit and political instability downgraded the international credit of our country. This resulted in the erosion of the international community's confidence on India. The outflow of deposits especially by NRIs, a virtual stoppage of remittances from Indian workers in the Gulf countries and a sudden break out of Gulf war in January 1991 exacerbated the foreign exchange position of the nation. Immediately after the Gulf War in 1991, India suffered from severe Balance of Payments (BOP) problem and negotiated with the IMF and the World Bank to avail loans to recover from the crisis. As loan conditionality, IMF prescribed the government of India to adopt structural adjustment programmes and initiate economic reforms to solve the problem of BOP difficulties and macroeconomic imbalances. The corner stone of the structural adjustment policy was to liberalize the economy to a great extent in terms of reduction in the role of government (minimalist state) and extending the role of market (invisible hand) in the economic decision making process. Accordingly in 1991 government of India adopted new economic policy by substantially liberalizing the economy in the spheres of trade, investment, financial sector, the role of public sector, industrial policies, fiscal policies etc. As a result, from 1990 onwards, there has been a sharp increase in FDI inflows in the nation.

In this context this paper tries to investigate how far the openness of the economy as well as change in exchange rate has contributed to FDI inflows in the nation in post reform era.

The plan of the paper is as follows - Section I introduces the paper by stating the problem of the study and highlighting the objective of study. Section II provides a brief review of related literature. Section III mentions the nature and source of data and the methodology used for the study. Section IV analyses data & Section V concludes by indicating the policy relevance of the study.

## **LITERATURE REVIEW**

The literature pertaining to this field of study can be seen from two perspectives. Firstly, there are many literary works that explain the history of the shift of Government policy towards FDI since independence in India and to what extent liberalization promoted the inflow of FDI in the nation over time. Secondly, there are many research



works that have tried to explain the determinants of FDI inflows in a nation and also in different types of industries over time.

As far as the history of FDI policy of the government of India is concerned, India's policy towards FDI was a near "open door" policy during the 1950's. It was acknowledged that foreign investment was required to develop the industrial base of the nation in terms of filling the gap between domestically available savings and the level of investment required to establish the basic and capital goods industries in the nation as well as to experience technological progress. Foreign investors were allowed full freedom of repatriation with the assurance of compensation in the unforeseen event of nationalization (Palit, 2009). The foreign exchange crisis of late 1950s led to a further liberalization of the government's attitude towards FDI (Kumar, 2003). Government of India granted tax concessions to foreign enterprises and streamlined industrial licensing procedures to accord early approvals for foreign collaborations. To attract more foreign investment into the country, India offered many incentives and concessions to foreign investors.

But the government policy on FDI turned restrictive since the late 1960's. This was due to the improvement in the technical capacity of domestic industry on the one hand and the large scale outflows of foreign exchange from India due to remittances of dividends, profits, royalties and technical fees by foreign investors on the other hand.

The government adopted a more restrictive attitude towards FDI in the 1970's. The main motive behind adoption of restrictive attitude towards FDI was the need to protect growing Indian industries from the threat imposed by private capital in India. It was felt that the foreign sophisticated products will pose challenge for upcoming Indian industries. The restrictions kept on increasing with the introduction of MRTP Act in 1969 which brought all foreign companies under its control. In 1973, the new Foreign Exchange Regulation Act (FERA) came into force, requiring all foreign companies operating in India to register under Indian corporate legislation with up to 40 percent equity. The Industrial Policy Resolution (IPR) of 1973 limited foreign participation to export-oriented industries that were strategically important for long term growth prospects of the country.

The decade of eighties was a turnaround in the history of FDI policies in India. FDI was then considered as a source to earn foreign exchange reserves rather than acting as a supplement to local industries. The pathetic 'Hindu Rate of Growth' in the previous thirty years, low productivity, inefficiency of local industries were supposed to be an outcome of too much protection provided to Indian industries from international market. Such protection made Indian industries inefficient as compared to other developing countries which were having liberal FDI policies. The Industrial Policy Statement of 1980 focused attention on the need for promoting competition in the domestic market, technological up gradation and modernization. The policy encouraged foreign investment in high-technology areas. Restrictions under FERA on foreign equity to 100 percent export oriented units were liberalized. However, prior approval of government was required on all foreign investments in India and repatriation of capital. India introduced economic reforms in July 1991. The reform measures facilitate

liberalization of FDI regime. Many steps were taken to encourage foreign investment. The Industrial Policy Statement of 1991 laid stress on full exploitation of the foreign investment opportunities. In order to invite foreign investment in high priority industries, requiring large investments and advanced technology, it was decided to provide approval for foreign direct investment up to 51 percent foreign equity in such industries. With a view to injecting the desired level of technological dynamism in Indian industry, Government provided automatic approval for technology agreement related to high priority industries within specified parameters. Indian companies were made free to negotiate the terms of technology transfer with their foreign counterparts according to their own commercial judgment. The upper limit for foreign equity participation under automatic approval was raised from 51 to 74 percent of the equity capital {and 100 per cent in case of Non-Resident Indian (NRI)} in select industries in January 1997. The list of industries open for automatic approval was also expanded. Additional liberalization measures included amendment of the FERA to remove the general ceiling of 40% on foreign ownership in FDI projects. The Foreign Investment Promotion Board (FIPB) was set up as the nodal, single window agency for all matters relating to FDI, with a view to promote FDI into India, [i] by undertaking investment promotion activities, [ii] facilitating foreign investment, [iii] purposeful negotiation/discussion with potential investors, [iv] early clearance of proposals, and [v] reviewing policy and putting in place appropriate institutional arrangements, transparent rules and procedures and guidelines for investment promotion and approvals. As a result there has been phenomenal growth in FDI inflow in the nation in the post reform era. The annual average growth rate of FDI inflows in India over time is shown in Table 1.

(Values in US\$ billion and growth rates in percent)

Periods	Net FDI inflows	Growth Rate
Pre Reform period (1980 - 1990)	0.12	66.00
Post Reform period (1991–2010)	10.30	48.45
First Decade of Reform (1991-2000)	2.05	67.84
Second Decade of Reform (2001-2010)	17.74	31.00
Overall period (1980 – 2010)	6.36	48.68

Table 1: Annual Average Growth Rates of Net FDI Inflows to India: 1980-2010; Source: Author's calculation based on the data from UNCTADSTAT, World Development Indicators, World Bank (2012)

As far as the empirical works are concerned, one can mention few important documents in this connection. According to Dunning (1993), MNCs are prompted to invest abroad to acquire particular and specific resources at lower real cost than could be obtained in their home nation. The studies of Brainard (1997) and Markusen (2002) have shown that a rise in market dimension leads to increased FDI inflows in developing nations which are market seeking. The study of Noorbakhsh, Paloni, & Youssef (2001) has shown that human capital has significant positive relation with incoming FDIs and its importance has increased over time. According to Yasmin, Hussain & Chaudhary (2003), GDP per capita, indicating average standard of living,

significantly affects the flow of FDIs in middle and lower income economies. Banga (2004) shows that regional trading agreements like ASEAN can influence FDI inflows into the region as the risks associated with investments decline with greater regional integration. The studies of Barua & Chakraborty (2006) showed that trade liberalization in the first half of the post reform era accelerated FDI inflows in India. B. Goldar & R. Banga (2007) studied the impact of trade liberalization on FDI inflows in Indian industries by using panel data for 78 industries at the three digit level in the post reform period from 1991-92 to 1997-98. They found that trade liberalization has favourable effect on FDI inflows in Indian manufacturing industries. Lower tariffs and consequently higher cross border trade has affected higher FDI inflows into these industries. Industries with higher material import intensity attracted higher FDI inflows. Greenaway, Sapsford, and Pfaffenzeller (2007) studied the effects of trade liberalization and openness on FDI in 54 emerging economies from Latin America, Africa and Asia for 1990 to 2000 and found that trade openness has a positive significant impact on FDI. However, this impact was smaller for middle income economies as compared to low income ones. Büthe and Milner (2008) assessed the impact of politics and international trade agreements on inward FDI in developing countries. They found that lesser government intervention in the economy, and liberal trade policies through preferential and multilateral trade agreements increase inward FDI. Majeed and Ahmad (2008) examined human resource development and FDI in developing countries and concluded that health expenditures have positive impact on overseas investment, whereas government spending, military consumption and wages have a negative influence on FDI. Akin (2009) probed market size as possible determinant of cross boarder investments in developing countries from 1980 to 2000. By applying cross sectional OLS, he showed that GDP per capita is a weak proxy for market seeking FDIs in developing economies but otherwise population and GDP are important indicators. The study also reflected that higher life expectancy and young population will cause more FDI inflows as compared to aging work force. Azman-Saini, Law, and Ahmad (2010) evaluated FDI, economic improvement and the role of financial markets. Using data of 91 nations from 1975 to 2005, through threshold regression, they found that FDI affect economic growth positively only if the financial market development crosses a threshold. Therefore, government's role is important in framing policies promoting financial market expansion because it positively influences FDI inflows. The study of Shah (2009) suggests that market size, development level of the country, and the availability of skilled and educated labour are essential factors which cause an increase in inward FDIs to emerging nations. Goh (2011) studied the impact of government policies and size of host market on Malaysian outgoing FDI. They concluded that there is a positive relationship between Malaysian outgoing FDI, market size, exchange rate stability and trade openness. Sharifi-Renani and Mirfatah (2012) explored the determinants of FDI in Iran from 1980 to 2006 and showed that GDP, openness, and stable exchange rate positively affect inward FDI in Iran, whereas exchange rate and crude oil price volatility deter its inflow. According to Shah & Afridi (2015), the factors like market size, development level, economic openness, human capital and trade liberalization generally positively affect FDI inflows to a nation. The studies of Mumtaz Hussain Shah & Yahya Khan (2016) evaluates the proposition that trade liberalization is instrumental in pulling FDI inflows to emerging economies.

Using panel random effects model on annual data of 6 emerging countries including Brazil, China, India, Mexico, Russian Federation and Turkey from 1996 to 2014, it is found that liberalization of trade and investment regime measured by trade agreements significantly affect the multinationals' overseas investment decision. Market size, development level and human capital, considered essential by foreign investors, also have a significant positive effect on incoming FDI. Preferential and regional trade agreements increase the openness of a country's economic and investment borders. They reduce duties, taxes, tariffs as well as the inflexibility in regime policies vis-à-vis foreign firm operations. This usually ensue trade and investment liberalization and consequentially has a positive impact on FDI inflows to these nations.

Although there is a large domain of literature analyzing the factors affecting FDI inflows in a nation, there are almost no study that empirically estimates the contribution of trade openness and exchange rate fluctuations in FDI inflows in India in the post reform era. The present study is an honest attempt to fill this research gap.

#### **DATA & RESEARCH METHODOLOGY**

The study is based on secondary data collected from RBI official Website ([www.rbi.org.co.in](http://www.rbi.org.co.in)) and the period of time considered is from 1991-92 to 2008-09. In this study the dependent variable is the change in FDI inflows as a percentage change of GDP of India overtime, which is influenced by two independent variables – ( 1) the change in Trade-GDP ratio in the nation overtime (2) the change in Real Effective Exchange Rate (REER) in the nation overtime.

FDI inflow = f (TRADE-GDP ratio, REER)

In this study the degree of openness of the economy is measured in terms of Trade-GDP. Trade-GDP ratio is defined as

Trade GDP ratio = (total volume of export & import) / GDP

Higher the Trade GDP ratio of a nation, more is the trade openness for the nation.

On the other hand real effective exchange rate(REER) can be defined as the quantity of domestic goods that has to be given up to get one unit of a given basket of foreign goods. In the foreign basket of goods, the weight of each commodity is determined on the basis of the shares of respective nations in its foreign trade. An increase in REER is a signal for depreciation of home currency.

As we know the time series data, particularly macroeconomic time series data, suffers from the problem of non-stationarity. So the first step of research should be the verification of stationarity status of different series of data in terms of standard Unit root test of 'Augmented Dicky Fuller (ADF)'. When stationarity of these series of data are confirmed, then the study tries to estimate the co- efficient of the following regression equation:

$$Y_t = \hat{a} + \hat{a}_1 X_{1t} + \hat{a}_2 X_{2t} + u_t$$

Where  $Y_t$  denotes the change in FDI inflow in the nation as a percentage of GDP in 't' th period of time.

$X_{1t}$  denotes change in trade GDP ratio in the 't' th period of time.

$X_{2t}$  denotes change in REER in 't' th period of time.

$U_t$  is the error term,  $u_t \sim iid N(0, \sigma^2)$

To take into account the problem of heteroskedasticity and auto correlation, the estimation is done in terms of heteroskedasticity-autocorrelation consistent standard error and covariance. The problem of multicollinearity is checked in terms of correlation matrix. Autocorrelation problem is examined in terms of Durbin Watson test. The causal relation between the variables under study is investigated in terms of Granger causality test (1969).

All the computations are done in terms of statistical software package "EViews8".

### EMPIRICAL ESTIMATION

Table 2 shows the result of Unit root test of ADF. The test result shows that the variables under study are stationary and the result is statistically significant.

Series	t- statistic	p- value
$Y_t$	-2.638947	0.0248
$X_{1t}$	-2.878950	0.0139
$X_{2t}$	-4.408335	0.0039

**Table 2 : Result of ADF Unit root test; Source : Author's Calculation**

Once the stationarity of the data series are confirmed, we can run regression in terms of Ordinary Least Square method. Table 3 summarizes the Regression result.

<b>Method : Ordinary Least square</b> <b>Included observation: 17 after adjustment</b> <b>HAC standard error and covariance</b> <b>R squared = 0.54 Adjusted</b> <b>R squared = 0.49 F-statistics = 7.9123</b> <b>Prob (F-statistics) = 0.0045</b> <b>Durbin-watson statistic = 1.82</b>				
variable	coefficient	Std. error	t-stat	p-value
$\alpha$	-0.3096	0.1584	-1.9541	0.0710
X1t	11.05971	3.2328	3.421021	0.0041
X2t	0.083471	0.031921	2.676490	0.0181

**Table 3 : Regression Result; Source : Author's calculation**

Table 3 shows that two independent variables in the model have explained 54% of the variation in FDI inflows (as a percentage of GDP) in the nation in the post liberalization era. The F-statistic is significant at 1 percent level, which implies that the model is a good fit. Moreover, the value of Durbin- Watson statistic is 1.82, which is very close to 2. This implies that there is no problem of autocorrelation.

Now if one looks at the values of the coefficients of the regressors then both  $\hat{\alpha}_1$  and  $\hat{\alpha}_2$  are positive and they are significant at 1% level. If Trade GDP ratio of nation increases by 1% then that in effect contributes to about 11% increase in FDI inflows in the nation. So trade openness has positive impact on FDI inflows in the nation. The economic logic is quite obvious. Openness of the economy means that national government is adopting more liberalized policies in terms of investment, industrial policy resolution, reduction in trade barriers, etc and all of these will ultimately encourage the foreign investors to invest in domestic economy. Sometimes government has provided tax concessions, provision for investment subsidies as well as automatic approval of FDI inflows in domestic economy as part of there its liberalization measures. All of these contribute to greater inflow of FDI in the nation.

The regression result also shows that if there is a change in REER by 1% then that will contribute to FDI inflow by 0.8 %. The economic intuition is also clear. Increase in REER implies domestic currency has depreciated in value with respect to foreign currency. This will lead to reduction in the cost of purchase of domestic inputs like land, labour and other productive capacities in terms of foreign currencies. So, foreign firms will find location cost advantage in terms of their currency. So they will be interested to invest in domestic economy as a result FDI inflows will go up.

Moreover, the stand errors are small in value. This implies that the estimation result is more reliable.

In Table 4 we have shown the correlation matrix formed by the variables under study. The table shows that there is no problem of multicollinearity among the independent variables in study.

	$Y_t$	$X_{1t}$	$X_{2t}$
$Y_t$	1	0.548927	0.371729
$X_{1t}$	0.548927	1	-0.18073
$X_{2t}$	0.371729	-0.18073	1

**Table 4: Correlation matrix; Source: Authors' calculation**

One interesting observation in Table 4 is the correlation between  $X_{1t}$  and  $X_{2t}$  is negative. The reason is that greater trade openness increases the flow of FDI in the nation that actually increases the supply of foreign exchange. Given the demand of foreign exchange, this ultimately leads to reduction in the price of foreign exchange in terms of domestic currency.

The Granger pair wise causality test is summarized in Table 5, where we have taken 2 lags for which the number of observations after adjustment becomes 15.

The result shows that there exist a causal relationship between Trade GDP ratio and FDI inflows in the nation and the result is significant at 1% level when the number of lags is 2.

Null Hypothesis	Observations	F-stat	Prob.
Trade GDP ratio ( $X_{1t}$ ) does not Granger cause FDI inflow ( $Y_t$ )	15	7.03670	0.0124
FDI inflow ( $Y_t$ ) does not Granger cause Trade GDP ratio ( $X_{1t}$ )		0.94359	0.4213
Number of Lags : 02			
REER ( $X_{2t}$ ) does not Granger cause FDI inflow ( $Y_t$ )	15	2.22033	0.1052
FDI inflow ( $Y_t$ ) does not Granger cause REER ( $X_{2t}$ )		1.51800	0.2656

**Table 5 : Pair wise Granger Causality test result; Source : Author's Calculation**

Direction of causality	F value	Decision
$X_{1t} \nrightarrow Y_t$	7.03670	Reject Null Hypothesis
$Y_t \nrightarrow X_{1t}$	0.94359	Can not Reject Null Hypothesis
$X_{2t} \nrightarrow Y_t$	2.22033	Can not Reject Null Hypothesis
$Y_t \nrightarrow X_{2t}$	1.51800	Can not Reject Null Hypothesis

**Table 6**

**The study shows that the past values of trade openness ( $X_{1t}$ ) can be used for the prediction of future values of FDI inflow ( $Y_t$ ).**

## CONCLUSION

India's economic reform programme since 1991 has boosted FDI inflows and the nation has surpassed its own record of the pre-reform period. It has also performed well in comparison with the growth rate in global inflows of FDI. Consequently, India's share in global FDI inflows has increased steadily in the post reform period. Trade openness and devaluation of home currency have significantly contributed to inflow of FDI inflows in the post reform era. But there are some cautions as well when one considers about the policy relevance regarding openness and devaluation policy of the nation. Devaluation give rise to inflationary pressure because of which, imported goods become more expensive both to the direct consumer and to domestic producer using them for further processing. Another possible consequence is a round of successive devaluations. For instance, trading partners may become concerned that devaluation might negatively affect their own export industries. Neighboring nations might devalue their own currencies to offset the effects of their trading partner's devaluation. Such "beggar thy neighbor" policies tend to exacerbate economic

difficulties by creating instability in broader financial markets. Moreover, there is a psychological risk of devaluation as well. To the extent that devaluation is viewed as a sign of economic weakness, the creditworthiness of the nation may be jeopardized. Thus, devaluation may dampen investor confidence in the country's economy and hurt the country's ability to secure foreign investment.

Openness is an indispensable tool of growth and job creation in terms of inflow of FDI. But the policies and regulations that affect the business climate are also important. Institutions, including all aspects of "good governance" such as efficient public administration, timely decision-making, and impartial enforcement of property rights and contracts are also crucial for long run growth. Lastly, infrastructure, both "hard" or core physical infrastructure in transport, communications, energy, and logistics, and "soft," which includes education and skills—the social and knowledge capital that make investments in hard infrastructure and new technology more productive are indispensable. As economic and political history has shown, the idea of aggressive policies of trade liberalization is not always the smartest option to pursue, while a greater focus on the inner development of a nation and slow liberalization may be the keys to economic success in developing nations.

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# Role of Visual Merchandising on the Retail Sales- A Case Study of Indian Retail Scenario

James Hussain\*

## ABSTRACT

*The study is based on Visual merchandising and its impact on purchasing decision of consumer behavior. In the fast-moving world, there is huge competition in the organized retail sector. Visual merchandising is used by the retailer as a tool to increase their Sale.*

*Different hypothesis formulated by the researcher for the study. The period of study is Six months (from June 2016 to Dec 2016). The primary data was collected from four major cities of India including Patna, Ahmadabad, Delhi, and Bangalore. The survey of 348 respondents of different outlets of the organized retail sector through a questionnaire. The collected data were analyzed in SPSS 22 and regression analysis, Centre tendency, pie charts, percentage, and Contingency Coefficient were used for data analysis. Cronbach's Alpha is used for Reliability test to know the internal consistency of score. Validity test is used to analyze the assumption supported by the finding or not. The result of the study reveals that there is a significant relationship between visual merchandising (Lighting, Fixture, Mannequin & Window display) and purchasing decision of consumer behavior and it leads the sale of retailers.*

**Keywords :** *Visual Merchandising, Lighting, Fixture Mannequin, Window display*

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## INTRODUCTION

Visual merchandising is defined as the presentation of a store and its merchandise in ways that will attract the attention of potential customers and motivate them to make purchases (Diamond et.al 2007). Visual merchandising is a matter of making merchandise look attractive to the customer. It is actually selling of merchandise through a visual medium. (Pegler, 2012). There is a rapid change happening in the Indian retail fraternity. The growth of urbanization is increasing with increase in purchasing power of the consumer. It increases demand and consumers are becoming more brand conscious (Mehta et.al 2014). In the last decade, there are so many changes happening in the field of the retail fraternity. The retail sector has become one of the fastest growing sectors of the Indian market.

The key drivers which are adding flavor to the growth in this sector are a change in demographics, increasing in income level and changing consumer profile, increase in number of international brand available in the local market, impact of Government policies on economy, increase in urbanization, availability of credit, development of infrastructure, technological changes and real estate development. After the penetration of FDI in the retail sector, Indian retail sector is expected to grow by 15 to 20 percent in next five years (Kearney, 2012). Currently, the rank of India in global retail development index is 14th which has slipped down by 9 ranks as compared to last year's rank (Kearney, 2013).

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In 2015, the total market size was estimated to be around US\$ 600 billion and thereby registering a CAGR of 7.45 percent since 2000. It is expected that the Indian retail industry is expected to grow to US\$ 1.3 trillion by 2020 and registering a CAGR of 9.7 percent between 2000 -2020 (BCG Retail 2020). In the current scenario, organized retailers are trying to create and develop the image of retail outlets in customer mind through visual merchandising to develop loyalty in customer. This can be done by strategic planning and merchandise featured and location that is supposed to be placed (Diamond et.al. 2007).

It has been observed that visual communications that are been exposed to the customers in the retail outlet has more than 80% affect other sensory organs and hence it is said that it is an efficient and inexpensive way of marketing than other means of communications (Tullman & Clark, 2004). In organized retail stores, visual merchandising is a key driver to encourage a customer to purchase any product. The window display is another important criterion of Visual Merchandising. The window display is the first impression of the store over the customer (Mehta & Chugan, 2012).

### **LITERATURE REVIEW (VISUAL MERCHANDISING)**

Bhalla, S & Anuraag S, (2010) explained that Visual Merchandising is the art of creating visual displays and arranging merchandising assortment within a store to improve the layout and presentation and increase visitor and sales.

Surrender, G (2001) defined Visual merchandising as "Marketing brings a horse to the water but visual merchandising makes the horse drink".

Colborne (1996) in his further illustrated retail lighting is an important factor for apparel businesses. He said that lighting creates an atmosphere which attracts customers towards stores in order to make them purchase. With proper and effective lightening, customers are able to match up their items & visualize how merchandise will look after the purchase.

Levy & Weitz, (2012) in their study said that smooth customer flow influence customer purchase decision. Factors which influence customer purchase decision include well designed retail store layout with optimal store space for customers to walk-in.

Bell & Ternus (2012) in their study supported the theories given by earlier scholars and added lighting can enhance the retail space and increase the value of the product in customer's mind. The marginal benefits of the products were enhanced.

Gibson V. (2010) in his book Retail management, he explained a Visual merchandising act as the 'Silent Salesman'.

Mcewan H. (2010) expressed in his article, 'An insight into visual merchandising' had stated that visual merchandising and window dressing is the key to improve sales.

Sen et.al (2002) in their research advocated that window displays have an influence on store entry & purchase decisions. Window display creates an awareness of merchandise type for the entry; on the other hand, it shows how the merchandise is to be presented in window displays which would influence buying decision.

### **OBJECTIVE OF THE STUDY**

1. To investigate the impact of visual merchandising on consumer purchase decision
2. To study the impact of visual merchandising on consumer buying behavior in order to sale

## RESEARCH METHODOLOGY

The research is a descriptive study of nature. The research methodology is designed to investigate the influence of impact of visual merchandising on the buying behavior of the consumer. The research approach is deductive and quantitative in nature. The study is based on primary data.

**Data Collection and Sampling**-In order to investigate the impact of visual merchandising on the buying behavior of the consumer within the age group of 15 years to 60 and above were selected. The primary data was collected from four major cities of India including Patna, Ahmadabad, Delhi, and Bangalore through a questionnaire. The 400 questionnaires were distributed to the consumer of four cities of outlets who came for shopping at the organized retail store but 348 questionnaires were filled by the consumer. The questionnaire was based on five-point Likert scale. The data was collected by the simple random sampling method. The collected data was analyzed in SPSS 22 and regression analysis, Central tendency, pie charts, percentage were used for data analysis. Cronbach's Alpha is used for Reliability test to know the internal consistency of score. Validity test is used to analyze the relationship between assumption and finding.

### Research Hypothesis

$H_1$  : Lighting is a significant impact on buying behavior.

$H_2$  : Fixture is a significant impact on buying behavior.

$H_3$  : Mannequin is a significant impact on buying behavior.

$H_4$  : Window display is a significant impact on buying behavior.

**Variable Framework of The Study:** How variable of the Visual Merchandising influence the Consumers Buying Behaviour

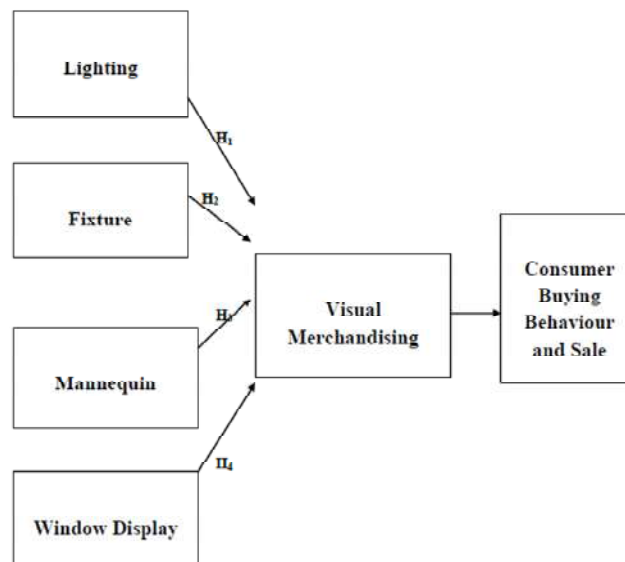


Figure 1

**Self-Generated : Reliability Analysis Questionnaire**

Variable	Variance	Alpha value
Lighting	65.179	0.993
colour	62.937	0.994
Fixture	63.903	0.993
Mannequin	63.880	0.993
Window display	62.389	0.944

**Table 1 : Reliability Test**

From the above table, the reliability test for all three variables was carried out using SPSS22.0. The Cronbach's Alpha of the reliability test was 0.953 for lighting, 0.956 for the fixture, 0.952 for mannequin and 0.946 for Window display. It means questionnaire is reliable.

**Hypothesis Testing**

$H_0$  : Lighting is not a significant impact on buying behavior.

$H_1$  : Lighting is a significant impact on buying behavior.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.970 <sup>a</sup>	.941	.941	.43119

a. Predictors: (Constant), lighting

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	.786	.058		13.571	.000
lighting	.897	.012	.970	74.128	.000

a. Dependent Variable : Buying Behaviour

**Table 2**

The adjusted R-square (coefficient of determination) value is 0.941 as shown in the (table no3) is close to 1 (its maximum value). This validates the model that 94% of the time, data fits very well to the model. The variable lighting is positively contributing towards consumer buying behaviour and is significant at 5% and 10% level of significance ( $P\text{-value} = 0.000 < 5 < \alpha = 0.05, 0.10$ ).

So according to the data hypothesis  $H_0$  is rejected and  $H_1$  is accepted that consumers who do buying are significantly influenced by lighting.

$H_0$ : Fixture is not a significant impact on buying behavior.

$H_1$ : Fixture is a significant impact on buying behavior.

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.973 <sup>a</sup>	.947	.947	.40633

a. Predictors: (Constant), fixture

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	.875	.053		16.404	.000
fixture	.864	.011	.973	78.940	.000

a. Dependent Variable: Buying Behaviour

**Table 3**

The adjusted R-square (coefficient of determination) value is 0.947 as shown in the (table no4) is close to 1 (its maximum value). This validates the model that 94% of the time, data fits very well to the model. The variable fixture is positively contributing towards consumer buying behaviour and is significant at 5% and 10% level of significance ( $P\text{-value} = 0.000 < 5 < \alpha = 0.05, 0.10$ ).

So according to the data hypothesis  $H_0$  is rejected and  $H_1$  is accepted that consumers who do buying are significantly influenced by fixture.

$H_0$ : Mannequin is not a significant impact on buying behavior.

$H_1$ : Mannequin is a significant impact on buying behaviour

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976 <sup>a</sup>	.952	.952	.38871

a. Predictors: (Constant), mannequin

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	.877	.051		17.209	.000
mannequin	.865	.010	.976	82.712	.000

a. Dependent Variable: Buying Behaviour

**Table 4**

The adjusted R-square (coefficient of determination) value is 0.952 as shown in the (table no5) is close to 1 (its maximum value). This validates the model that 95% of the time, data fits very well to the model. The variable mannequin is positively contributing towards consumer buying behaviour and is significant at 5% and 10% level of significance ( $P\text{-value} = 0.000 < \alpha = 0.05, 0.10$ ).

So according to the data hypothesis  $H_0$  is rejected and  $H_1$  is accepted that consumers who do buying are significantly influenced by mannequin.

$H_0$ : Window Display is not a significant impact on buying behavior.

$H_1$ : Window Display is a significant impact on buying behavior.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976 <sup>a</sup>	.952	.952	.38801

a. Predictors: (Constant), window display

#### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
1 (Constant)	1.162	.048		24.337	.000
window	.824	.010	.976	82.869	.000

a. Dependent Variable: Buying Behaviour

**Table 5**

The adjusted R-square (coefficient of determination) value is 0.952 as shown in the (table no6) is close to 1 (its maximum value). This validates the model that 95% of the time, data fits very well to the model. The variable window display is positively contributing towards consumer buying behaviour and is significant at 5% and 10% level of significance ( $P\text{-value} = 0.000 < \alpha = 0.05, 0.10$ ).

So according to the data hypothesis  $H_0$  is rejected and  $H_1$  is accepted that consumers who do buying are significantly influenced by window display.

#### Validity Test

Correlations		VM Impact	Consumer Buying Behaviour & Sale of product
VM impact	Pearson Correlation	1	.144**
	Sig. (2-tailed)		.007
	N	348	348
Consumer buying behaviour	Pearson Correlation	.144**	1
	Sig. (2-tailed)	.007	
	N	348	348

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Table 6** : Correlation between Visual Merchandising and Consumer Buying Behaviour.



## SPSS

The above table shows that there is relationship between impact of Visual Merchandising and Buying Behaviour of Consumer & sale. So there is a weak positive correlation between impact of visual merchandising and buying behaviour of consumer. The significant value is  $r = 0.144^{**}$ . So, it can be said that if the visual merchandising impact level increases, then the consumer buying behaviour also increase with 14.4%. It means when the Visual Merchandising will increase, then Buying Behaviour of Consumer and sale will also increase in the shop.

## DATA ANALYSIS

Particular	Category	Frequency	%
<b>Gender</b>	Male	189	54.31%
	Female	159	45.68%
<b>Age</b>	15-30	213	61.20%
	31-45	96	27.58%
	46-60	36	10.34%
	60 and above	3	0.86%
<b>Educational Qualification</b>	Non-Matric	3	0.86%
	Intermediate	24	6.8%
	Graduation	156	44.82%
	Post-Graduation	99	28.44%
	Professionals	66	18.96%
<b>Income</b>	Up to 2 lac	164	47.12%
	200001-4 lac	95	27.29%
	400001-6 lac	59	16.95%
	600001 and above	30	8.62%
<b>Occupation</b>	Business executives	42	12.06%
	Service officer	171	49.13%
	Students	78	22.41%
	Homemaker	30	8.62%
	Others	27	7.75%

**TABLE 7 : Demographic Variables**

Based on the above summary of respondents' demographic profile, the majority of respondents are male with a significant percentage of 54.31% compared to the female respondents which only consist of 45.68%. Then, many respondents fall into the age group between 15-30 years old with 61.20%. A small portion of respondents falls into

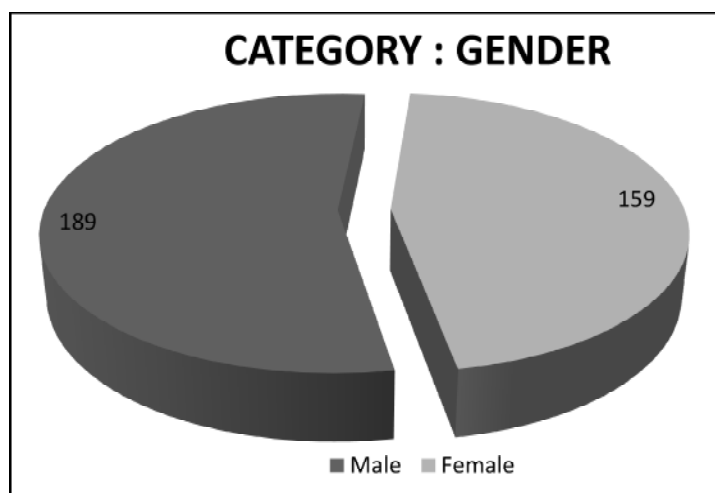
the age group above 60 years old with only 0.86%. Besides that, most of the respondents hold Bachelors (44.82%) for their highest academic qualification, second highest academic qualification fall to Post graduation holder with 28.44% while Non matric holder only 0.86% of them become least the respondent. By looking at their income of the respondents, the majority of the respondents are Up to 2 lac, which consists of 47.12% and 200001-4 lac income category of the respondent is 27.29% and other respondents of income category consist of 8.62% which is the lowest percentages of respondents based on income level. Last but not least, for the occupation level, the majority of the respondents come from Service officer sectors with 49.13% while the lowest percentages come from the other sectors which are only 7.75%.

**Impact of Visual Merchandising on Gender**

Gender	Category	Frequency	%
	Male	189	54.31
	Female	159	46.68
	<b>Total</b>	<b>348</b>	<b>100.0</b>

**SOURCE-SAMPLE SURVEY 2016**

**TABLE : 8**



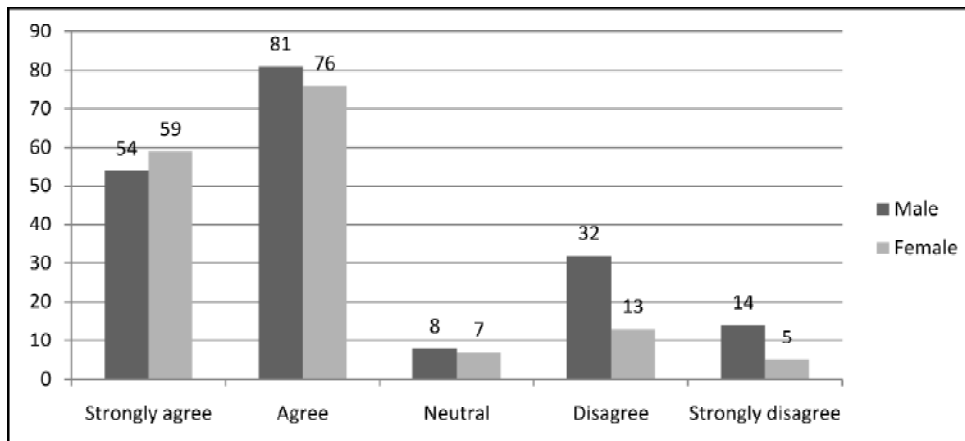
**Graph. 1 The percentage of the respondents based on gender**

**Analysis : Based** on the figure above, majority of the survey's respondent are male with 54% while the remaining with 46% is female. The purpose of the study to know the impact visual merchandising on buying behaviour of gender

**Does Intensity Of Light Of The Shop Influences The Amount Of Purchase?**

	Gender				Total
	Male	%	Female	%	
(a) Strongly agree	54	28.5	59	37.0	113
(b) Agree	81	42.8	76	47.0	157
(c) Neutral	8	4.0	7	4.0	15
(d) Disagree	32	16.9	13	8.0	45
(e) Strongly disagree	14	7.0	5	2.0	18
<b>Total</b>	<b>189</b>	<b>54.31</b>	<b>159</b>	<b>45.69</b>	<b>348</b>

**Table 9 : SOURCE- SAMPLE SURVEY 2016**



**Graph 2 : The percentage of the Respondents' Purchase Decision on Lighting**

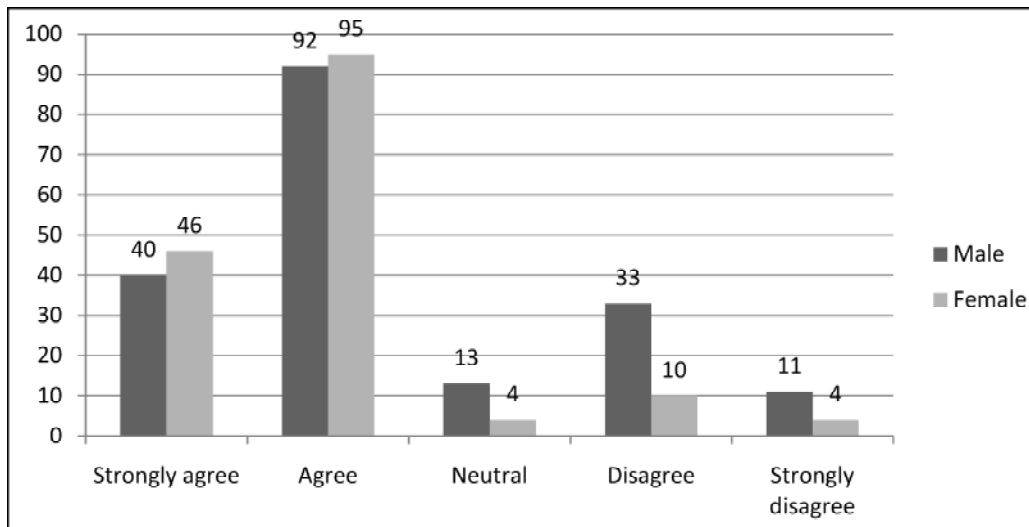
**Analysis :** From the above table, It can be observed that 28% of the sample of males & 37% of females sample were strong agree with light .42% of male& 47% of female were agreed with lighting. And they tend to buy. But 28% of male and 14% of female did not agree with light. And they didn't purchased by the influence of light.

**Do You Purchase Those Items Which Are Being Display On Fixture?**

	Gender				Total
	Male	%	Female	%	
(a) Strongly agree	40	21	46	28	86
(b) Agree	92	48	95	59	187
(c) Neutral	13	6	4	2	17
(d) Disagree	33	17	10	6	43
(e) Strongly disagree	11	5	4	2	15
<b>Total</b>	<b>189</b>	<b>54.31</b>	<b>159</b>	<b>45.69</b>	<b>348</b>

SOURCE- SAMPLE SURVEY 2016

Table: 10: The percentage of the Respondents' Purchase Decision on Fixture



**Graph 3 : The percentage of the Respondents' Purchase Decision on Fixture.**

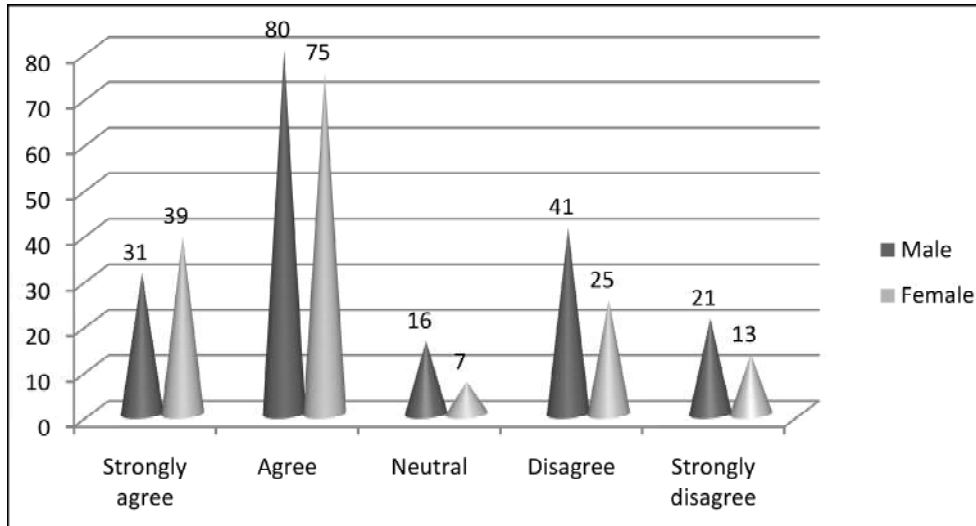
**Analysis :** On the basis of table, it can be observed that 21% of male and 28% of female strongly agreed with fixture. 48% of male and 59% of female agreed that they tend to buy with the influence of fixture. 6% male and 2% of female were neutral with fixture. 17% of male and 6% of female disagreed with fixture. 5% of male and 2% of female strongly disagreed with fixture. It is cleared that those item which displayed on fixture influenced customers buying behaviour more.

**Do You Purchase After Seeing Mannequin?**

	Gender				Total
	Male	%	Female	%	
(a) Strongly agree	31	16	39	24	70
(b) Agree	80	42	75	47	155
(c) Neutral	16	8	7	4	23
(d) Disagree	41	21	25	15	66
(e) Strongly disagree	21	11	13	8	34
<b>Total</b>	<b>189</b>	<b>54.31</b>	<b>159</b>	<b>45.69</b>	<b>348</b>

**Table : 11 The percentage of the Respondents' Purchase Decision on Mannequin;**

**SOURCE : SAMPLE SURVEY 2016**



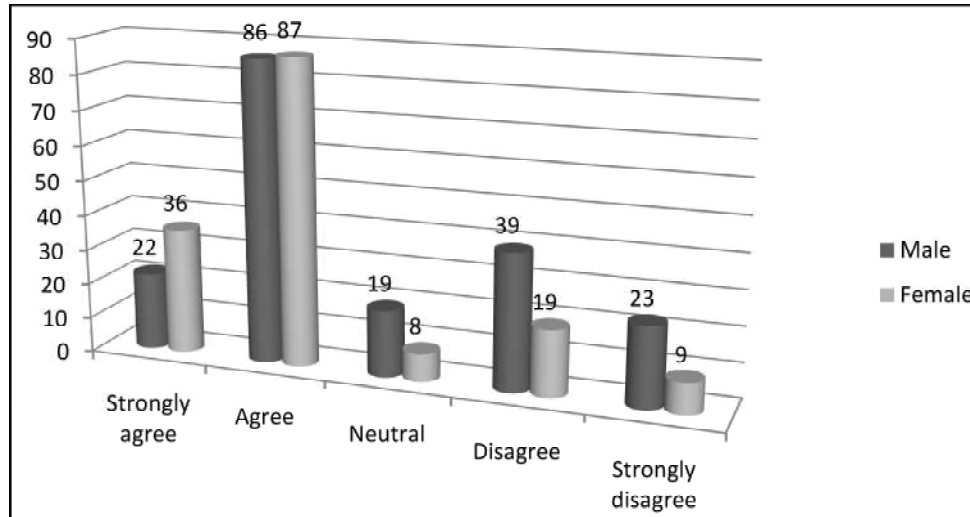
**Graph 4 : The percentage of the Respondents' Purchase Decision on Mannequin**

**Analysis :** From the above, it can be observed that 47% female agreed that they tend to buy after seeing Mannequin and 42% of male agreed to purchase after seeing mannequin. 16% of male and 24% of female strongly agreed and they tend to purchase after seeing mannequin. 8% of male and 4% of female were neutral with mannequin. They believe that mannequin has not influenced in their purchase decision. 8% of male and 4% of female disagreed with mannequin. 11% of male and 8% of female strongly disagreed with neutral. It can be concluded that most of the customers in store purchased after seeing mannequin.

**Do You Purchase After Seeing Window Display?**

	Gender				Total
	Male	%	Female	%	
(a) Strongly agree	22	11	36	22	58
(b) Agree	86	45	87	54	173
(c) Neutral	19	10	8	5	27
(d) Disagree	39	20	19	11	58
(e) Strongly disagree	23	12	9	5	32
<b>Total</b>	<b>189</b>	<b>54.31</b>	<b>159</b>	<b>45.69</b>	<b>348</b>

**Table: 12: The percentage of the Respondents' Purchase Decision on Window Display; SOURCE: SAMPLE SURVEY 2016**



**Graph 5 : The percentage of the Respondents' Purchase Decision on Window Display**

**Analysis:** On the basis of above table, it can be observed that 11% of male and 22% of female strongly agreed with window display. And they tend to buy with the influence of window display. 45% of male and 54% of female agreed with window display. 10% of male and 5% of female were neutral with window display. 20% of male and 11% of female disagreed with window display. 12% of male and 5% of female strongly disagreed with window display. It can be concluded that the use of window display in store influenced customers purchase decision more.

#### **FINDINGS**

- The most impactful visual merchandising element according to customers is lighting, fixture, mannequin and window display.
- There is great impact of fixture on the consumer buying behaviour.
- Most of the Customers visit here (about 47.12%) are having annual income up to 2 lac
- Most of the customer (about 49.13%) of organised outlets belongs to service officer.
- Most of the visitors of outlets (about 61.20%) are belong to 15-30 age group.

#### **CONCLUSION**

The study is conducted to investigate the relationship between the visual merchandising and consumer buying behaviour, As per this study reveals that the consumer buying behaviour is significantly influenced by lighting, fixture mannequin and window display. Majority of customer of stores is having belongs to 15-30 age group. According to

this research visual merchandising tools do have impact on consumer buying behaviour. Especially lighting, fixture, mannequin and window display are having huge impact on buying behaviour of consumer.

The visual merchandising tool is used in store to attract the customer to visit the outlet and stimulate customer to purchase in order increase sale.

### **RECOMMENDATIONS**

- Retailers should do some improvements in mannequin in order to attract the attention of customer
- As the 15-30 age group of the majority of the population living in four cities of the India. Merchandiser should keep more focus on grabbing the attention of youngster by implementing effective element of visual merchandising
- As the majority of lower annual income is living in cities, retailers should use proper arrangement of lighting, fixture, and window display in the store to attract the attention of youngster

### **LIMITATIONS OF THE STUDY**

- Time frame and resource for my research was limited.
- The study is confined in just four cities like Patna ,Ahmadabad, Delhi and Bangalore
- Respondents were resisting to fill the questionnaire
- The qualitative research for this may differ in outcome
- Apart from visual merchandising, there is the influence of other mediums like television, newspaper, and radio used for communicating the Mahabachat – this has got the strong influence in buying decision. How strong a marketer/ promoter are trying to promote the product if it is not needed for the customer then the customer won't be a prospective customer for that Marketer?

### **SCOPE FOR FURTHER STUDY**

This study emphasizes the need for future researchers to pay more attention in the field of Visual Merchandising. Visual Merchandising is an interesting field for researchers who wish to conduct their research studies relating to this subject. On the basis of various past research studies, it can be observed that the majority of the researchers have not made a considerable attempt to carry out such studies on Visual Merchandising in the Indian context. This study examined limited factors of Visual Merchandising affecting the consumer buying behaviour. Further research can be made on the impact of other elements of Visual Merchandising such as props, signage, planogram, design layout, product display, and cleanliness etc., associated with the consumer buying behaviour in the Indian context as well as international context.

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# Performance of Indian Automobile Insurance Sector

Madan Mohan Dutta\* & Gautam Mitra\*\*

## ABSTRACT

*Major contribution of growth of General insurance industry in India has come from Automobile insurance sector. It alone accounts for around 50% of total general insurance premium income in India. The growth of this sector is phenomenal. At the same time problems in this sector are also many which are affecting its performance.*

*Purpose: Purpose of this paper is to measure the impact of premium income of Automobile Insurance companies on underwriting profit/loss and ascertain its performance.*

*Methods: Secondary data used in our research was obtained from Insurance Regulatory and Development Authority of India website. Statistical tools applied for the study was Regression analysis through the application of SPSS statistical software.*

*Findings: Study finds no significant relationship between growth of premium and underwriting profit/loss of Automobile insurance sector. In fact there had been Underwriting losses for successive years in spite of growth of Premium income.*

*Implications: Our research implies that growth of Premium income necessarily does not always lead to generation of high Profit.*

**Keywords :** *Automobile Insurance, Underwriting profit, Regression analysis, Insurance Regulatory and Development Authority, Premium*

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## INTRODUCTION

### History of Auto Insurance

Automobile insurance is a fascinating branch of insurance. This insurance had its beginnings in the United Kingdom in the early part of the last century. The first motor car was introduced in England in 1894. The first motor policy was introduced in 1895 to cover third party liabilities<sup>1</sup>. By 1899, accidental damage to the car was added to the policy, thus introducing, the 'comprehensive' policy along the lines of the policy issued today<sup>2</sup>.

In India, the Motor Vehicles Act was passed in 1939 introducing the law relating to compulsory third party insurance. The business was governed by a tariff till March 2008, now it is not regulated and is governed by market forces. Motor vehicles Act 1988 has replaced the earlier 1939 Act and it became effective from 1<sup>st</sup> July 1989.

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<sup>1</sup> Third Party Liability: Liability arising out of bodily injury to third party and damage to third party property due to Motor Vehicle accident.

<sup>2</sup> Ganatra, R. K. (2014). Motor Insurance. Mumbai, MB: Insurance Institute of India.

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Some of the important provisions of the Act are as follows:

- Stricter procedure for grant of Driving License and period of their validity.
- Standards for anti pollution control devices.
- Enabling provisions for updating the system of registration marks.
- Maintenance of state registers for Driving Licenses and Vehicle registration.
- Constitution of Road safety councils etc.

Auto insurance gives protection to the vehicle owner against damages to his/her vehicle and pays for any Third Party Liability determined as per law against the owner of the vehicle. Third Party Insurance is a statutory requirement. The owner of the vehicle is legally liable for any injury or damage to third party life or property caused by or arising out of the use of the vehicle in a public place.

Driving a motor vehicle without insurance in a public place is a punishable offence in terms of the Motor Vehicles Act, 1988. Motor Vehicle Insurance is not only a major source of premium earnings for the insurance companies but also the area of concern which is incurring huge claims leading to loss.

#### **Meaning of Auto Insurance**

Automobile insurance is for cars, trucks, motor cycles and other road vehicles. It is primarily meant to provide financial protection against physical damage and/or bodily injury resulting from traffic collisions and against liability that could also arise from the accident.

A third party auto insurance policy is a mandatory policy issued by an insurance company as part of prevention of public liability to protect the general public from any accident that might take place on the road. The law mandates that every owner of a motor vehicle must have one third party motor insurance policy<sup>3</sup>.

For the purpose of insurance, motor vehicles are classified into three broad categories:

- a.) Private Cars
- b.) Motor cycles and motor scooters
- c.) Commercial Vehicles, which is further classified into:
  - i.) Goods carrying vehicles
  - ii.) Passenger carrying vehicles e.g. taxis, buses, rickshaw etc.
  - iii.) Miscellaneous Vehicles like ambulances, mobile dispensaries etc.

There are basically two types of motor insurance policies:

- a.) Liability Only Policy ( third party insurance)
- b.) Package Policy (third party insurance plus damage to owner's vehicle)

**LIABILITY ONLY POLICY (Third party cover)** : This policy can only be used when any accident leads to third party damage. This policy does not cover damage to owner's vehicle.

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<sup>3</sup> Majumdar, P.I., & Diwan, M. G. (2001). Principles of Insurance. Mumbai, MB: Insurance Institute of India.

**PACKAGE POLICY (Comprehensive cover)** : This policy covers not only third party insurance but also includes damage to owner's vehicle. This policy has the following sections:

**Section I : "Loss or damage" (or own damage).** The risk covered under this are:

- |  |                                |
|--|--------------------------------|
| a.) Fire, explosion, self-ignition or lightning.   | b.) Burglary or theft.         |
| c.) Riot or strike.                                | d.) Earthquake.                |
| e.) Flood, hurricane, storm.                       | f.) Accidental external means. |
| g.) Malicious act.                                 | h.) Terrorist activity.        |
| i.) While in transit by road, rail, waterways etc. | j.) Landslide or rockslide.    |

**Section II : Liability to Third Parties.** It covers Death or bodily injury to any person including occupants, carried in the vehicle and damage to property other than which belongs to the insured.

**Section III : Personal accident cover for owner-driver.**

### **RELEVANT LITERATURE REVIEW**

After liberalization growth of Indian Auto Insurance industry has become significant both from economic and social point of view and researchers have explored and probed these aspects.

Nair, (1995)<sup>4</sup> have studied settlement of Motor accident claims in Kerala. Three leading factors crucial in ensuring road safety and reducing accidents were found to be Traffic engineering, Traffic education and Traffic enforcement. Kelly, Kleffner, and Li, (2013)<sup>5</sup> have examined the impact of Regulation on the availability and profitability of Auto insurance in Canada. It was found that rate reduction orders, product reforms and pricing have significant effect on the increase in premium. Weiss, Tennyson, and Regan, (2010)<sup>6</sup> have examined, the effects of Regulated premium subsidies on insurance costs. Results suggest that rate regulation that systematically suppresses driver's insurance premiums is associated with significantly higher average loss costs and higher insurance claim frequency. Hoyt, and Lankau, (2006)<sup>7</sup> have examined insurance coverage disclosure laws and their impact on Automobile Insurance costs. It was found that insurance consumers paid additional premium costs in those states of America where these laws prevail. Dhar, (2013)<sup>8</sup> analyzed the performance of Indian insurance sector. It was revealed that Health and Automobile sectors are the major drivers in the segment of General Insurance. Jayasudha, (2015)<sup>9</sup> have analyzed policy holders' perception on claim and settlement procedures in Motor insurance business in Erode District in India. Her findings indicate that prompt processing and settlement of claim can help an insurer to maintain market share and profitability in this sector.

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<sup>4</sup> Nair, K. R. (1995). Settlement of Motor accident claims with special reference to Kerala. UGC Thesis. Shodhganga.inflibnet.ac.in

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<sup>8</sup> Dhar, S. K. (2013). Performance of Indian Insurance Sector: A critical Analysis. Prism India, Kolkata,18

<sup>9</sup> Jayasudha, S. M. (2015). Analysis of the policy holders perception on claim and and settlement procedures in Motor insurance in Erode district. *International journal of Research in Humanities and Social Sciences*,74-79.

There has been substantial research work on Automobile insurance done abroad. But in India there has been work in areas like claim settlement, performance of general insurance but no work on performance of Automobile insurance sector based on underwriting profit has been conducted.

## OBJECTIVE

Objective of this paper is to measure the impact of premium income of Automobile Insurance companies on underwriting profit/loss.

## RESEARCH METHODOLOGY

### Data Source

Secondary data for the purpose of this study has been obtained from hand book on Indian Insurance Statistics and website of Insurance Regulatory and Development Authority. Eleven years data corresponding to period from 2005-06 to 2015-16 were used to determine influence of independent variable (Automobile insurance premium earned) on dependent variable (Underwriting profit/loss). We apply Regression to estimate the influence of independent variable on dependent variable.

Underwriting Profit/Loss = Net Premium Earned – (Claim Settled + Commission & Management Expenses Incurred)

### Data Analysis

Year	Motor Insurance Premium earned	Claims Incurred	Commission & Management Expenses	Underwriting Profit/Loss
2005-06	6762	6643	2538	-2419
2006-07	7938	6722	2496	-1280
2007-08	9752	9001	3162	-2411
2008-09	11372	10103	3938	-2669
2009-10	12758	10782	4393	-2417
2010-11	15271	15682	5274	-5685
2011-12	19659	18656	5838	-4835
2012-13	24809	21597	7247	-4035
2013-14	29553	23496	8526	-2469
2014-15	33539	25873	10602	-2936
2015-16	37493	30438	12298	-5243

**Table 1: Year-wise data on Underwriting Profit/Loss of Automobile Insurance Sector. (Rs. In Crs.); (Source: Handbook on Indian Insurance Statistics.)<sup>10</sup>**

<sup>10</sup> Insurance data revisited. Retrieved February 6, 2018, from Insurance Regularity & Development Authority website, <http://www.irda.gov.in>

From the above table we find that the growth of Motor insurance in India has been from Rs.6762crores for the financial year 2005-06 to Rs.37493crores for the financial year 2015-16. Premium is growing at a Compounded Annual Growth Rate (CAGR) of 18.68%.

From the same table it can be observed that Automobile Insurance sector is making Underwriting Loss in all the financial years starting from 2005-06 to 2015-16. Here Underwriting Loss is calculated by deducting Claims settled and Commission and Management expenses incurred from Motor Insurance Premium earned during these periods.

The CAGR formula used in business analysis is as follows:

$$CAGR = \left( \frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{n}} - 1$$

Where:

n - Number of periods (like years, quarters, months, days, etc.)

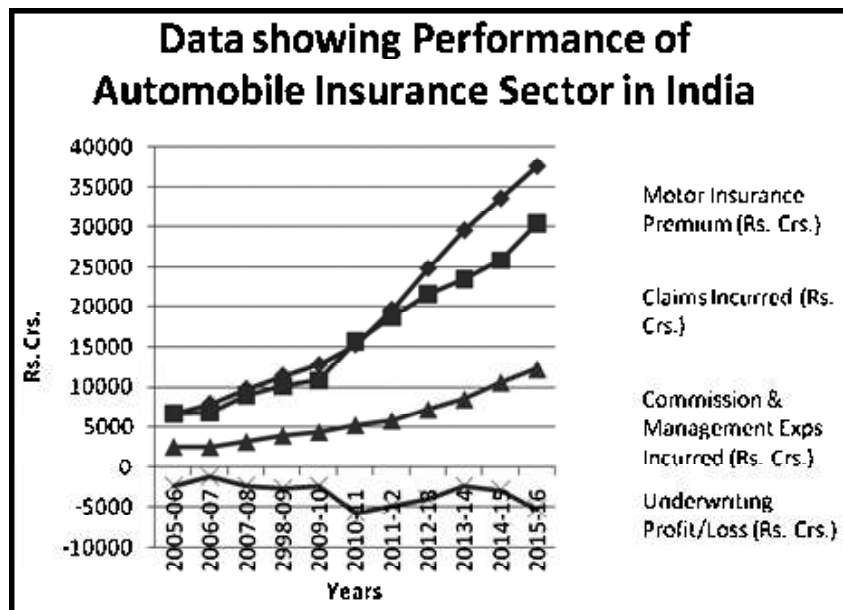


Figure 1

It is seen from the chart that there is stiff rise in Premium earned over the years but claims incurred and commission and management expenses have also shown a rising trend. So the combined impact of claims incurred and commission and management expenses on Premium earned is very high resulting in loss to this sector which can also be seen in the chart.



**Figure 2**

Bar chart between Premium earned and claims and management expenses incurred shows that claims and management expenses together is higher than Premium earned in all the years used in our study.

**Regression Model**

$$Y = a + b X$$

Where Y = Dependent Variable  
 X = Independent Variable  
 a = Intercept of the line  
 b = Slope of the line

Regression fit

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	90.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-2171.565	838.270		-2.591	.029	-4067.864	-275.265
1. Motor Insurance Premium Earned	-.060	.039	-.458	-1.544	.157	-.148	.028

a. Dependent Variable: Underwriting Profit / Loss

Here Y is Dependent variable (Underwriting Profit/Loss) which is to be predicted, X is the known Independent variable (Automobile Insurance Premium earned) on which predictions are to be based and a and b are parameters, the value of which are to be determined.

$$Y = -2171.565 - 0.06 X$$

Predictive ability of the model

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.458 <sup>a</sup>	.209	.121	1325.74784

a. Predictors: (Constant), Motor Insurance Premium Earned

The value of  $R^2 = 0.209$  which explains 21% relationship between Automobile Insurance Premium earned and Profit/Loss made by this sector. In other words 79% of the total variation of the relationship has remained unexplained.

**Hypothesis**

Regression Coefficients

**ANOVA**

Model	Sum of Squares	Df	Mean Square Square	F	Sig.
1 Regression	4188356.043	1	4188356.043	2.383	.157 <sup>b</sup>
Residual	15818465.957	9	1757607.329		
Total	20006822.000	10			

a. Dependent Variable: Underwriting Profit / Loss

b. Predictors: (Constant), Motor Insurance Premium Earned

*Null Hypothesis:*

$H_0^1: \hat{\alpha} = 0$  (No influence of Automobile Insurance Premium earned on Underwriting Profit/Loss made)

*Alternative Hypothesis:*

$H_1^1: \hat{\alpha} \neq 0$  (Automobile Insurance Premium earned influences underwriting Profit/Loss made by this sector)

The computed P-value at 95% confidence level is 0.157 which is more than 0.05. This is the confidence with which the Null hypothesis is accepted and the Alternative hypothesis is rejected<sup>11</sup>. Malhotra, N.K. (2007). Marketing Research An Applied Orientation. New Delhi, ND: Perason Prentice Hall.

Thus regression equation shows that there is no influence of Automobile Insurance Premium earned on Profit/Loss incurred by this sector.

<sup>11</sup> Malhotra, N.K. (2007). Marketing Research An Applied Orientation. New Delhi, ND: Perason Prentice Hall.



## **RESULTS**

### **Findings**

The finding from the analysis is listed below:

- The growth of net premium for the Auto insurance has been about 18.68% per annum even then this sector is unable to earn underwriting profit during the period 2005-06 to 2015-16.
- Along with high growth of premium, claims incurred in this sector have also grown substantially. The average growth of claim has been 16.44% CAGR during the period 2005-06 to 2015-16. Third party liability claim is mainly the area of concern of all the insurance companies.
- Also commission and management expense have grown disproportionately during this period. Average growth being around 17.09% CAGR. This is due to cut throat competition in this sector.
- Here we find that claims incurred and commission and management expenses together have grown at a rate higher than the rate of growth of premium income. Thus resulted into underwriting loss.
- It is also observed that there has been substantial increase in on road vehicles but quantum improvement of road conditions has not taken place proportionately. This has lead to increase in road accident and higher payment of insurance claim.

### **Recommendations**

- All the private and public sector insurance companies together should try to evolve a mechanism to stop fraudulent claims in this sector.
- Automobile insurance Premium should be linked to behavior and capability of Driver as is done in US and other developed countries.
- Upward revision of Premium charges may also be considered to see improvement of bottom line in this sector.
- Safe drive awareness training must be given to problematic drivers.

### **CONCLUSION**

Performance of Indian Automobile Insurance sector has not improved even after opening up of General Insurance sector in the year 2006. It is incurring Underwriting losses even in recent times. It is a source of great concern to everyone attached to this sector.

### **LIMITATION AND SCOPE FOR FURTHER RESEARCH**

Automobile Insurance sector is huge. We have studied performance of this sector as a whole. This analysis is required to be conducted category of vehicle wise and within category model wise to ascertain specific type of vehicle incurring losses. But data for the same is not available at present. Scope for further research lies in the use of Primary data. Data can be collected from service centers to find out loopholes in this sector.

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# Social Media Orientation in B-Schools : A Comparative Study on Student Culture

Gautam Sardar\* & Saroj Kumar Datta\*\*

## ABSTRACT

*Lot of experiments on Social media has been conducted in recent years, especially to check its effectiveness as a medium of communication. Recent studies proved that, social media can be used as a tool of marketing communication (Egle S & Nijole B, 2015). However, the success of Social Media Marketing is very much dependant with the organizational and social culture as a whole (Hemsley J.V. & Oplatka, I. 2010).*

*Marketing of B-Schools in Social Media space is oriented towards Customer, Competitor or Inter-functional co-ordination. Customer orientation will allow B-Schools to act on student needs and expectation (Balaji S, 2012). Competitor orientation will help to follow competitor' activity, such as new facilities offered, any change in strategic business and its impact on the students of the B-Schools etc. However, attracting new students for enrollment or planning for new strategies to fight competitors is not the responsibility of the management of B-Schools alone but for every one of the organization (Luminita N, 2009). Social Media can play a crucial role to develop, inter-functional co-ordination between different entities of the organization.*

*Our study has been intended to find following:*

- 1. Whether there are significant differences in Social Media Orientation between urban and rural students of the B-Schools?*
- 2. Which of the dimension called Customer Orientation, Competitor Orientation or Inter-functional Coordination indicate more positive and significant attitude?*
- 3. To which extent this instrument is reliable for variation in larger sample size?*

**Key-words :** *Social media Orientation, B-School Marketing, culture, attitude*

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## INTRODUCTION

Social media engage two wards Social and Media, Social refers to all such connects of a civilized human being maintain with the society, and media refer to the technology we use to meaningful transfer of information to the same society (N Sisira, 2011). Taking together, Social Media is the platform to generate, sustain and communicate information at the individual and group level. Social Media; not only to communicate, but also to interact between users (Sharda G, Anita D & Pragya G 2013).

In India education is not a Business in legal terms, but it has to face all conditions which relate to service sector business. In order to survive in competition, every

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organization needs to move faster than the market (Kevin Zheng Zhou et. al, 2007). It needs to innovate new strategies, create and identify customers, know their insight and finally stride for strategic marketing (Kevin Zheng Zhou et. al, 2007). B-school marketers are using Social Media as part of their strategic marketing process (Sharda G, Anita D & Pragya G 2013).

B-schools are trying to involve every one of the organization for their contribution in its marketing process; such as sharing new information or giving feedback. The marketing process in Social Media starts from the community which consists of a group of individuals with common interest, hobbies, and a passion to create a group where they can share information (Hemsley-Brown J.V. and Oplatka, I. (2010)). It does not allow any barrier, impeding openness of the content and its discussion as comment or feedback (S Neti, 2011). The main interest of B-school in Social Media marketing is to create a platform which attracts the attention of its customer and prospects to create links with them and also to share their views on a topic of common interest (Luminita Nicolescu, 2009).

Success of marketing depend on a number of factors, some of them are totally dependent on external factors (A Kim & E Ko, 2012). Success of Business school's marketing also depends on the attitude of customer and performance of competitor. Student and their guardian may have differences in opinion in respect of information and mode of communication of the B-school. Similar differences in perception may exists between students belong to rural and urban area, as they belong to different cultural background (Qian Huang, Kun Fang, Hefu Liu, 2017).

## **LITERATURE REVIEW**

### **Customer orientation in B-school marketing**

Customer Orientation is the actions taken by the sales and service staffs of the organization to consider the need of the customer as top most priority (Narver & Slater, 1990). Concept of customer orientation is applicable to Product Development, Product Quality, After Sales Service, Complaint and Query Handling, Sensible Communication with Customer etc. (N Sisira, 2011). For Business School, these are Lesson Development, Student Training, Student Placement, Student Problem Handling and Listening to Students or guardians opinion.

Customer orientation reflects the core of organization marketing and hence is also referred as the heart of marketing orientation (Tessema & Trijp Van, 2013 ). Customer orientation is an organized mission starting from staff involvement and innovation to create customer satisfaction, preference and loyalty (Kirca et al, 2005). While, students are primary customer of the B-school guardians comes second but has more significance in the process. Thus both of them must be satisfied before they take the decision of enrollment.

### **Organizational culture and social Media**

Culture of the organization helps to build identity or branding of the organization. There are three levels of organization culture: Artifacts & Behavior, Norms & Values, and Underlying Assumptions (Schein, 1995). Artifacts & Behavior deal with the logo, mission, layout, chart of the organization, dress code, and the formality of the staff.

The advertisement content of B-school always carries the artifacts of the organization. Artifacts represent all items by which an organization represent itself before the customer, consultant and visitor (Qian Huang, Kun Fang, Hefu Liu, 2017). Culture of the B-school is always reflected by artifacts' & behavior.

Norms and Values reflect organization's Strategy, Goal and Philosophy (Hatch, 2004). Underlying Assumption is basically the core of the idea, why they are making the thing / happen (E Schein, 1992). The medium of advertisement is carefully chosen to maintain the norms and values of B-school culture. It can be explained by the behavior, emotion, thought/perception or the member of the organization (Hatch, 2004). Culture of the organization keeps on changing to meet the changing values of customer requirements and competition in the industry (Gordon, 1991). Overall culture of the B-school is reflected in the appearance of the students and faculties. Students of the B-school are one of the most important sources for new student enrollment of the college.

There has been lot of debate regarding the influence of cultural on B-school marketing. Some theories consider culture as the additional cost for the organization. However, there are opposite propionate describing strong culture is essential for better performance of the organization (Kotter and Heskett). Contingency model of culture describe organization culture compliant for continuous change in values will lead continuous growth and sustained performance in long run (Bluedorn).

Culture of B-school has been influenced by their student's background or vice versa. Students from rural background possess different cultural values than their urban counter parts. B-school also may have their own value proposition since inception or might gradually develop over time (Luminita Nicolescu, 2009). Social media is the best choice for the Business Schools trying to handle cultural aspects in its business communication. Social media is cheapest among all kinds of marketing medium (Qian Huang, Kun Fang, Hefu Liu, 2017).

Organizational culture has the inclusive and collective effect of principles, belief, norms and ways of behavior with the customer; which makes the character of the organization distinctive (Brown, 1995). Social media is community platform which has been created to share information through conversation and interaction (Peypoch, 1998 & Rheingold, 2000). Social media helps its user to share ideas on various topics (Winer, 2009).

Social media can help the management of B-school to easily describe their mission and vision for the organization (Luminita Nicolescu, 2009). Students can also explain their views, need and expectation from their college in social media (Hemsley-Brown J.V. and Oplatka, I. (2010). Hence social media can act as bridge in between college and management to help in defining the overall culture of the organization.

The Universal perspective model identifies three constituencies of culture, which require care and concern: employees, stakeholders and customers (Qian Huang, Kun Fang, Hefu Liu, 2017). B-schools must take serious consideration and care of all these three to create effective business communication. Social media can create the bridge between employees, stakeholders and the students of the college (S Neti, 2011).

There are five basic functions of organization culture: Promotion of code and conduct,

Facilitate Recognition, Self satisfaction, Opportunity to set standard of performance, Guide and control the employees (Mc Shane, 2000). Staffs of the organization frame their functions in and outside of the organization as per the culture of the organization (Martin, 2006).

#### **Social Culture and Social Media:**

Social culture includes the complete range of formal and informal habit, values and behavior which encounter and build relationship in group identification (S Neti, 2011). The encounter is equally important to clarification, modification or affirmation of cognitive culture. A group of any background may have similarities in the concept of life, relationship and expression (Hemsley-Brown J.V. and Oplatka, I., 2010). Hence it is the sum of concepts, values and shared experience of socialized human being.

Students join Business School from different socio economic backgrounds. B-School imposes its own rules and regulations in the name of tradition, on the students and forms a new group people to carry its cultural heritage. The code of conduct of this new group is made compliant with its business policy.

Social media is developed with the concept of developing a community by sharing information between its members (Rheingold, 2000). Members of all social media group connect each other with the intention to share ideas of common interest on numerous topics (Winer, 2009).

#### **Student Need and Expectation:**

Every business has to listen to the need of the customer or it is the customer who tells the business what it should produce or serve (A Kim & E Ko, 2012). Business has no meaning if it cannot serve its customer according to their need and expectation (N. Lepkova, G. Jefimovienė, 2012). Student of Business Schools have their own set of priorities and expectations from the college. Such need can be advanced Wi-Fi for data access, regular interaction with industry and experts, digital library of books and journals etc (Luminita Nicolescu, 2009).

There is no value of a need or expectation unless and until it is communicated to suppliers (A Kim & E Ko, 2012). B-schools may need to use social media for college event updates, such as seminars, festivals. Or it can be used for help in student studies, for co-ordination between students and staffs of the college, or for the promotion of the college.

There are some needs of the customer which they cannot define or express properly, so it becomes important for the supplier to create the need of the customer (N. Lepkova, G. Jefimovienė, 2012). After joining the Business School, students learn about facilities and standard they need to be exposed during their course.

#### **Competitor Orientation:**

It is the inclusive approach to follow the competitors for learning their activities and be prepared for the competitive market (Deshpande et al., 1993). Literature review finds service organization mostly considers Competitor Orientation as short term strategy (Narver and Slater 1990). Competitor orientation has a positive relationship with organization performance (Nobel, Sinha and kumar, 2002). Sometimes, competitor

orientation forces the organization to carefully monitor the act of the competitor resulting extra cost and reduce profit (Armstrong and Collopy, 1996). Competitor orientation helps the organization learn, compete and improve upon its own standard (S Agarwal et al, 2007). Business school closely monitors social media activities of the competitors and try to take own strategy.

#### **Facilities Offered:**

Like many other service sector business B-schools offer a number of facilities to attract prospects for enroll (R Balaji, 2013). Campus placement, accommodation, sports, games and cultural activities are rated topmost attraction for the students to choice a particular Business School (Luminita Nicolescu, 2009). Colleges normally display the facility information in the web-site or printed admission brochures. Business schools post video clips of events conducted by students or management in social media.

Facilities and its management to add value of stakeholder, is extremely important for the organization to support the core business activity (Mudrak, 2004). Organizations need to accept extra cost for giving facilities to customers for long run business benefit (Rasila, Gelsberg, 2007).

#### **Strategic Business:**

Strategic business can help the organization to define its goal or objectives by understanding the needs, problems and opportunities of the organization (David Parmerlee, 2000). Strategic Business for the B-School covers all levels of marketing plans, including some specific marketing by defining the operational practice, procedure and policy (Kotler Philip et. al, 1999). In case of service marketing, interaction between customer and frontline staff takes place to define the service (Jarkko M et al, 1999). If the interaction is based on Social Media, it requires efficiency in skill set to produce the content of communication. B-schools need to concentrate on content quality, content delivery and customer's feedback of social media to achieve satisfactory business communication.

#### **RESEARCH GAP**

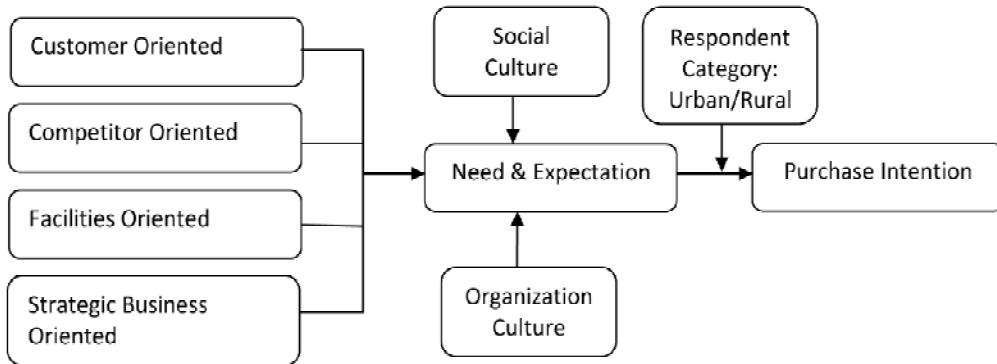
There have been a number of valuable researches on following areas of Higher education marketing:

1. The factors which can influence student choice of B-Schools
2. Study on customer attitude of service sector business in India

However, no such studies have been found on the role of organizational and social culture on Prospective students and their guardians' attitude towards choice of Business School.

Since no studies so far have been conducted on Behavioral Intention of students towards different marketing initiative of the management colleges in Indian context , our current study is one of the first attempt in this field.

**Research Model and Hypothesis**  
**Social Media Communication**



**Figure 1 : Proposed Research Model**

**Research Hypothesis**

We have formulated following research hypothesis on the basis of studies on contemporary literature:

H<sub>1</sub>: Social Media communication has a positive and significant effect on user need and expectation

H<sub>2</sub>: Social Culture has positive and significant effect on user need and expectation towards Social Media for B-school Communication

H<sub>3</sub>: Organizational Culture has positive and significant effect on user need and expectation towards Social Media for B-school Communication

H<sub>4</sub>: Respondent Category will moderate the relationship between Need & Expectation and intention towards Social Media for B-school Communication

**RESEARCH METHODOLOGY**

**Pilot Test:**

We have conducted a pilot study to define the structure of our research. Pilot was conducted with 14 respondents studying under and post graduate management courses in Kolkata. Our intention was to find the relevance of study and also to finalize questionnaire.

**Data Collection**

Method : We have used structured questionnaire to collect primary data from 4 educational institutes located in and around the City Kolkata. The questionnaire has two parts, 1<sup>st</sup> part has 5question to get demographic information and we have used nominal scale for that, 2<sup>nd</sup> part has 24 questions to collect scale data. There are 5 points in scale, 1 for completely disagree and 5 for completely agree. Questions



were categorized for customer orientation, competitor orientation and inter-functional coordination. Convenience sampling has been used to select respondent to cover all cross-sections of the population.

Research Method:	Field Survey
Research Format:	Exploratory Research Design
Data Collection Method:	Structured data collection with primary data
Population:	Management students residing in and around Kolkata
Sampling:	Convenience sampling
Sample size:	156 Respondents
Data collection instruments:	Quartiles
Data Analysis:	SPSS 16.0

## **RESEARCH FINDINGS**

### **Demographic Information:**

Out of total 228 samples we have collected, 156 finally considered for analysis. Percentage of under graduate management student was 73.07 per cent and post graduate was 26.92 per cent. 45.51per cent were male respondent and 54.49 percent were female. Residence wise, 73.38% from urban and 20.86% from rural 5.75% from semi urban areas responded our interview.

### **Result**

We have analyzed our data by SPSS 17 software. Statistical analysis of primary data has been conducted for reliability of four dimensions of Social Media Communication:

**Cronbach alpha** found Customer Orientation ( $\alpha=.79$ , 4 items), Competitor Orientation ( $\alpha=.82$ , 3 items), Facilities Orientation ( $\alpha=.75$ , 3 items) and Strategic Business Orientation ( $\alpha=.81$ , 4 items).

**Inter item correlation** between Customer Orientation and Competitor Orientation (.538), Customer Orientation and Facilities Orientation (.741), Customer Orientation and Strategic Business Orientation (.780), Competitor Orientation and Facilities Orientation (.470), Facilities Orientation and Strategic Business Orientation (.654), Strategic Business Orientation and Competitor Orientation (.563)

**Kaiser-Meyer-Olkin** Measure of Sampling Adequacy: .767 implies sample size was just adequate.

### Hypothesis 1

Independent Variable	Unstandardized Coefficients		Standardized Coefficients		Sig
	B	Std. Error	Beta	t	
Customer Orientation	.974	.184		5.293	.000
Competitor Orientation	.932	.084	.688	11.292	.000
Facilities Orientation	1.495	.246		6.084	.000
Strategic Business Orientation	.694	.116	.454	5.970	.000
	1.515	.190		7.972	.000
	.665	.085	.556	7.829	.000
	1.037	.219		4.726	.000
	.988	.111	.605	8.700	.000

**Table 1**

#### Dependent Variable : student Need and Expectation

We have evidence, that Customer Orientation (B=.932, t=11,292, p<.001), Competitor Orientation (B=.694, t=5.970, p<.001), Facilities Orientation (B=.665, t=8.829, p<.001) and Strategic Business Orientation (B=.988, t=8.700, p<.001) has a positive and significant impact on student need and expectation. The Analysis also proves that more than 74% variation have been explained (R<sup>2</sup>=.742, p=.000) and also multi-collinearity does not exist. Therefore, H<sub>1</sub> is supported.

### Hypothesis 2

Independent Variable	Unstandardized Coefficients		Standardized Coefficients		Sig
	B	Std. Error	Beta	t	
Social Culture	2.207	.069		32.117	.000
	1.793	.112	.688	15.961	.000

**Table 2**

#### Dependent Variable : Student Need and Expectation

We have evidence in table:2, that Social Couture (B=.932, t=11,292, p<.001) has a positive and significant impact on student Need and Expectation. The Analysis also proves that 65% variation have been explained (R<sup>2</sup>=.650, p=.000) and also multi-collinearity does not exist. Therefore, H<sub>2</sub> is supported.

### Hypothesis 3

Independent Variable	Unstandardized Coefficients		Standardized Coefficients		Sig
	B	Std. Error	Beta	t	
Social Culture	3.089	.094		32.922	.000
	-1.089	.213	-.401	-5.116	.000

**Table 3**

### Dependent Variable : Student Need and Expectation

We have evidence in table:3, that Social Couture (B=.932, t=11,292, p<.001) has a positive and significant impact on student Need and Expectation. The Analysis also proves that only 16% variation have been explained ( $R^2=.160$ , p=.000). Therefore,  $H_3$  is not supported.

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.086 <sup>a</sup>	.007	.000	.451
2	.590 <sup>b</sup>	.348	.339	.367

a. Predictors : (Constant), Student Need and Expectation

b. Predictors : (Constant), Student Need and Expectation, Respondent Category (Urban = 1, Rural = 0)

**Table 4**

### Hypothesis 4

From the findings of Table: 4 of regression analysis, the value of R has been changed from .086 to .590 and corresponding  $R^2$  has been changed from .007 to .348 due to the introduction of Respondent category (Rural & Urban). Such changes have reduced standard error of estimate from .451 to .367. Therefore, it can be concluded that, Respondent category can play a moderating role between Need & Expectation and intention towards Social Media for B-school Communication. Therefore,  $H_4$  is supported.

### CONCLUSION

This study found the overall positive orientation of the respondents towards the Social Media performance of B-Schools for meeting student needs. Our study also found equitable participation of items in internal marketing of the organization. Social media is the new trend in business communication, but it has already shown its dominating power in business communication. Our study has noticed that the reach of social media in remote areas is still an issue due poor telephonic coverage and for its dependence in English language.

**Managerial Implications :** Our study will help Business schools to create a trustful and meaningful model for using social media in business communication. B-Schools have its objective and responsibility to understand the student needs to design student centered approach of communication. Such understanding and Inter-functional coordination will not only help the organization to develop a better marketing plan but also to reduce marketing cost.

**Originality/Value of paper :** Social Media Orientation is often treated has a vital & the new age technology to create relationship between student, faculty, prospects and rest of the society. This paper is the first attempt to trace the orientation of contextual determinants in respect of Social Media Marketing by comparing its data in two different cultures.

## RESEARCH LIMITATION

In present research, we have successfully achieved an acceptable response rate but due to small sample larger-scale generalizations were not. We have used convenience sampling in our study. We all know that, convenience Sampling is conducive to many polluting factors in group creation; such as poor group creation, wrong administrative evaluation etc. The study was limited in Kolkata and its surrounding area only, geographic differences may create differences in respondent's opinion. The study did not cover guardian's opinion in the same aspect, but in Indian society guardians and peer involvement have great rolls on student admission. So we need further consideration and involvement in above areas

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# **An Empirical Study on the Ecological Attitude/ World View Among Physicians in Eastern India**

**Supti Mandal**

## **ABSTRACT**

*The environmental attitude is considered a significant determinant of ecological behaviour. This paper aims to investigate the environmental attitude of the physicians of Eastern India using revised 'New Environmental Paradigm' scale. This scale is widely accepted attitude measure with documented validity and reliability. By administering the scale to 316 physicians from Eastern India it is found that respondents show positive, but low, endorsement with the NEP view. Though the exploitation of nature by mankind is considered as a matter of concern, majority of Physicians have strong belief in the right of man to rule over the nature. This finding highlights the dire need of ecological knowledge and factual understanding even among this elite layer of the society. In depth understanding on this issue demands further research.*

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## **INTRODUCTION**

Two factors have made our present era different from every other era in history of this planet. Our earth is now having larger population than it has ever had since its existence, all of whom need to be sustained by its resources. The requirement of natural resources and raw materials is in its peak as we live in an era of consumption, being the second factor. The concern is that though the population of the earth is increasing exponentially, the supplies of many resources are finite in nature. The pressure is highest for the rapidly developing countries like India to balance the development and the environmental constraints. Industrial and individual consumers need to turn green and get engaged on their own in eco-friendly buying behaviours, unless this, not much progress can be expected. Industry specific data are required to rightly access the capability of customers to accept 'green' as a desirable product attribute.

## **OBJECTIVES**

Though there is a plethora of trade and media coverage of worldwide environmental concern and insurgence of green movement on manufacturers, retailers, and consumers, relatively less academic research in consumer behaviour and marketing has addressed this phenomenon (Zimmer et al., 1994).

Unfortunately, there is very little viable data available in India to convince the marketers that profitable green markets do exist. This is because although several research studies of excellent quality have been taken, there is no industry specific research as such.

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Indian pharmaceutical market is highly competitive in nature. Porter and Van der Linde (1995) and Berry (1998) argued that companies which engage in corporate environmental management and green innovation actively can not only reduce production waste and increase productivity but also improve corporate images, charge relatively high prices for green products, sell the know-how and services of environmental protection, develop new markets and eventually obtain competitive advantages. The primary customers of this industry are doctors, who are well educated, expected to have sound knowledge on the consequences of environmental degradation. With skilfully craved strategies, environmentally concerned pharmaceutical companies can market themselves effectively. This study is taken up to assess the level of environmental attitude among the physicians of Eastern India

### **LITERATURE REVIEW**

Over the last few decades, the environmentalist groups focused on environmental deterioration and numerous campaigns had been promoted by them throughout the World. Though primarily those campaigns were targeted towards the thought of environmental protection and conservation, it had already begun to influence on consumer attitude and behaviour. It is expected that discussion on the theme of environment will have a major impact on the thinking and behaviour of individuals and society as a whole (Simintiraset *al.*, 1994).

Environmental protection is increasingly becoming an obligation and a part of a bigger plan in the urbanizing world of developing countries. As a result, in recent years, environmentalism has unfolded in developing countries also. Pressure from the environmentalist lobbies as well as the International forums propel Government of India too to come up with a number of legislations to fight against the pollution hazard and preserve natural resources. However, the movement continues to be more of a government initiated one, hence mandatory in nature. As each country has differing social, economic and environmental features, implementing sustainability requires different commitments from every nation.

### **Green Consumerism**

In most of the cases firms conform to environmental legislations and green pressures exerted on them by environmental lobbies, but few proactive firms seized that market opportunity and did start turning green due to green consumerism (Doyle 1992; Meffert and Kirchgeorg 1994; Peattie and Ratnayaka 1992; Vandermerwe and Oliff 1990). Consumerism though started as a movement to protect consumers against unethical marketing practices and dangerous products has become over time more extended in nature. Protection of environment is today one of key objective in the agenda of consumer activists (Keegan et al. 1995). Growing concern among consumers for the environment has come to be known as green consumerism, and the number of consumers who advocate a concern for the environment is found to be ever increasing (Donaton and Fitzgerland 1992).

### **Scenario in India**

Though Indian literates and part of urban consumers are somewhat aware of the benefits of going green it is still an emerging concept for the masses of India. The

consumers need to be educated on environmental issues and made aware of the environmental threats. A lot of time and effort have to be invested to do that. India's Aurvedic heritage may make consumers appreciate the importance of natural products by default. Theoretically it is anticipated that Indians may be inclined to accept the green products with comparative ease.

Global Image Power Green Brand Survey conducted in 2011 reports 64% of the Indian consumers are willing to spend more on green products. Consistent with the emerging countries, Indians are willing to pay green premium. 86% of the Indian consumers reported that advertising about green products help them in making choice. Consumers in India are found to be having more trust on green advertising compared to other countries.

### **Environmental Concern**

Attitude is recognised as an important predictor of behaviour in many social psychology literatures. Different behavioural researches have documented attitude to predict behavioural intention and explanatory factors of variants in individual behaviour as well (Kotchen and Reiling, 2000). The underlying postulation is of consistent association between attitudes and behaviour i.e., that the behaviour of a person to be consistent with the attitudes that he/ she holds. This is called the principle of consistency. The strength of the attitude is often found to be a good predictor of behaviour.

### **Measuring Environmental Concern**

The attitudes of green consumers must express environmental concern (Kinnear, et al, 1974) when attitude is considered as a variable. Psychological researchers conceptualized attitudes as theoretical constructs about mental states that cannot be directly observed but must be inferred from overt responses (Himmelfarb 1993; Heberlein 1981). The selection of an appropriate and reliable tool to measure attitude becomes difficult due to this characteristic of the subject.

The NEP scale, was originally designed by Dunlap & Van Liere in 1978. Later in 2000, Dunlap et al. revised it to accommodate its inherent multi-dimensionality, to offer balanced set of pro and anti NEP items and to avoid outmoded terminology.

The Dominant Social Paradigm (DSP) of the Western World asserts endless progress through industrialisation, even at the cost of environmental degradation. This view has been challenged due to the increasing recognition of the severity of the environmental problems. To provide an alternative world view, the New Environmental Paradigm (NEP) evolved. It emphasises on the disruptions of the ecosystems caused by exceeding pressure on the limit of the earth due to the non-satiable greed of the modern society. This school of thought believes that nature has limited resources, is delicately balanced and vulnerable to harmful human interference.

In the environmental psychology literature, NEP is 'commonly taken to measure general environmental concern' (Poortinga et al., 2004, p. 72). This well accepted 15 items scale has been used in differing contexts to assess peoples' perceptions concerning environment in the US (e.g. Caron, 1989; Nooney et al., 2003), Canada (Edgell and Nowell, 1989), Sweden (Widegren, 1998), the Baltic States (Gooch, 1995), Turkey (Furman, 1998) and Japan (Pierce et al., 1999), Hungary (Toth et al., 2011), Nigeria (C A Ogunbode, 2013).



## **METHODOLOGY**

The study is based on cross sectional perspective, conducted through survey and descriptive in design. Sample of physicians consists of all practicing doctors. Non probability sampling method is adopted, one of the main criterion being convenience of obtaining data. Judgement is used in selecting subjects to ensure that they are from metro, city and town, representing both genders, of different age group, different specialities and different work set ups.

A self administered structured questionnaire is used as the instrument for collecting data from 316 respondents. The questionnaire was pilot tested with 30 respondents prior to data collection. To maintain heterogeneity in the sample and to cover eastern part of India, survey is done in different parts of West Bengal, Assam and Orissa. Data is collected from doctors of Government and corporate hospitals, nursing homes and clinics.

The questionnaire contains 15 NEP items which are set in 5 point Likert Scale. The respondents were asked to rate each item on a 5-point Likert scale from “strongly disagree” (1) to “strongly agree” (5). Data were also collected on the demographic characteristics of respondents (gender, age group, employment type, specialisation and region).

### **Data Analysis is done with**

1. Microsoft Excel to enter the data into the spreadsheet and calculate simple statistical measures
2. SPSS for factor analysis, cluster analysis, chi square test and ANOVA

## **LIMITATION AND SCOPE**

One of the major methodological limitations of this survey is that the collected data represent the perceptions of the respondents which are assumed to be factual and genuine. As the research is on a socially sensitive topic, and the respondent being the doctors, to maintain social desirability, distortion and bias may creep up. The pan India study is very difficult considering the budget, resource and time constraints; hence the generalizability of the current study covering a small part may be questionable.

Additional research in different setting is needed before definite conclusion can be made about the worldview of the physicians. The factors responsible for present status of mild concern would be of academic interest. Longitudinal studies to monitor the shift in the worldview will be very intriguing research topic as well.

## ANALYSIS

### Characteristics of the Dataset

		Number	%
Gender	Male	115	36.4
	Female	201	63.6
Age	20-30	89	28.2
	30-40	100	31.6
	40-50	63	19.9
	50-60	48	15.2
	60 and above	16	5.1
Employment	Corporate	142	44.9
	Government	89	28.2
	Private	85	26.9
Specialisation	System Specialist	90	28.4
	General Physician	157	49.6
	Consultant Physician	69	22.0
Region	North East	41	13
	Orissa	78	24.7
	West Bengal	197	62.3

**Table 1 : Socio Demographic Characteristics of Respondents**

The socio demographic profile of the dataset provides an idea about the distribution and the spread the sample across the gender, age group, employment type, specialisation and region. Though there is lesser percentage of lady doctors in the community, female respondents are more in number that may have happened as they are more approachable. The age profile reveals that the majority of respondents are younger physicians, may be due to the fact that senior doctors are more busy or unwilling to be part of the survey. Nearly half of the doctors belong to corporate sector. Government doctors and private practitioners are nearly equal in percentage. Doctors of different specialisations have taken part in the survey, For ease of calculation and understanding they are categorised under three heads; System specialists (cardiologists, Pulmonologists, Endocrinologists, Dermatologists, Anaesthetists etc), General Physician (Residential Medical Officer and Family doctors) and Consultant in Medicine. As expected, General Physician constitutes the majority. On the basis of region, more than half of the respondents belong to West Bengal, followed by Orissa and North East. This spread roughly correspond the spread of doctors in those states.

NEP Items	% Distribution			Mean**	SD
	D	U	A		
1. We are approaching the limit of the number of people the earth can support.	23.1	38.6	38.3	3.22	.969
2. Humans have the right to modify the natural environment to suit their needs.*	15.2	32.0	52.8	3.50	.955
3. When humans interfere with nature, it often produces disastrous consequences.	14.5	32.0	53.5	3.50	.933
4. Human ingenuity will ensure that we do NOT make the earth unlivable.*	44.3	32.3	23.4	3.26	.987
5. Humans are severely abusing the environment.	18.7	38.6	42.7	3.30	1.074
6. The earth has plenty of natural resources if we just learn how to develop them.*	43	37.7	19.3	3.31	1.147
7. Plants and animals have as much right as humans to exist.	16.5	29.4	54.1	3.51	.900
8. The balance of nature is strong enough to cope with the impacts of modern industrial nations.*	43.4	41.1	15.5	3.32	.983
9. Despite our special abilities humans are still subject to the laws of nature	25.6	29.4	44.9	3.29	.948
10. Human destruction of the environment has been greatly exaggerated.*	53.2	34.2	12.7	3.58	1.006
11. The earth has only limited room and resources.	20.6	34.5	44.9	3.41	.994
12. Humans were meant to rule over the rest of nature.*	60.1	30.7	9.2	3.71	.900
13. The balance of nature is very delicate and easily upset.	12.0	28.5	59.5	3.61	.961
14. Humans will eventually learn enough about how nature works to be able to control it.*	39.2	27.8	32.9	2.96	.900
15. If things continue on their present course, we will soon experience a major ecological disaster.	15.5	26.3	58.2	3.55	1.165
<b>Overall Index**</b>				51.033	.402
<b>Mean of Total NEP Scores**</b>				14.822	.988

**Table 2 : NEP Items With Frequency, Mean, And Standard Deviation Of Responses**

D (Disagree); U (Unsure); A (Agree)

\*Item is reverse coded

\*\*Scores after adjustment for direction. Higher scores indicate pro-NEP worldview

Agreement with the eight odd- numbered items indicates pro-NEP orientation.

Agreement with the seven even numbered items indicates pro-DSP orientation.

Therefore the scores were reversed for these seven items for the statistical analyses.

NEP scores were calculated as an average of all scores on the individual scale items. The score is calculated as the sum of positive responses for each item: strongly agree plus agree. As the directionality of the even numbered items was reversed, the NEP score of these items was adjusted. The mean score for the full NEP scale in this study is found to be 3.402.

When the mean are compared between different demographic parameters, no significant differences are found between the genders, types of employment and specialisation of the physicians. However, one-way analysis of variance revealed a significant difference between different age categories of the respondents with  $F(4, 31) = 2.842$ ,  $p=0.02$ . Respondents below 50 years have Mean  $> 3.4$ , whereas above 50 years of age have Mean  $< 3.3$ . Differences are also found between respondents from Assam ( $M=3.43$ ), Orissa ( $M = 3.56$ ) and those from West Bengal ( $M = 3.32$ ) with  $F(2, 313) = 5.07$ ,  $p=0.00$ .

Many researchers have analysed the dimensionality of the NEP scale. Considerable inconsistency in the number of dimensions has been found (Dunlap *et al.*, 2000, p. 430). The NEP scale items theoretically have five hypothesized facets of an ecological worldview. These include the reality of limits to growth (1, 6, 11), anti-anthropocentrism (2, 7, 12), the fragility of nature's balance (3, 8, 13), rejection of human exemptionalism (4, 9, 14), and the possibility of an eco-crisis (5, 10, 15) (Dunlap *et al.* 2000). A principal component analysis is conducted on all 15 NEP scale items to investigate the extent to which response patterns among the samples was consistent with the hypothesized dimensions of the NEP. Varimax rotation has been employed as it seems to give clearer separation of the factors. The KMO verified the adequacy of the sample size ( $KMO = 0.822$ ), and Bartlett's test of sphericity  $\chi^2(105) = 1851.060$ ,  $p=0.000$ , revealed that the correlations between the scale items were sufficient for principal component analysis. Five components emerged with Eigenvalues greater than 1, which in combination explained 72.328% of the variance in the data. A scree plot also supported the five dimensions model described by Dunlap, 2000 and similar to the finding of previous research by C A Ogunbode, 2013.

Factor loadings on each component after rotation are presented in Table 3.

The items loaded high on the first component are items regarding human attitude towards environment, namely item 4 (Human ingenuity is sufficient), 9 (Human are subject to laws of nature) and 14 (Human will control nature) of the NEP scale, which Dunlap *et al* (2000) named 'rejection of exemptionalism' dimension of NEP. This dimension rejects the concept of human domination and domination of economy over nature. Item 4 and item 14 were reverse coded. This factor is named as '**Human dominance**'.

The second component loaded high on three items, NEP item 3 (Human interference is disastrous) and 13 (Balance of nature is delicate) and item 8 (Balance of nature is strong), of which item 8 is reverse coded. These three items belong to NEP 'the fragility of nature's balance' dimension and here will be referred as '**Equilibrium of nature**'.

Variable	Factors				
	1	2	3	4	5
X1	.105	<b>.798</b>	.132	.172	.125
X2	.052	.093	.056	.062	<b>.843</b>
X3	.157	.180	<b>.817</b>	.052	.097
X4	<b>.782</b>	.179	.220	.213	.141
X5	.104	.143	.119	<b>.792</b>	.178
X6	.073	<b>.827</b>	.071	.184	.116
X7	.052	.079	.061	.144	<b>.833</b>
X8	.090	.105	<b>.869</b>	.121	.056
X9	<b>.825</b>	.189	.154	.170	.120
X10	.175	.127	.160	<b>.787</b>	.082
X11	.265	<b>.808</b>	.117	.115	.050
X12	.095	.090	.141	.103	<b>.729</b>
X13	.113	.029	<b>.758</b>	.214	.129
X14	<b>.875</b>	.083	.042	.053	-.004
X15	.109	.199	.109	<b>.790</b>	.082

**Table 3 : Factor Loadings In The PCA Of The Revised NEP Items With Varimax Rotation** Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table3

The third factor resembles 'The reality of limits to growth' dimension of NEP (Dunlap, 2000) comprising high loading on item 1 (*Approaching limit of earth*), 6 (*Earth has plenty of resource*) and 11 (*Earth is like a spaceship*) of which item 6 is reverse coded. '**Limited Resource**' is the name given to this component.

The fourth component comprises of three variables, NEP item 5 (*Human abuse the environment*), item 10 (*Eco-crisis is exaggeration*) which is reverse coded and item 15 (*Major catastrophe is near*). These are items from 'the possibility an ecocrisis' dimension of NEP scale and here will be referred as '**Major catastrophe**'.

The fifth and the final factor loaded heavily on the items regarding equal rights of plants and animals and corresponds to 'Anti-anthropocentrism' of NEP scale. Two reverse coded items, item 2 (*Human have right to modify nature*) and item 12 (*Humans are meant to rule*) and one forward coded item 7 (*Plants and animals have equal rights*) constitute this component. The emphasis on rights of all species of plants and animals over nature has prompted the title '**Equal Rights**' to describe it.

A test of reliability was conducted to measure the internal consistency of the full NEP scale, and a Cronbach's alpha value of 0.853 as obtained. An analysis of the NEP's component subscales revealed acceptable levels of reliability on the limits to growth (0.810), anti-anthropocentrism (0.760), the anti-exemptionalism (0.837) and possibility of eco-crisis (0.783) components. However balance of nature (0.629) components showed relatively lower levels of reliability.

Following that, the mean responses over the five facets are compared (Table 4).

	Dominance	Equilibrium	Limited Resource	Catastrophe	Equal Rights
Mean Score	3.2	3.3	3.5	3.5	3.6
Std. Deviation	.941	.885	.777	.801	.777

**Table 4 : Mean Score Of Five Facets Of NEP Scale**

## FINDING

The objective of this study was to examine ecological attitudes of physicians of eastern India using a theory based tested instrument. New Environmental Paradigm scores were calculated as an average of all scores on the individual scale items. This scale measures general environmental concern. A high NEP score indicates a pro-NEP perspective. According to Rideout et al. (2005) NEP score of 45 is considered as the boundary between a pro-ecological perspective and a human-dominance perspective. People scoring below 45 tend to be more in favour of the DSP worldview, whereas those with scores higher than 45 tend to be more in favour of the NEP worldview. NEP meanscore of 3.0 is generally considered as the boundary between an anthropocentric and a pro-ecological worldview (Van Petegem and Blicek 2006).

Overall, the results of the analyses revealed a low endorsement of the NEP among the sample with an overall score=51.03 and Mean=3.402. Studies from other nations such as the United Kingdom (3.31—Pahl et al. 2005), the United States (3.57—Kortenkamp and Moore 2006), Australia (3.96—Blaikie 1992), Turkey (3.50—Erdogđan 2009), Brazil (3.55—Schultz et al. 2005), Nigeria (2.95—C. A. Ogunbode, 2014), show that in most of the cases, when sample were taken even nearly a decade ago, the mean NEP were more than what this study reveals. This finding is disappointing, as doctors, being one of the most educated layer of the population and expected to have profound understanding of the health hazards ecological deterioration can bring, have shown a level of ecological concern which is way less than a level general people of the first world countries had achieved decades back. The Indian physicians do not consider going green to be one of their priorities. As studied by Jain and Kaur

(2007), Indians blame the government, politicians and lack of enforcement of laws as factors responsible for much of the environmental problems and feel that there is little that individual can do on their own to reduce environmental degradation. That is probably the reason of having lower mean of NEP scores, even among doctors.

Environmental concern is found to show difference between different age categories of the respondents with  $F(4, 31) = 2.842, p=0.02$ . Respondents below 50 years have Mean > 3.4, whereas above 50 years of age have Mean < 3.3. This result confirms the findings of Anderson *et al.*, 1974; Van Liere and Dunlap, 1981; Zimmer *et al.*, 1994 where they found negative correlation between age and environmental concern.

The higher environmental concern among doctors from Assam and Orissa may be justified as they do stay nearer to nature and have higher concern for it. This difference in NEP acceptance could be explained by distinct experiences of the natural world acquired in early childhood as these influence environmental concern (Korhonen&Lappalainen, 2004). Most of the respondents from West Bengal belong to Kolkata, a metro city, far from the touch of nature and with lesser concern. Place of residence showed significant differences in study by Á Hofmeister-Toth (2011).

Analysing the individual facets of the NEP scale revealed more information. The findings of the current study evidence that the majority of respondents exhibited strong belief in equality of human and other living things, the existence of limits and the imminence of an ecological catastrophe, while demonstrating significantly less conviction regarding the belief that nature should not be ruled by the human and the fragile balance of the natural environment. This phenomenon can probably be explained by the fact that the physicians are by training taught to overpower nature (such as ageing, diseased conditions etc) through human ingenuity and power of innovation. Firm convictions on man's ability to defy nature and maintain the balance through scientific and technological strength may have allowed those physicians to put less importance on those issues. Being part of a society with a strong religious disposition, the study participants may also have drawn on strongly held ideology that Man, as the representative of God, has the right to rule the World (Ogunjimi *et al.* 2012).

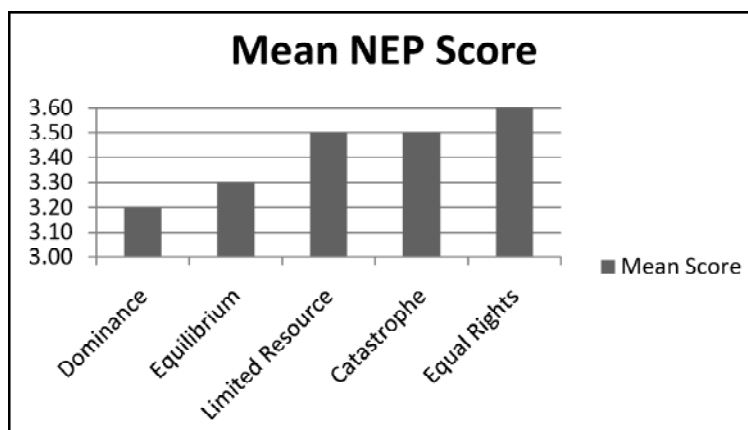


Figure 1 : Mean score of NEP facets

## CONCLUSION

The basic contribution this original research makes to both pharmaceutical businesses and environment is that it provides credible evidence of the existence of a viable market segment for drugs which have lower environmental impacts. The physicians in Eastern India are found to belong to different strata of environmental consciousness. Though they do have certain level of concerns for the environment, they do not consider going green to be one of their priorities. Indians blame the government, politicians and lack of enforcement of laws as factors responsible for much of the environmental problems and feel that there is little that individual can do on their own to reduce environmental degradation. That is probably the reason of having lower mean of NEP scores in this study.

This finding emphasise the immediate need of ecological knowledge and factual understanding of the severity of the environmental problems, even among doctors. It seems that ecological consciousness is confined to the domain of scientists and environmentalists, not even to the elite and educated layer of the society.

The primary motto of the green pharmaceutical companies should be on selling the concept of 'green' towards attaining green goals. They need to provide information on environmental issues regarding pollution measures taken by pharmaceutical industry and need to emphasis repeatedly on how each prescription can make a difference. According to J C Cagarra- Navarro et al, pharmaceutical organizations can direct their promotional efforts for providing better and more competitive service to their customers through the creation and renewal of environmental knowledge.

Government agencies or NGOs need to take urgent initiatives to fill the knowledge gap till green pharmaceuticals start to communicate those issues. In addition to mandatory environmental disclosures, green pharmaceuticals companies should disseminate accessible form of information and education in order to position themselves as friendly to the environment.

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# Women Health Policies : A Critical Evaluation of Existing Policies and Future Required Strategies

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## ABSTRACT

*Women are considered as the backbone of any society. From ages many grave as well as subtle responsibilities of family, like children, husband, In-laws and others, are entrusted on women. Women, unlike previous eras, are much more active in both personal as well as professional aspect in present days. They are presently into creating their own independent identity. Thus the sense of independence positively impacts the medical and mental health of women. A healthy mind produces a healthy body and a healthy woman not only contributes to well-being of present society but also lays healthy foundation for next generations. Thus for quite a long time women health are in focus and given priority. Many policies are framed by governments to safeguard and develop women health. In India still majority of women living in rural areas are not aware of the health policies prevailing exclusively for them, neither have they had any idea about how to access them. Thus government has taken different initiatives to provide them the best policies for their health. But despite existing policies there are certain gaps where attention has to be drawn. Moreover since proper healthcare assistance requires huge expense, insurance coverage is also an important aspect related to health policies both for urban and rural people. Women, generally tends to sacrifice many health checkups for reducing family expenditure, nevertheless these days even women are also contributing in family expenditure. Thus to help them, health insurance plans are available only for women. Many researches have been conducted to ascertain the importance and implication of women health insurance. This paper aims to 1) Understand the existing health policies relating to women , 2) Evaluate existing women insurance plans, 3) Assess the awareness of women, both rural and urban, about the health policies, 4) Assess the awareness of women, both rural and urban, about the insurance available only for them , 5) Analyze and compare the effectiveness of the implementation of both policies and insurance between urban and rural women and 6) Suggest future strategies/Policies/insurance plans that might help women to take care of health issues in better way. The study mainly concentrates on women residing in the rural and urban areas of Jharkhand near Ranchi.*

**Keywords :** Healthcare industry, Health policies, women health, Insurance, women health insurance, MDGs, SDGs.

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## **INTRODUCTION**

It will not be wrong to refer Women as the power-house of the society. The majority of responsibility, by the grace of Mother Nature, of introducing, nurturing, uplifting and upbringing of upcoming generations is entrusted on Women. They are regarded as the weaker section of the society, yet strong enough to take up responsibilities hand in hand with the stronger section. Women, unlike previous decades, are more independent, they create their own identity and their own destiny. They tend to be more aware about themselves and the surroundings. This independence has impacted positively on the mental and medical health. It is needless to say, a healthy woman is a boon to the society and its next generations.

Women are like an artist's canvas, they tend to capture the intrinsic and observable environment in which they dwell. Thus they are vulnerable to the transitions that the society faces in regards to socio-economic, demographic and political as well as health and wellness issues. Moreover, their uniqueness, ability to give birth, makes them more prone to different sets of health concerns along with the prevailing ailments that the male counterparts are also susceptible to. This laid the base for emergence of need for special care, attention and concerns for women health. Since a long time this has been a burning topic of discussion globally. Many researches considering different aspects of women health, both mental and medical are being conducted across the globe. Many strategies, policies, schemes etc. have been implemented worldwide to uplift the overall condition of women health.

## **OBJECTIVES**

The major objectives of the paper are to understand the women health issues globally, specifically in India and in Jharkhand, a state of India; to ascertain schemes related to improvement of women health by Central and State Government in the state of Jharkhand; to know the Insurance plans available for the women specifically; to assess the implication of those schemes; to find the awareness and lacuna in awareness about the schemes and lastly to recommend future strategies.

## **METHODOLOGY**

The study was done based on reviewing and analyzing the secondary data available. Interview of few local women on the awareness of health schemes available for them has been conducted to have a basic idea about the effectiveness of implementation and reasons behind its failure.

## **LITERATURE REVIEW**

### **Women health and Government interventions- A world wide view**

Women health has been a global concern for quite a considerable time period. Majority of information and progress are seen in developed nation but developing nations still suffer from lacuna in Women health and wellness aspects. The global viewpoint is defined as the "area for study, research and practice that places a priority on improving health and achieving health equity for all people worldwide" (Koplan, et al., 2009) (Boyd-Judson & James, 2013).

The statistics points out maternal mortality as one of the major global concern and which is considered to be a major factor in judging the quality of health care systems (Preventing maternal death, 2010; Commission, 2010). Malnutrition is another concern that affects nearly 2 million people. Due to malnutrition approximately 110,000 deaths takes place during childbirth each year. Similarly breast and cervical cancer, cardiovascular diseases not only take toll on health but have proved fatal. UN has been taking many initiatives to safeguard women health worldwide, especially in developing countries. US has initiated different organizations dedicated solely for women welfare. For instance, in 1991, in the United States, an Office on Women's Health (OWH) with the goal of improving the health of women in America was established. But the struggle is still going on.

The UN has taken different initiatives to enlist a few like United Nations' Unite to End Violence against Women, WHO Mental Health Gap Action Programme etc. Some other initiatives on women health and wellness are CARE, The International Planned Parenthood Federation, World Heart Federation's Go Red for Women , Breast Health Global Initiative etc.

A report on Women health in US suggests the relevance of considering women health concerns separately. It states generic treatment considering the determinants of health same for both male and female may not produce the desired result. A tailored intervention towards women may be more effective. It also states that medical research apart from reproductive concerns was lagging behind from ages. The Public Health Service Task Force on Women's Health Issues concluded, in 1985, that "the historical lack of research focus on women's health concerns has compromised the quality of health information available to women as well as the health care they receive." This depicts the need for understanding and encouraging research on women health distinctively. (*The National Academics Press*)

A study ascertained that Woman Health is a major concern in the global spectrum, the impact of Communicable diseases as well as non- Communicable diseases on women health and death rate in different regions of the world are visibly serious. Developing countries as well as developed countries are falling prey to this issue. Non- Communicable diseases are proving to be a bigger threat than communicable diseases, approximately 80% of NCDs are observed in low-income and middle-income countries i.e. the developing nations. UN initiative, Millennium Development Goal (MDG), relating to the health concern has been taken to focus majorly on reduction of mortality rate. One of the major reasons for increasing threat on women health concerning NCDs is that the number of researches conducted considers majorly men for experimentation while women with particular set of medical configuration that is different from men, if considered might yield different result of experiments. (Peters SAE, 2016).

From the above it is understood that women health policies are a global concern.

### **Women Health Issues and Indian Society**

Women experience unique health issues and conditions. The major health concerns for women can be classified in two sectors Communicable and Non-Communicable diseases (NCD) like Gynecological health and disorders, Pregnancy issues, Disorders

related to infertility, Other disorders and conditions that affect only women include osteoporosis and bone health, Turner syndrome and ovarian and cervical cancers. Violence against women, women with disabilities and their unique challenges are also under the purview of women health and wellness. Not only are these women now-a-days more susceptible to mental concerns. Depression in women is higher than in men.

Apart from these medical concerns, the major issues come with the prejudices prevailing in the society. Previously women empowerment was not a relevant concept, women were not that much accepted in the society apart from family aspect. Thus they were having much prejudices relating to discussing health issues and majority of time medical concerns were not given much importance. But after 1848 the reform started and in the year 2001, Government of India declared, the Year of Women's Empowerment (Swashakti) and the national policy for the empowerment of women was passed. Presently, society is successful to accept women in every spheres of life and celebrate the empowerment and achievement of women. Women are now-a-days getting vocal about different aspects of life, they come forward, participate in major decisions in every aspect. Similarly now they are getting vocal about their health concerns and even the whole society is trying to accept different facts about female health concerns. Yet women health concerns require attention.

Women Health in India is a significant concern. World Economic Forum's findings depict India to be the worst in terms of Gender Inequality (Raj, Anita ;2011). The gender inequality is considered as one of the major factors in studies on health issues. In the year 2011, The Human Development Report of United Nations Development Programme, ranked India 132 out of 187 in terms of gender inequality.

Gender inequalities and poor health outcomes for women are directly related (Raj, Anita 2011). Many studies shows that the rates of admission to hospitals vary with gender, men visit hospitals more frequently than women, this in turn shows that the Women health issues are suppressed. (Balaraman, Y; Selvaraj, S; 2011).

Another study shows the ease to access the healthcare by rural and urban women vary since the concentration is on urban medical system. The maternal mortality in rural areas is approximately 132 percent the number of maternal mortality in urban areas as per Government of India National Family Health Survey (NFHS II, 1998-1999). (Adamson, Paul; Krupp, Karl ;2012)

*The major diseases that affect women in India and their Impacts are listed in different researches.* India has one of the highest rates of malnourished women among developing countries; a study showed in 2000, that approximately 75 percent of pregnant women and 70 percent of non-pregnant women were anaemic in terms of iron deficiency.(Jose, Sunny, and K Navaneetham; 2008). India is facing a growing challenge from Breast Cancer among women. A study predicted nearly 70 percent of the world's cancer cases will come from developing countries, with a fifth of those cases are coming from India. (Shetty, Anita;2012). *Along with maternal mortality and HIV/STDs, Cardiovascular diseases contribute significantly to female mortality in India.* India accounts for nearly 60% of the world's heart disease burden although India accounts for less than 20% of the world's population. NGOs like the Indian Heart

Association have been committed in raising more awareness about the issues as Women have higher mortality rates than men in terms of heart diseases (*Indian Heart Association*). Last but not the least, in the list of women health issues in India is Mental Disorder. Indian women suffers from and are more prone to Depression basically women having higher degree of poverty and/or suffers from gender disadvantage have higher chance of depression (*Pereira, Bernadette; Andrew, Gracy;2007*).

In many rural areas still the stigma of hiding illness by women are prevalent. Still in many urban areas, educated women are reluctant to consult about their health. Women are being judged on medical complications. Thus special attention is required by the society to accept illness as medical concern only.

### **Women Health Initiatives in India**

Although due to the overall socioeconomic progress and increasing use of vaccines and antimicrobials, in the past 60 years, the infectious diseases decreased but at a very slow pace. They still contribute about 30% of the disease in India. The health system suffers from different limitations with respect to planning, financing, human resources, infrastructure, supply systems, governance and monitoring. (Source: *The Lancet series on India 2011*).

A study showed common health issues of women such as malnutrition, maternal mortality, and female child mortality. Few statistics about condition of women health in India were represented in the study. Nearly 35.6 per cent of all women in India are undernourished with Body Mass Index (BMI) lesser than the 18.5 (cut-off point). This malnutrition has led to anaemic condition in women, approximately 55% of women, according to the study, are anaemic in India. Moreover MMR (Maternal Mortality Rate) in India accounts for maximum number of maternal death in the world. Nearly for every 2.89 lakh women, 50,000 women died due to complication during pregnancy in 2013 (*Swaniti Initiative*).

Since gender inequality led to negligence in women health issues, in 1992, the Government of India established the National Commission for Women which were meant to address many of the inequalities women face, specifically rape, family and guardianship. (*Doshi, Sonal; Gandhi, Bindi ;2008*)

*Another initiative taken by the Indian Government in the year 2005 was the National Rural Health Mission (NRHM) with the objective to reduce infant and maternal mortality ratio, to create universal access to public health services and also balance the gender ratio.*(Ministry of Health and Family Welfare). Along with different schemes and initiatives individually taken by the government of India to safeguard and improve women health concerns like NRHM, India has also adhered to the UN initiative MDG to improve health related issues.

Government Initiatives for Indian Women health can be listed chronologically as Child Survival and Safe Mother Program (1992), Reproductive and Child Health RCH-I (1997), RCH-II (2005), NRHM (2005), RMNCH+A strategy (2013), NUHM (2013) and India New Born Action Plan (2014). Apart from these FRU (First Referral Units) are also established to provide 24 hrs assistance mainly in surgical aspect. All these

programs majorly focus on the development of women and child health and reduce Maternal Mortality Rate (MMR) and Child Mortality. Under these schemes access to free medical facilities, free medicines and supplements, Trained MBBS doctors and Trained nurses, 24 hrs Delivery services etc. are made easy for backward states. NRHM program focuses on Rural health care delivery in 18 states of which Jharkhand is one. (N, 2017)

From the above mentioned reviews of literature, it is clear that Women health is a significant concern not only in India but also world-wide.

### **Women Health in Jharkhand**

Jharkhand being one of the developing states in India having total population of 32.96 million out of which 75.95% of people i.e. nearly 25,055,073 people out of the total population live in rural areas. The number of males is 12,776,486 and females are 12,278,587 as per Census 2011. (*Jagran Josh report ,2015*). Thus considerable numbers of women belong to rural background with 55.42% literacy rate, as per census 2011 (*Census Dat , Jharkhand, 2011*). It is necessary to focus on health aspect of this state.

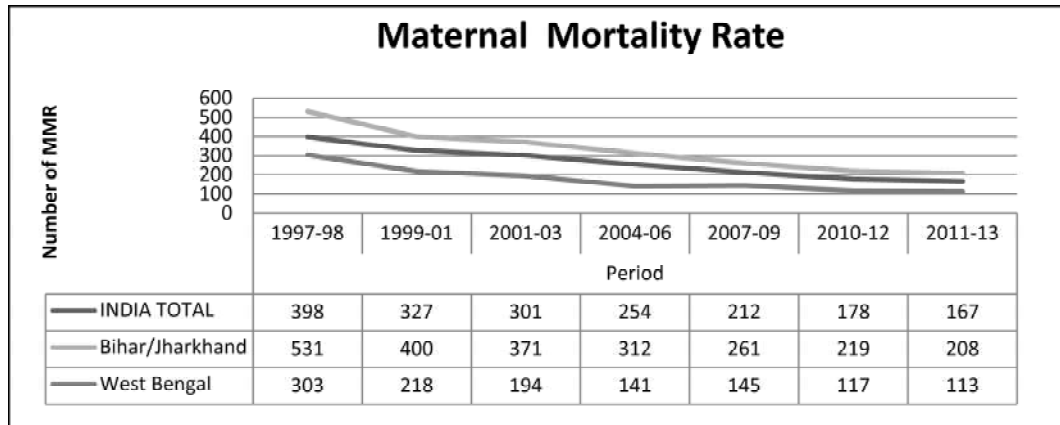
A research claimed that Jharkhand being a empowered state, health care issues are not being dealt efficiently. In spite of NRHM plans for rural health development, the improvement in public health care services has not shown significant improvement in public health indicators. It also states that Maternal Mortality was high at 371 per 100,000 live births, nearly 45% of women have reproductive health problems, 30 % women complain of Reproductive Tract Infection and around 70 % of women in Jharkhand were Anemic. Despite Implementation of different programs like NRHM, Integrated Child Development Service etc, the state suffers from poor health and lack of proper healthcare services. The systematic approach to implement NRHM plans and government initiatives are lacking. (*Health Situation in India and Jharkhand-Shodhganga*)

A recent report published in *The Hindustan Times on march 2016* stated, as per the Jharkhand Economic Survey 2015-16, around 90% of expectant mothers in rural area are unaware of health and nutrition issues. The state has proved to be having one of the country's worst MMR. The Jharkhand Social Welfare Department (JSWD) - Integrated Child Development Survey 2014 showed that the minimum necessary calorie intake of mothers is recorded as 1,200-1,800 calories a day while the standard calorie intake is 3200 calories per day and in rural areas the national standard is 2099 calories per day. Hence it is seen that malnutrition is also significantly prevalent in the state.



## STATISTICAL ANALYSIS AND INTERPRETATIONS

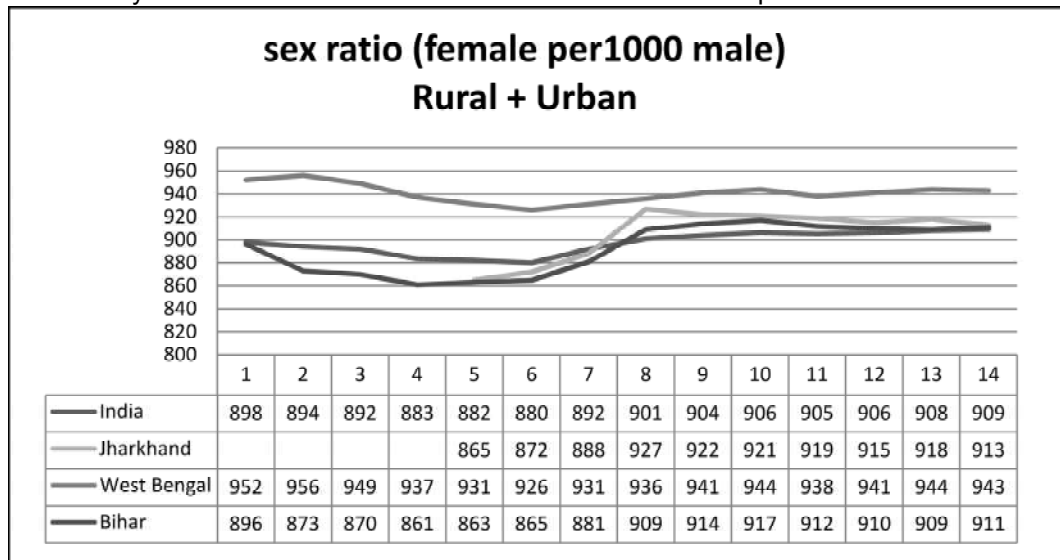
On the basis of available data in government website, the trends are represented in graphical format.



**Graph 1**

### Interpretation

The graph shows a continuous decline in the mortality rate which depicts positive movement towards women health improvement with respect to maternal mortality. While comparing the condition of Jharkhand with the neighbor state West Bengal with respect to MMR, it is observed that the condition of Jharkhand is not at all satisfactory. Jharkhand needs to focus more on the MMR aspect.



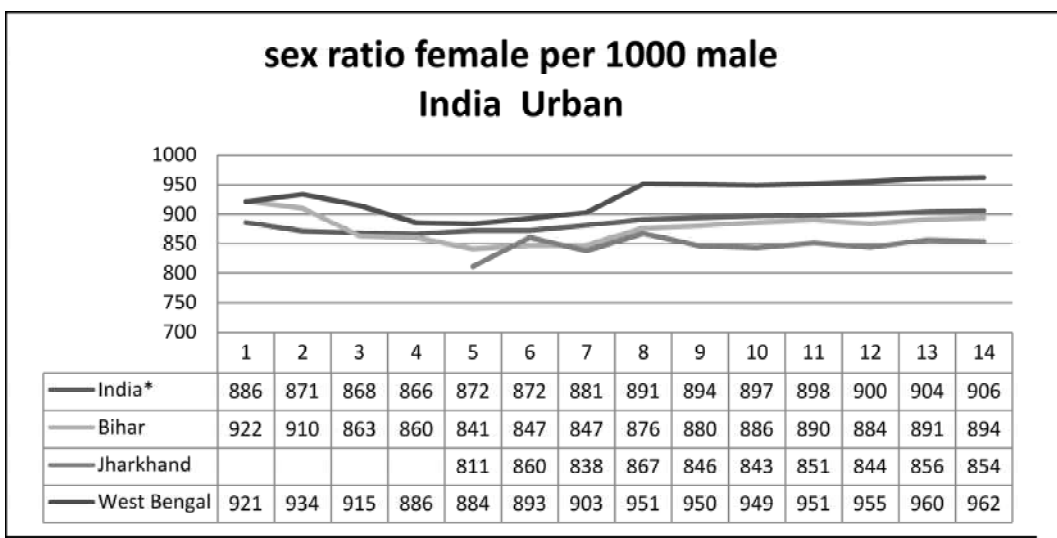
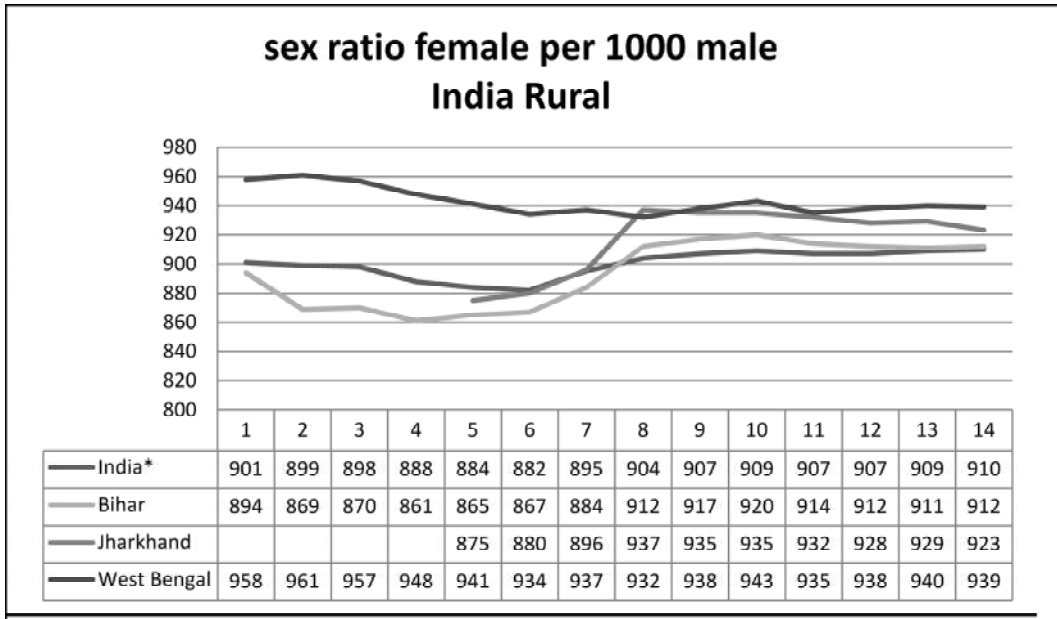
**Graph 2 : Sex ratio – India, Rural, Urban**

Period description-

1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

### Interpretation

The condition related to Sex ratio i.e female per 1000 male of India is in upward trend but not yet reached satisfactory level. In general graphs shows improvement is comparison between 3 neighboring states, Bengal, Bihar and Jharkhand, it is observed that West Bengal has distinctively stand out in sex ratio aspect while Bihar is still lagging behind. Jharkhand has a better position than Bihar but yet in struggling phase.

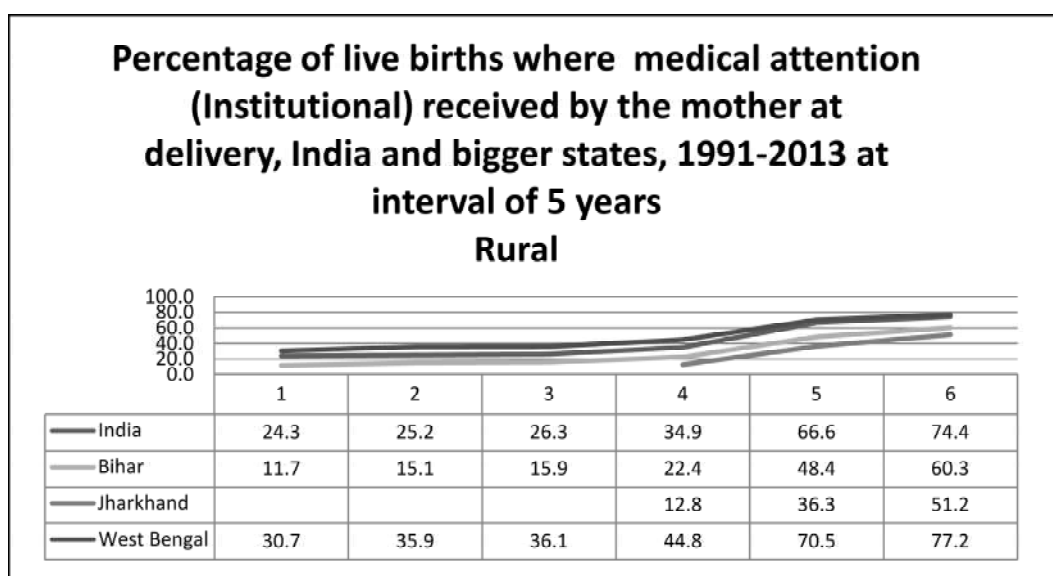


Period description:

1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012

### Interpretation

It is observed that sex ratio in rural has huge amount of fluctuations in states of Bihar and Jharkhand while West Bengal is relatively stable. The condition is more or less same for urban areas. The fluctuations may be result of female feticide, increase in female mortality, MMR, immigration etc. though the exact reason cannot be identified here but it is evident that there is a negative impact on women health.



Graph 3 : Percentage of live births where medical attention (Institutional) received by the mother at delivery, India and bigger states, 1991-2013 at interval of 5 years

Period description-

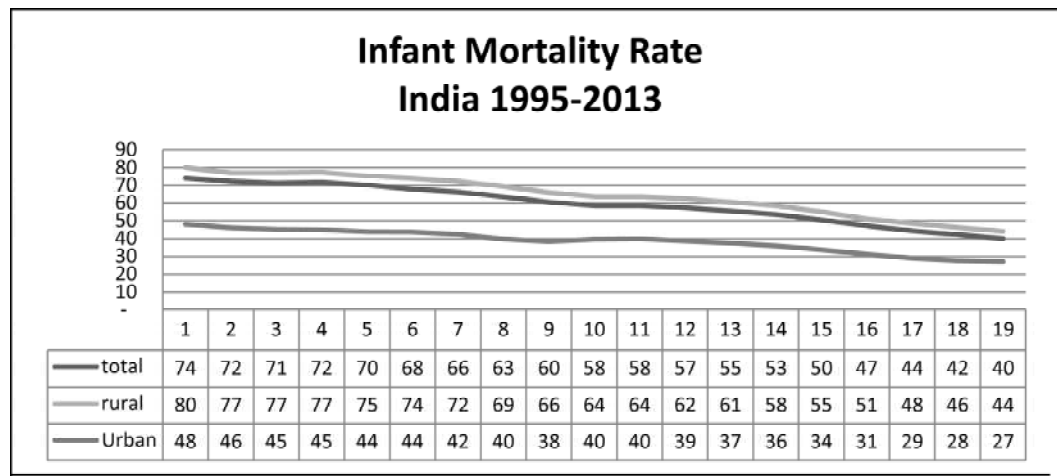
Period	1	2	3	4	5	6
Corresponding year	1991	1996	2001	2006	2011	2013

Note : Jharkhand was part of Bihar before 2000 missing data field because of that reason.

### Interpretation

Child mortality during birth is one of the indicators of weak female health, though other complications are prevalent but malnutrition and proper care during pregnancy is also a serious concern. Thus the graph depicts the rate of live birth under medical assistance is in upward trend that indicates women health are taken care of during the reproductive phase. But the position of Jharkhand in comparison to West Bengal,

depicts that there is significant requirement of attention on female health for improvement in percentage of live birth and medical assistance to mother during delivery.



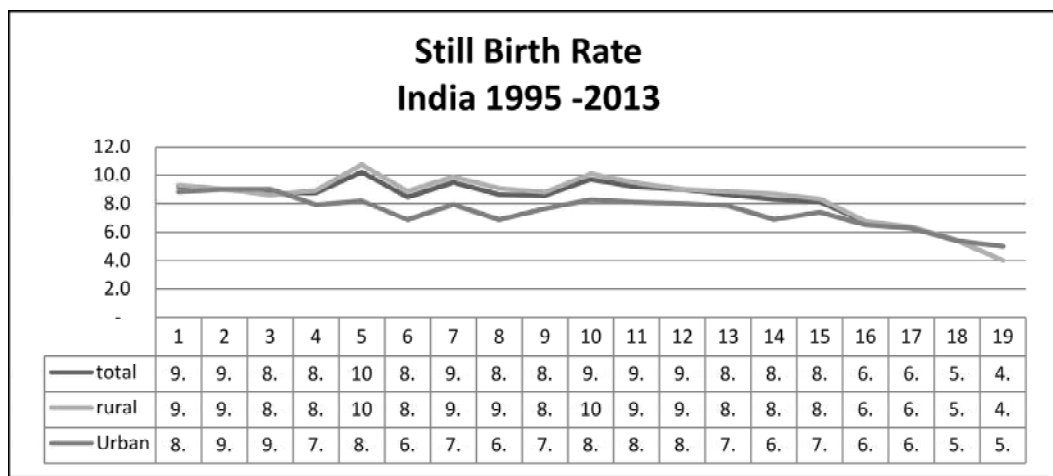
**Graph 4 : IMR**

Period description-

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1995	'96	'97	'98	'99	2000	'01	02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13

Interpretation

As stated earlier child mortality is one of the indicators of female health. Infant is referred as children below 1 year. During this phase majority of nutrition is derived by the child from breast milk. If the mother is healthy then the child will be born healthy and with less complications and will have less chance of death. In the graph it is visible that the IMR percentage is in downward trend which ensures improvement in the infant mortality rate i.e. less number of infant dying. The graph also shows that there is more number of infant death than in urban area. Though the state wise position isn't clear but it can be inferred that since Jharkhand has quite significant number of rural population it also contributed to IMR.



**Graph 5 : Still Birth Rate**

#### **Interpretation**

Still Birth refers to dead baby born. The reasons of still birth are many like placental problem, infection, mother's mental health etc. All mentioned reasons bottles down to the care taken during reproductive phase and awareness among women during pregnancy i.e. women health issues taken care of by proper medication and food. Thus this graph shows that still birth rate is higher node in rural areas than in urban.

#### **MDGs & SDGs**

To eradicate the poverty and to improve the societal conditions in the world UNO took the initiative to set up certain goals for all the nations to fulfil. The Millennium Development Goals (MDGs) is an UN initiative. During the UN Millennium Summit on 8 September 2000, a declaration was signed by 189 countries with the pledge to eradicate poverty and other deprivation and to ensure overall development by 2015. The pledge was categorized under 8 Goals and was termed as the Millennium Development Goals (MDGs). These goals are further broken down in 18 specific targets. The pace of success of MDGs is overall satisfactory. The 8 goals can be listed as to eradicate extreme poverty and hunger, to achieve universal primary education, to promote gender equality and empower women, to reduce child mortality , to improve maternal health, to combat HIV/AIDS, malaria, and other diseases, to ensure environmental sustainability and to develop a global partnership for development. Ministry of Statistics and Programme Implementation is authorized to monitor the MDG programs. India has achieved a considerable progress in terms of MDGs, Goal 5 target 6 deals with maternal mortality is still in progress. ( Dr.Davendra Verma, 2017)

<b>GOAL 5: IMPROVE MATERNAL HEALTH</b>	
<b>TARGET 6 :Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio</b>	
16. Maternal mortality ratio	<ul style="list-style-type: none"> <li>• National Health Mission</li> <li>• Integrated Child Development Schemes (ICDS)</li> <li>• Indira Gandhi Matritav Sahyog Yojana</li> <li>• Pradhan Mantri Surakshit Matritav Yojana</li> </ul>
17. Proportion of births attended by skilled health personnel	

Source : MOPSI Report,2017.

**Ranking of States on the basis of MDG**

A study on MDGs implementation and progress showed the ranking of different states of India with respect to MDG goals achieved ( (Ranajit Chakrabarty, 2016). The study showed Jharkhand ranked 27<sup>th</sup> in terms of progress, 2013-2014, which definitely indicates more improvement required.

**Sustainable Development Goal:**

The primary aim of incorporation of Sustainable Development Goal or SDG with seventeen indicators is to be more inclusive and addressing to the newer dimensions like poverty, environment & peace and prosperity for all. After the success of Millennium Development Goal or MDG, SDG touch upon newer areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice amongst others. There are in total 17 goals which are intertwined and have a correlation of effect amongst each other. The philosophy of Sustainable Development Goal (SDG) rests upon partnership & pragmatism which is based upon rationality and sustainability, so that mindless consumption can be avoided. It is required to keep sufficient resources available for the future generations.

This SDG is not just philosophical outlook but highly objective, incorporating clear targets for all the countries to be achieved and incorporated. These are inclusive agendas and address the root causes for inequality. The most important amongst these is the inequality of sexes or gender inequality. Gender inequality is not only poverty related but also mindset related.

The end of term of Millennium Development Goal was 2015. Post 2015 MDG, 8 MDGs were taken over by 17 point agenda of SDG. As this article is about health issues related to woman, the Sustainable Development Goal 3 or SDG 3 has a direct correlation. SDG 3 talks about ensuring healthy lives and promoting well being for all at all ages. Since the beginning of this millennium, a quantum advances on these related health fronts have been made. If we have to achieve the required health targets of SDG 3 before the deadline of 2030, we need to paddle the accelerator in the developing countries and underdeveloped countries. India being the abode of 1/6<sup>th</sup> of world population has a significant impact for achieving these targets. In India erstwhile four underperforming state also known as BIMARU (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh) has been replaced by more inclusive Empowered Action Group (EAG) states consisting of Bihar, Jharkhand, Madhya Pradesh,

Chhattisgarh, Rajasthan, Uttar Pradesh, Uttaranchal, Orissa & Assam as these states lag behind in the demographic transition pertaining to health and development indices.

Prime indicators amongst these indicators remain to be Infant Mortality Rate and Maternal Mortality Rate which need to be evaluated, so that the gap observed be addressed and fulfilled. This analysis will serve policy makers to fill the gap by observing the results and making universal access of health care in general and reproductive, maternal, infant and child healthcare in particular.

SDG 3.1 talks about bringing global maternal mortality rate to less than 70 per 100000 live birth. However in the year 2011-12 MMR of Jharkhand is 219 per 100000 live birth.

SDG 3.2 talks about ending preventable deaths of newborn and children under 5 years of age. The global targets of neo natal mortality to 12 per 1000 live birth. And for under 5 child mortality rate target is 25 per 1000 live birth by 2030 under SDG3.2.

SDG 3.7 aims at ensuring universal access to sexual and reproductive healthcare services by 2030. This includes family planning, information & education and integration of reproductive health into national strategies and program.

SDG 3.8 talks about universal health coverage including financial risk. This paper has attempted to highlight various state and private insurance measures to overcome these challenges of financial risk to the under privileged population of state of Jharkhand.

### **Health Schemes & Insurance Initiatives for Women**

To improve the health condition in India the Government of India has introduced several Health Schemes in India as a whole and also for Jharkhand.

Thus, the relevance of understanding the schemes available for health improvement in Jharkhand is necessary to uplift the condition and awareness of women in rural areas.

#### **Central Government Schemes**

- **Rastriya Kishore SwasthyaKaryakarm**
  - a) It is a comprehensive programme focusing on
    - Sexual health and reproductive health
    - Nutrition, injuries and violence
    - Non – communicable diseases
    - Mental health
    - Substance abuse
  - b) It is 250 crores programme
  - c) It gives emphasis on six 'c' coverage, content, communication, counseling, clinics and convergence.
  - d) Under this peer elucidators are selected trained on above six thematic areas

- e) The programme is an effort to move away from a doctor driven effort towards a holistic and participative programmes.
- f) The Services to adolescent will be delivered through variety of services delivery points such as primary health centers, ANMs, ASHAs etc.
- h) The peer educators works as a change agent helping in responding to their queries raised within their group.
- i) Saathiya App is an initiative under this programme.

- **Weekly Iron And Folic Acid Supplementation (WIFS)**

- a) In India problem of anemia is a primary concern for the government. According to the third National Family Health Survey 56% adolescent girls are suffering from anemia.
- b) Almost 50% of nutritional deficiency in India is related to iron deficiency. It is mainly the result of under nutrition and poor dietary intake of iron, not just among pregnant women, infants and young girls but also amongst adolescents
- c) Ministry of health and family welfare has launched the weekly WIFS. It is an evidence based programmatic response to the prevailing anemic situation
- d) Administration of supervised Weekly Iron-folic Acid Supplements of 100mg elemental iron and 500ug Folic acid using a fixed day approach.
- e) Screening of target groups for moderate/severe anaemia and referring these cases to an appropriate health facility.
- f) Biannual de-worming (Albendazole 400mg), six months apart, for control of helminthic infestation.
- g) Information and counseling for improving dietary intake and for taking actions for prevention of intestinal worm infestation.
- h) Convergence with key stakeholder ministries like the Ministry of Women and Child Development and Ministry of Human Resource Development is an essential part of implantation plan of the WIFS programme. Key convergent areas include: joint programme planning, capacity building of nodal service providers including Medical Officers, Anganwadi Worker (AWW) Staff Nurses, School teachers, monitoring and a comprehensive communication component.
- i) The programme has been rolled out in all States/UTs. The programme covers 11.2 crore beneficiaries including 8.4 crore in-school and 2.8 crore out of school beneficiaries.

- **Pradhan Mantri Surakshit Matritava Abhiyaan**

- The Pradhan Mantri Surakshit Matritva Abhiyan has been launched by the Ministry of Health & Family Welfare (MoHFW), Government of India. The program aims to provide assured, comprehensive and quality antenatal care, free of cost, universally to all pregnant women on the 9th of every month.
- **Hon'ble Prime Minister** highlighted the aim and purpose of introduction of the Pradhan Mantri Surakshit Matritva Abhiyan in the 31st July 2016 episode of Mann Ki Baat.



- PMSMA guarantees a minimum package of antenatal care services to women in their 2nd / 3rd trimesters of pregnancy at designated government health facilities
- The programme follows a systematic approach for engagement with private sector which includes motivating private practitioners to volunteer for the campaign developing strategies for generating awareness and appealing to the private sector to participate in the Abhiyan at government health facilities.
- MSMA is based on the premise — that if every pregnant woman in India is examined by a physician and appropriately investigated at least once during the PMSMA and then appropriately followed up — the process can result in reduction in the number of maternal and neonatal deaths in our country.
- Antenatal checkup services would be provided by OBGY specialists / Radiologist/ physicians with support from private sector doctors to supplement the efforts of the government sector.
- OBGY specialists/ Radiologist/physicians from private sector would be encouraged to provide voluntary services at public health facilities where government sector practitioners are not available or inadequate.
- Pregnant women would be given Mother and Child Protection Cards and safe motherhood booklets.
- One of the critical components of the Abhiyan is identification and follow up of high risk pregnancies. A sticker indicating the condition and risk factor of the pregnant women would be added onto MCP card for each visit:
  - Green Sticker- for women with no risk factor detected
  - Red Sticker – for women with high risk pregnancy
- A National Portal for PMSMA and a Mobile application have been developed to facilitate the engagement of private/ voluntary sector.
- 'IPledgeFor9' Achievers Awards have been devised to celebrate individual and team achievements and acknowledge voluntary contributions for PMSMA in states and districts across India.
- **Pradhan Mantri Matru Vandana Yojna**
  - a) The maternity benefits under Pradhan Mantri Matru Vandana Yojana (PMMVY) are available to all Pregnant Women & Lactating Mothers (PW&LM) except those in regular employment with the Central Government or State Government or Public Sector Undertaking or those who are in receipt of similar benefits under any law for the time being in force, for first living child of the family as normally, the first pregnancy of a woman exposes her to new kind of challenges and stress factors.
  - b) The objectives of the scheme are: (i) providing partial compensation for the wage loss in terms of cash incentives so that the woman can take adequate rest before and after delivery of the first living child; and (ii) the cash incentives provided would lead to improved health seeking behaviour amongst the Pregnant Women and Lactating Mothers (PW&LM).

- c) However, to address the problem of malnutrition and morbidity among children, the Anganwadi Services Scheme, which is universal, is available to all PW&LM including the second pregnancy. Further, in order to address the malnutrition and morbidity during pregnancies a number of interventions are provided to the pregnant women viz. universal screening of pregnant women for Anaemia and Iron and Folic Acid (IFA) supplementation, Calcium supplementation in pregnancy, Deworming in pregnancy, Weight gain monitoring and Counselling on nutrition, family planning and prevention of diseases.
- d) The Government of India has approved Pan-India implementation of PMMVY in all districts of the country w.e.f. 01.01.2017 under which the eligible beneficiaries gets Rs. 5,000/- under PMMVY and the remaining cash incentive as per approved norms towards Maternity Benefit under Janani Suraksha Yojana (JSY) after institutional delivery so that on an average, a woman gets Rs. 6000/-.
- e) The estimated number of beneficiaries to be covered per annum and number of beneficiaries registered under PMMVY on PMMVY-CAS (Pradhan Mantri Matru Vandana Yojana – Common Application Software) as on 26.12.2017 is given below:

Category	Estimated No. of Beneficiaries	No. of Beneficiaries Registered
<b>Total</b>	<b>51,69,987</b>	<b>2,13,931</b>

The 12th Five Year Plan has defined the national health outcomes and the three goals that are relevant to RMNCH+A strategic approach as follows:

- **Health Outcome Goals established in the 12th Fiver Year Plan**
- Reduction of Infant Mortality Rate (IMR) to 25 per 1,000 live births by 2017
- Reduction in Maternal Mortality Ratio (MMR) to 100 per 100,000 live births by 2017
- Reduction in Total Fertility Rate (TFR) to 2.1 by 2017
- **Schemes in Jharkhand by the Government of Jharkhand**

The government of Jharkhand has stood up to its promise of providing better health services throughout the state. For this purpose, more medical officers and paramedical staff have been recruited on contractual basis, Village Health Committees (VHCs) have been set up in all the villages and the Health Budget has been doubled. State Fund for Medical Assistance has been set up which provides medical assistance to people below poverty line (BPL).The management of public health facilities is being done according to Public Private Partnership (PPP) model. The 'catch up round' was started to reach the drop outs in routine immunisation programmes. Jharkhand Rural Health Mission Society is another initiative by Health department that aims at providing quality healthcare services to person. Further there are various organisations working to keep the state healthier. Some of them are listed below:

- State Health Society
- District Health Society

- JHSRC
- Organogramme of State Health Society
- Programme Management Unit
- Village Health Committee
- Hospital Management Society
- State/District Nodal Officer

All the health programmes of Ministry of Health and Family Welfare (MoHFW) have been integrated by development of HPIMS (Health Programme and Information Management System). Institute of Public Health (IPH) has become a centre of national and international knowhow in medical field.

- Janani Suraksha Yojana
  - a) Implemented under the National Rural Health Mission (NHM), it is an important scheme for the pregnant women living in villages as well as in urban areas of Jharkhand.
  - b) The main objective of Janani Suraksha Yojana (JSY) is to reduce the maternal and neonatal mortality, by promoting institutional delivery.
  - c) Women in urban areas are given Rs. 1000, while those in rural areas are given Rs. 1400.
  - d) This scheme is said to have benefitted many women.
- Jannani Shishu Suraksha Karyakram
 

Jannanishishusurakshakaryakram” (JSSK) provides medical checkups, diet care, treatment, travelling facilities from home to hospital and back and also delivery free of cost.
- Mukhya Mantri Jannani Swasth Suraksha
  - a) ‘Mukhya Mantri Jannani Swasth Suraksha” scheme has helped to improve Infant Mortality Rate(IMR) and Maternal Mortality Rate(MMR) by promoting institutional delivery.
  - b) This scheme is targeted to provide economic assistance to expectant mothers at the time of their giving birth.
  - c) This programme is launched by the district administration in collaboration with several private hospitals, clinics and nursing homes in the state.
  - d) This scheme has helped improve significantly the Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR) in Jharkhand, especially in rural areas of Jharkhand.
  - e) The target is to achieve 75% institutional deliveries by 2017.
- Mamta Vahan Scheme
  - a) “Mamta Vahan” scheme was launched to decrease mortality rate of women and new born babies.

- b) Arrangements are made to refer them and bring them to health centres free of cost.
- c) This scheme is run under PPP (Public Private Partnership) mode.
- d) Around 90423 women have been benefitted by this scheme.
- **National Aids Control Organisation (NACO)**
- a) This organisation ensures that the people infected with HIV/AIDS are treated with dignity and there is no discrimination against them, when it comes to healthcare services.
- b) Various initiatives like self help groups, awareness campaigns, people's networks, are undertaken with the help of various NGOs.
- c) Jharkhand State AIDS Control Society (JSACS) has been set up in Jharkhand to provide basic healthcare amenities for the patients afflicted with AIDS here as well as to undertake various steps to prevent this disease, by bringing about public awareness.
- **MMJSSA**  
Strengthening of Mukhya Mantri Janani Sishu Swasthya Abhiyan (MMJSSA) and setting up of grievance redressal cells to monitor the progress and implementation of JSY.
- **VHND**  
Strengthening Village Health Nutrition Day- the State has finalized 26 out of 57 basket of services
- **IEC/BCC**  
To enhance awareness, generate demand and facilitate behavior change in specific target population for health services related to FP, MH, CH and Adolescent reproductive and sexual health (ARSH) by promoting IEC/BCC.
- **Mukhya Mantri Swasthya Bima Yojana (Chief Minister Health Insurance Scheme)**
- a) MukhyamantriSwasthyaBeemaYojana (MSBY) is a new health insurance scheme in the state of Jharkhand which was launched on 15th November 2017.
- b) The state government of Jharkhand will implement the SwasthyaBeemaYojana from 28th December 2017 to provide health insurance coverage to the state residents.
- c) The scheme will provide benefits to about 57 lakh families in the state who are covered under the National Food Security Act. The government would provide free and cashless treatment to the poor families under the scheme.
- d) The treatment under the MukhyamantriSwasthyaBeemaYojana would be available at all the government hospitals and empanelled private health institutions.
- e) The state government would provide health insurance coverage to the state residents, especially families belonging to the economically weaker section of the society under the MSBY scheme.

- f) Under the scheme, Rs. 50,000 has been provisioned for secondary care and Rs. 2 lakh for special care, Rs. 30,000 for senior citizens of additionally covered class.

#### **Strategies and Activities for Maternal Health**

- Core skill training of Health workers to address ANC, perinatal and PNC situations. Trainings for Medical Officers for BEmNOC, EmOC& LASAS will continue.
- Strengthening MCH tracking system – status of the tracking will be reviewed from the block to the district level
- Scaling up of the Labor room in Tribal Area and formation of Waiting Room to be functional 24X7
- Micro birth preparedness plan for the JSY beneficiaries.
- HIV/AIDS Screening
- Promoting house-visits by Sahiyyas, AWWs and ANMs within 48 hours of delivery and if in hospital promoting 48 hours of post-delivery stay in the hospital to ensure PNC.
- Focusing 19 districts of Jharkhand where maximum maternal & child deaths take place and having high TFR and strengthening the supportive supervision and capacity building in these districts.
- Intensive focus on low performing divisions especially the Santhal Paraganas and North Chotanagpur.

#### **FINDINGS AND SUGGESTIONS**

##### **Findings**

The above mentioned schemes are targeted towards the well-being of women health. But the findings bring forward few lacunas like :-

- Apart from reproductive and maternal health schemes very meager separate schemes are available for women health issues like HIV, STD, Mental health etc. as women are more exposed to these kind of disorders.
- Very less insurance policies are listed for women health issues and also in general.
- Interview conducted among rural women in Brambe, a small village in Jharkhand, shows they are partly aware of the schemes available, the specific reasons for the ignorance that cropped up are educational backwardness, poverty, believe in superstition, practice of treatments based on home remedies etc.
- Still many of the rural women have hesitation to go to hospitals. The rural women who are engaged in some kind of job are more prone to visit doctors for treatment but they are not much aware of the schemes available.
- The condition of Jharkhand on the basis of MMR, IMR and Sex Ratio needs considerable amount of attentions and actions are required to uplift the health conditions of women.

- Still birth Ratio and Live birth suggests that women are neglected or/and ignorant about their health concerns and required care during pregnancy and motherhood.

### **Suggestions**

Thus the effectiveness of the schemes will increase if government:

- Take up initiatives to educate rural women free of cost.
- More health schemes especially for other health related issues.
- More insurance plans with very less premium should be incorporated for women only and their dependants, this will increase the confidence to take up proper medical treatment.
- To allocate special workforce, who will visit each family, every week, in each village to know any ailment prevailing in the family and suggest relevant actions with related schemes. And also follow them up and keep records for those. To build habit efforts are required.
- Take up initiatives to communicate with the rural people by selecting few rural women from each specific village, train them about the schemes and then let them interact in their locality. Peer to peer strategy.
- Select few families from each village, educate and train the women in issues regarding health, voluntarily provide assistance with the available schemes, the improvement will make the rest of the women curious to know. Live examples will increase credibility and curiosity, thus the awareness will increase.
- Make access to the medical amenities easier. A friend just next door to assist. Each village should have at least one centre with ambulance and basic emergency amenities.
- Lastly Proactive workforce, since the rural people have different stigma, they generally take much time to come out of their believe system and comfort zone thus the medical team has to be more active to make them realize they are there to take good care of them.

### **CONCLUSION**

The paper attempted to understand and analyze the women health schemes with respect to women health and also to reason out the causes of deficiency in the effectiveness of those schemes. The paper broadly gives an indication and direction towards which future researches should be directed for the well-being of rural people of Jharkhand. Moreover, the reasons and suggestions will help government to plan for future policies and awareness programs in a effective way.

### **LIMITATIONS AND FUTURE SCOPE**

The study is conducted on secondary data. The time limit was a constraint. Only Interview method, without any structured questionnaire, was used to interact with rural women, since semantic barrier and education barrier was prevalent. Acceptance by local people to interact was very less. The study was mainly concentrated in Ranchi outskirts..

This paper mainly emphasizes on understanding the available schemes and the awareness. The attempt was made to figure out the probable reasons for improvement in women health issues are lagging behind and steps needs to be considered by government. The scope of this study is vast if it is taken up in a more structured way based on structured questionnaire and is done considering all rural women (tribal women as well) in each districts of Jharkhand and observations are made for a considerable time frame. Thus it calls for many other researches to be conducted on this.

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# Women and Economic Reforms in India : An Empirical Perspective

Arundhati Ray\*

## ABSTRACT

*The contribution of woman, through the ages and across geographical boundaries, has very much been neglected and accorded very less recognition. World Women Development Report, 1998 states that, "Women perform two-third of total labour of the World, they earn one-tenth of wages and own one-hundredth of wealth." A women's work, whether considered outside the home or inside, is always underpaid and undervalued. With the mounting information available on female feticide and infanticide, it is evident that the Indian girl child – and hence, the Indian woman –throughout her life, is a subject of gross discrimination and prejudice.*

*The discrimination, that begins from birth, continuous all through. There are inequalities in healthcare, education and participation in labour force, intrafamily decision making, child bearing and inequality even in mortality. This results in various socio economic anomalies, growth retardation and economic costs.*

*This paper, in this light, aims to undertake a study on the economic reforms and whether it has been able to do any significant positive impact on women empowerment. The purview of the paper is only limited to that of India, with a subjective study of pre- and post-reform periods. However, in order to understand the global context, reforms recommended at international level, viz., World Bank, UNIFEM and ILO, where integration of women in development is emphasized, is also looked at briefly, so as to understand their impact on Indian reform policies.*

*In 1991, when Government of India took the decision to undertake economic reforms as a whole, it introduced and set into action a wide range of reformative policies and programs. Though quite a few of them were there on paper since mid-eighties, only the last decade (2001-2010) and the present one (2011- till date) have seen concrete steps taken with positive direction.*

*The paper will finally try to highlight the various economic reforms which has empowered women both socially and economically in India. It will conclude with an understanding about the ramifications of women in India's growth as economic power.*

**Keywords :** *Economic reform, women empowerment, Indian economic policies*

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## **INTRODUCTION**

The role of women in economy and society has never received due recognition. As it is, the power to influence and reap benefit from the development process or command over tools of production like land and manufacturing implements or to avail credit facility have been denied to women right from antiquity; and the same trend follows to this century. The disparity starts from the early childhood in terms of food and healthcare and manifests in provision of education and future opportunities. In poor families the distinction is more acute. As such, the poor men have much less access to benefits of societal development and the access of girls and women from poor family is even less.

In the twentieth century, especially at the last half, great strides have been made in the direction of more meaningful role for women in most societies. In spite of that, the disparity in varying degree remains in all societies. In terms of inequality in basic rights, gender inequality is major contributor. Women also suffer from lesser opportunity of command over resources like land ownership, credit facility and even in freedom of movement in a host of countries. The weaker command over resources and lower wage rates for women make them less assertive in economic decisions of the household.

Recent studies like World Women Report of The World Bank (1995, 1998, etc.) and specially the report on Gender and Development by Prof. Stephen Klassen (Klassen et al 2009) on the issue of relation between gender inequality and development have established that gender inequality hinders development.

The direct effect of inequality is borne by the women and girls in terms of opportunity in schooling, healthcare or in scope to participate in the public decision making processes and influence development. But the indirect effect of this is a severe retarding action on the effective governance and sustainable development of the country which is borne by the citizenry.

The Indian economic reform which made a beginning in 1992 initiated many changes in myriad areas. The policymakers were not unaware of the fallout of the gender inequality. This resulted in a number of decisions. Jury is not yet out on the outcome of the endeavor.

## **OBJECTIVE OF THE PAPER**

The objective of this paper is to assess (I) the economic importance of women's empowerment, (II) how the Indian Government has acted in view of the importance if any; (III) the result of the Government actions.

In this paper, the approach to present the observations from the study has been organized as under:

- An effort has been made to identify the parameters on which the gender issue would be tested.
- The nature of gender inequality ingrained in different cultures has been examined with respect to different civilizations from antiquity to get a feel of the nature and depth of the problem.

- The methodology of cost assessment for this disparity with special study of Indian situation forms the next part of the discourse.
- The next part will include the measures initiated in India through reform and their impact on society and economy
- In the concluding section, there will be some indications to way forward.

### **LITERATURE REVIEW**

History of denial of the contribution made by women –has come out in essays of Joshua J. Mark. (Mark, 2016). The article by K. Noonan (Noonan, 2018) discusses the Social Status of Women in Ancient Egypt and Mesopotamia.

On the measurement of economic effects of gender discrimination, the most authentic studies were conducted by OECD, World Bank and UNDP. World Economic Forum annually publishes the Gender Gap Index of 137 countries where all relevant data are available with the Forum.

The Indian Government initiative in the matter of Women’s Empowerment has been widely discussed in different papers. In spite of all such efforts, the crime records of National Crime Records indicate the archaic mindset of the menfolk of India.

### **METHODOLOGY, SCOPE OF THE PAPER AND ITS LIMITATIONS**

The paper has been prepared sole on the basis of analysis of available data and literature on the Women’s Empowerment. The modest aim of this paper is to assess the status of women after all the Government initiatives and this can be reliably executed by analyzing the available data on the status of Indian women in comparison to the women of comparable countries of the Asia Pacific region. The limitation of the paper lies in the conclusion. The paper dwells on the basic cultural issue of patriarchal outlook only. The primary reason is paucity of time and space. This issue has to be covered in more detailed study.

### **IDENTIFICATION OF PARAMETERS TO TEST GENDER ISSUES**

Let us start by forming a clear idea of what is gender. Gender is primarily socially learned behaviors and expectations constructed through socially assigned roles to males and females. Men and women embody many biological differences. These get translated into different roles for males and females. This determines the rights, power and resources that are to be associated with the gender criterion. Hence, like race, ethnicity and class, gender also is a determinant of the performance in the socio-economic environment. In some of the very open and advanced societies, race or ethnicity may not so manifest but gender issues are present in myriad forms in all societies.

The bureau of Developmental Policy, United Nations Development Program published some indicators to measure gender inequality. The paper considers material well-being as the fundamental criterion which can be expressed through three parameters:

1. Capability -
  - Equal opportunity in education in all the levels of education – primary, secondary and university

- Equality in healthcare
  - Life expectancy at the beginning and at all levels
2. Livelihood –
    - Open and unbiased employment opportunity
    - Equal opportunity in job growth (no glass ceiling at any level)
    - Equal level in wages
    - Equal opportunity of employment in industrial sector
  3. Agency -
    - Ownership and inheritance of property
    - Position of power to influence development decisions

A large number of indicators and measures have been developed using a permutation and combination of the data on three above parameters. UNDP has developed an index – Gender Development Index (GDI) which is actually gender focused Human Development Index (HDI). GDI focuses on parameters like Life expectancy, Education and Income – which can be considered as an abbreviation of Capability and Livelihood. But GDI cannot be used in isolation without HDI.

Taking Agency parameter into consideration, UNDP introduced the Index – Gender Empowerment Measure (GEM) to measure the rights and access to power. GEM measures whether women and men can actively participate in economic and political spheres and carry that into actually influencing the decisions. The measurement of GEM is done from the following data:

1. Ratio of Women Parliamentarians to Men in the National Parliament.
2. Share of women in economic decision making positions Like administration, top management, in positions of professional and technical excellence
3. Share of women's income in the total earning of the family.

Global Gender Gap Index (GGGI) was developed and introduced by the World Economic Forum in 2006. They publish report every year to highlight the gender gap across different countries and over the years and the study covers 130 countries of the world. The comparison is made in the four areas of inequality between men and women. The areas are:

1. Educational attainments
2. Health and survival statistics
3. Economic participation and opportunity
4. Political empowerment

It is evident that all development agencies focusing on the development of the world economy and alleviation of poverty are very much concerned with this gender divide in receiving the fruits of any development. The reason is not far to seek. Different studies by the World Bank and other agencies have come out with social cost data of this practice. But this practice cannot be fought on economic level alone as the perceptions associated with this practice is being carried in the human thought process right from the days of antiquity.

### **The Cultural Dimension of Gender Inequality As Handed Down From Antiquity**

Man is a social animal primarily because child rearing in case of human being takes a much longer time and attention where the societal support is essential. The division of labor put the task of hunting and defending the territory primarily on men (though women also participated in both activities) and the child rearing was left to the women. Gradually perceptions formed and the manifestation of those perceptions can be found in all the early great civilizations.

In old Assyrian and later Babylonian civilizations, the women's role was confined to household work and they had no right to own property (Cartwright, 2016). It is paradoxical that the predecessor to Assyrian or Babylonian Civilizations, The Sumer Civilization was more open where the women could own property and run business with their husbands. The later civilizations were more man centric and many customs with regard to women and family have remained prevalent in the base area.

Egyptian civilization was guided by a concept of harmony and balance (Mark,2014). The treatments of the women were more related to class than gender. There were restrictions as the women could not be king or governors or generals or administrator (position of power) but they could buy or sell property and move around independently. The main spheres of activity of the women were in the household. Though the man was considered the head of the household, women wielded considerable control. The transfer of ownership of property was from the mother.

The Greek Civilization – mainly the saga of Athens and Sparta provides a dark picture of treatment to their women. They had very few rights in comparison to the males (Cartwright, 2016). They were unable to own or inherit land, vote in the democratic practices and there were almost no opportunity for female education. The women who became learned received education in-house from fathers, brothers – male members. They had training centers for song and dance. Otherwise their life was extremely monotonous, being engaged in child bearing and child rearing and household chores only.

The Ancient Chinese Society was guided by Confucian principles (Cartwright, 2016). Confucius decreed that the place of the women is in the household. They should not have any independent thinking. There was no system of education for them. They were normally not allowed to own land. Only in case of death of the husband, if the wife is the eldest in the house, she is allowed to opine in matters of property or family. The Chinese society was rigid and the son was to go into his father's profession and trained by his father. Very old men and women in the village were respected for their age and experience and they were consulted by young people for advice.

The oldest Indian Civilization – the Harappan Civilization was a city based civilization. They had many goddesses and that indicates women were held in esteem. But recorded history starts from Aryans and from the Rig Vedas. During that period, the girls could receive education like boys. They were free to travel and even freedom to select their life partners. They participated in household production practices. Though male child was more sought, female child was not neglected.

In Indian system, the Rig Vedic culture gave way to more stringent patriarchy. The

upper class ladies had to observe purdah. The practice of Sati was in vogue. Education was barred for women. Property rights were largely limited to StreeDhan (Valuables received during marriage). Manu decreed that bearing son is the cardinal reason for marriage. Child marriage was rampant. The women suffered from health issues and malnutrition. They were not educated as education was considered as a reason for widowhood.

From the above discussion, it is clear that the universal culture is to treat women as not fit for education. Health care is not important as polygamy is allowed everywhere. Women can assist their husband in family profession. Otherwise, they have to remain within the confines of household and have no opportunity in earning livelihood. The agency parameters in this dismal picture are totally ruled out.

Such denial of the opportunities to the 50% of population is at a cost to the society and the economic loss value of this denial has prompted agencies like the World Bank and United Nations Development Agencies to quantify the impact.

#### **THE METHODOLOGY OF COST ASSESSMENT FOR THIS DISPARITY WITH SPECIAL STUDY OF INDIAN SITUATION**

In Economic and Social Survey of Asia and The Pacific 2007, under the aegis of UN, the cost of gender inequality in this region was estimated under the following heads:

##### **1. Cost of Restriction In Labor Force Participation - \$42 to \$47 Billion a year.**

The study was conducted on seven economies of the Asia and the Pacific region who contribute 2/3 of the region's developing country output and 3/4 of the region's population. USA with 86.0% (highest among OECD countries) female labor force participation was taken as benchmark. The countries under consideration simulated to have equal female labor force participation as the benchmark and the results are provided in the table below:

Country	Impact of an Increase in Female Labor Participation Ratio to the Benchmark Level		Impact of 10% Permanent Increase in Female Labor Force Participation Ratio	
	% Change in Growth Rate	Amounts (Billion Dollars)	% Change in Growth Rate	Amounts (Billion Dollars)
China	0.03	1.1	0.05	2.5
Hong Kong	0.22	1.2	0.22	1
India	1.08	19	0.31	5.4
Indonesia	0.56	2.4	0.32	1.3
Malaysia	0.77	1.7	0.33	0.7
Philippines	0.54	0.2	0.33	0.1
Singapore	0.56	1.2	0.34	0.7

**Table 1 : Country-wise Cost of Restriction in Labor Force Participation**

## **2. Cost of Gender Gaps in Education - \$ 16 TO \$ 30 Billion a Year**

This has a very wide ramification. Women being educated and entering labor force are the primary gain. But the secondary gain is health and nutrition of the women and their children. This will have a much wide impact on the social healthcare systems. Also this will help in educating the next generation. Economic returns from female education in a big way surpass the return on men's education.

**ESCAP** as well as estimates by Dollar & Gatti (1999), Knowles (2002) and others have established that an 1% increase in enrolment in secondary level generates a GDP growth of 0.3%.

## **3. Cost of Restrictions on Access To Health Service**

- A) Many female health problems are linked to restricted health care arising out of gender discrimination
- B) Mother's healthcare has a direct bearing on infant and maternal mortality. Improved healthcare will generate remarkable positive results if the macroeconomic environment is conducive to growth and the overall governance is efficient.
- C) An increase in life expectancy by 1% can increase the output by 4% as was found by Bloom, Canning and Savilla in 2001. Even energy supply of 500 kilocalories to a person per day can enhance growth by 0.5%.
- D) According to ADB/UNAIDS study (2002), the cost of treatment of HIV/AIDS in the region will reach \$17.6 billion.

## **4. Social Cost of Gender Discrimination**

Social cost is difficult to quantify. Yet, it can be guessed how any violence against women costs in terms of treatment for trauma, post treatment rehabilitation and other costs borne by the society. Every year, girls between the age of 5 and 15 get lost and are never traced. The loss can be perceived on a broad frame.

IN view of such cost implications it is natural that all international agencies and also the national governments would take corrective actions. The next section will deal how India has initiated corrective actions, pre and post reform.

## **MEASURES INITIATED IN INDIA THROUGH REFORM FOR WOMEN EMPOWERMENT AND THEIR IMPACT ON SOCIETY AND ECONOMY**

India was bound by Manu's edicts for thousands of years and British Rule never tinkered with that except making Sati illegal and widow marriage legal. There were cosmetic touch-up in Hindu Marriage Act. The British emphasis was more on maintaining status quo. The major changes were ushered in after independence.

The First major change was brought in through the Constitution which made everybody equal before law without any bias and also introduced universal franchise on attendance of the age of 21. The voting age has now been amended to 18 years of age. Gender equality has received very significant attention in the Indian Constitution. The spirit is carried to the day to day functioning of the government and up to 1974, the approaches were welfare centric for the women. Hindu law of inheritance was modified to provide daughter's right of inheritance in parent's property. Major changes

were ushered from the Fifth Five Year Plan period, when the emphasis in matters of women was changed from welfare to development. From The Eighth Plan period the emphasis has been on women's empowerment. India was party to a number of international conventions and also ratified various human rights instruments committing to secure equal rights for women. India is committed to Elimination of All Forms of Discrimination against Women as it has ratified the Convention on the issue in 1993.

India's journey towards women's empowerment began with formation of The National Commission of Women in 1990. Functions of the Commission are:

A. Commission shall perform all or any other below functions:

1. Investigate and examine all matters relating to safeguards provided for women under the Constitution and other laws
2. Present to the Central Government annually and at such other times as the commission may deem fit , report upon the working of the safeguards
3. Make in such reports , recommendations for effective implementation of those safeguards, for improving the conditions of the women by the Union or any state
4. Reviewing, from time to time the existing provisions of the Constitution and other laws affecting women, and recommend amendments thereto, so as to suggest remedial legislative measures to meet lacunae, inadequacies or shortcomings in such legislations
5. Take up the cases of violation of the Constitution and other laws relating to women with the appropriate authorities.
6. Look into complaints and take suo-moto notice into complains relating to
  - a) Deprivation of women's rights
  - b) Inactions in the matter of laws which are enacted to provide protection to women and ensure the objective of equality and development
  - c) Non-performance of policy decisions, guidelines or instructions aimed at ameliorating hardships, ensuring welfare and giving relief to women and taking up the issues arising out of such matters with proper levels of authorities.
7. Empowerment to take up special studies and also to investigate specific complaints and situations that have resulted from discrimination and atrocities against women and assess the constrains and recommend actions for their eradication..
8. Undertake promotional and educational research so as to suggest ways of ensuring due representation of women in all spheres and identifying factors responsible for impeding their advancement, such as lack of access to housing and basic services, inadequate support services, and technologies for reducing drudgeries and occupational health hazards and for increasing their productivity
9. Participate and advice on planning process of socio-economic development of women
10. Evaluate the progress of development of women under the Union or any state



11. Periodically inspect or make other concerned persons to inspect women's institutions or other places of custody, like jails or remand homes and if the inspection exhibits any anomaly, to take up with concerned authorities for remedial measure.
  12. Fund litigation involving issues affecting large body of women
  13. On any matter concerning women, especially where various difficulties are perceived, preparing and presenting reports on the issues for submission to the Government.
  14. Any other matter referred to it by the Central Government
- B. All the reports referred to in clause A2 above would be placed before both the houses along with a memorandum stating action taken or proposed against the report relating to the union or reason for not accepting if any of such recommendations.
- C. Where any such report or part thereof relates to any matter with which any state government is involved, the report or the part thereof relating to the state shall be sent to the state to be placed before the legislative assembly with memorandum on action taken or proposed to be taken on report relating to the state or non-acceptance of the report with reason if any of any such recommendation
- D. The Commission shall have all the powers of civil court trying a suit while investigating matters and specially the following:
- i) Summoning and enforcing attendance of any man from any part of India and examining him on oath
  - ii) Where the location of and production of any particular document is called for. evidence on affidavit
  - iii) Requisitioning any public document or record or copy thereof from any court or office
  - iv) Issuing requisite orders, where necessary, for examination of witnesses and documents.
  - v) Also taking up any other matter assigned by the government.

The functions of The National Commission of Women are the greatest strength behind Women's Empowerment Movement. In the year 2001, the Government of India declared the year as The Year of Women's Empowerment. The National Policy for the Empowerment of Women was passed in 2001 as Women's Empowerment Policy, 2001. The Ministry of Women and Child Development as the nodal agency to push the women's empowerment movement forward is taking a number of steps in different directions and levels. As a measure to ensure adequate budget support for women's empowerment activities the Government has adopted Gender Budgeting. The gender Budgeting started from XI th Five Year Plan. As a part of the program, the Ministry sponsored training program for Central and State Government Ministries involved in women empowerment and also other organizations engaged in the exercise. As a result of the awareness created in Central and the State Government Ministries about Gender Budgeting has translated into greater demand for capacity building and technical support. In 2010, in the International Year of Women, the Government of

India launched The National Mission for Empowerment of Women (NMEW) for all round development of women's empower movement. On February 2012, The Ministry of Women and Child Development approved the setting up of a High Level Committee to conduct a fresh study on the status of Women's Empowerment and to recommend policy interventions to meet the current need of the women.

In spite of all the above efforts, the feticide is a menace in many areas of India, resulting in very skewed sex ratio in those areas. Lack of healthcare and malnutrition further takes a toll on those who were allowed to born. Child marriage and lack of education for girls is very common. In view of this, the Kanyashree Program of the West Bengal Government is a laudable move that has resulted in reducing the incidence of child marriage. Government of India also has initiated "Beti bachao Beti padhao" ("Let the girl child live and allow her to study") - a right move to make cultural change. The supply of cycles to the students, so that they can travel to distant high schools is effective in reducing girl's drop out after primary schooling. The Sukanya Samridhi Account helps to ensure funds for girl child's education and marriage expenses. One Stop Account has been introduced to provide support to women and girls in case need for medical assistance, physical and psychological support. Pradhan Mantri Ujjala Jojana provides among other things, LPG Gas Cylinders to the women of BPL families so that they do not have to suffer in smoke and dirt on fire wood ovens. This will also reduce the consumption of firewood. Mahila-E Haat is the bilingual on line portal for marketing by women entrepreneurs. The maternity benefit for women has been improved to take better care of the working mother and her off springs. Creche Facility for working women also has been created.

The above discussion was necessary to understand the intentions of the Central and State Governments, which are aware of the Human Development Indices and commensurate image of India. Now let us look at the ground reality which is not in consonance with the endeavor put forward by the Government.

Sl. No.	Crime Category	Year					% Variation in 2012-13
		2009	2010	2011	2012	2013	
1	Rape (SEC. 376 IPC)	21,397	22,172	24,206	24,933	33,707	35.2
2	Kidnapping & Abduction (SEC. 363 & 373 IPC)	25,741	29,795	35,565	38,262	51,881	35.6
3	Dowry Death (SEC 302,304 IPC)	8,338	8,391	8,618	8,233	8,083	- 1.8
4	Cruelty by husband and his relatives (SEC. 498-A IPC)	89,546	94,041	99,135	1,06,527	1,18,866	11.6
5	Assault on women with intent to outrage modesty (SEC. 354 IPC)	38,711	40,613	42,968	45,351	70,739	56
6	Insult to the modesty of women (SEC. 509 IPC)	11,009	9,961	8,570	9,173	12,589	37.2
7	Importation of girl from foreign country (SEC. 366-B IPC)	48	36	80	59	31	- 47.4

Sl. No.	Crime Category	Year					% Variation in 2012-13
		2009	2010	2011	2012	2013	
A	TOTAL IPC CRIMES AGAINST WOMEN	1,94,832	2,05,009	2,19,142	2,32,528	2,95,896	27.2
8	Commission of Sati Prevention ACT 1987	0	0	0	0	0	0
9	Immoral Traffic Prevention Act 1956	2,474	2,499	2,435	2,563	2,579	0.6
10	Indecent Representation of Women (Prevention ) Act 1980	845	895	453	141	362	156.7
11	The Dowry Prohibition Act 1961	5,650	5,182	6,619	9,038	10,709	18.5
B	TOTAL SLL CRIME AGAINST WOMEN	8,969	8,576	9,507	11,742	13,650	16.2
	TOTAL (A + B)	2,03,814	2,13,585	2,28,649	2,44,270	3,09,546	26.7

**Table 2 : Data on crime against women; SOURCE – CRIME IN INDIA -2013, by Dr. (Smt.) Rajeshwari. (Shettar M. Rajeshwari, 2013)**

The proportion of IPC crimes against women in total IPC Crimes have increased substantially in this 5 year period.

The Indian scenario in terms of the parameters discussed earlier looks as under:

The Global Gender Gap Index – 2012 rankings as published by the World Economic Forum shows the position of India in Women's empowerment.

Country	2012		2011		2010		2009		2008		2007		2006	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
India	105	0.644	113	0.619	112	0.616	114	0.615	113	0.606	114	0.594	98	0.601
China	69	0.685	61	0.687	61	0.688	60	0.691	57	0.688	73	0.684	63	0.656
Malaysia	100	0.654	97	0.653	98	0.648	100	0.647	96	0.644	92	0.644	72	0.651
Bangladesh	86	0.668	69	0.681	82	0.67	93	0.653	90	0.653	100	0.631	91	0.627

**Table 3 : India's ranking in the world vis-à-vis some other Asian countries**

The above table shows where India stands in women's empowerment in the world forum among 137 countries.

For a better understanding of the scores, it must be understood that the calculation takes care of all the parameters covered in Capability, Livelihood and agency Needs.

## CONCLUSION

In India, women's labor in the family has always been considered as natural resource like air or water. There is tendency to forget that the factory wheels rotate because the direct employee is properly fed and nourished by the womenfolk in the house, they get nursing and care in illness and thereby get ready for further production at no extra cost and even the factories get regular supply of hands at no extra cost from the reproductive system. But there is little recognition for this service.

If we take a look at the two tables shown above, and compare the figures with the Government initiatives, it is clear that some cultural issues are involved and they have to be eradicated first. Here we have to refer to the discussion on cultural dimensions. The unchallenged patriarchal psyche, especially prevalent in rural India but is equally visible in urban centers is the diametrically opposite of what to look for in women empowerment. The mindset has to change and that is easier said than done. It calls for an honest intent of the political class and their active leadership in transformation of the mindset. AND the change must begin with the political class itself. The best demonstration of intents and beliefs of the political class is their approach to the Women's Reservation Bill for 33% reservation of seats in Parliament and the assemblies as has been done with local bodies' election in rural and urban areas. The day the 33% reservation for women is made a law, other changes will follow and women's empowerment, instead of remaining in the domain of Government Policies will become a more tangible feature touching the lives of 50% of the citizenry.

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# To Study Gender as A Factor Impacting E-Word of Mouth amongst E-Retail Consumers in West Bengal

Abhishek Duttagupta\*

## ABSTRACT

*The phenomenon of Electronic Word-of-mouth (eWOM) communication has picked up considerable attention in both business and academic fraternity worldwide. Innumerable studies have been conducted in this area to examine the effectiveness of eWOM communication in online ecosphere. But the scope of these researched & published studies on the impact of eWOM communication is vastly huge, vague & fragmented and little effort has been made to have an unsegregated study on this topic. eWOM is a new phenomenal wave which has changed the marketing outlook for many businesses worldwide after the rapid emergence and huge growth of internet technologies and web 3.0. Social media networks, blogs, forums are now the standard platform for people around the world to share their opinion, views, experiences, and thoughts about businesses and their products. Marketers & companies cannot avoid this widespread presence, which can affect businesses; hence it becomes absolutely important to analyse the issues and problems faced by the businesses in today's well connected virtual and 24/7 online world due to a globalized electronic word of mouth. Electronic word-of-mouth (eWOM) has become one of the primary and hugely preferred information source for online consumers in the process of evaluating alternatives and purchases. However, it can safely be assumed that not all consumers will display same behaviors in eWOM.*

*This research paper aims to study the impact of one of the most peculiar factors - Gender and its impact on electronic word of mouth. This paper aims to analyze eWOM behavior of online e-retail customers with respect to their gender differences. The areas that this study focused on were eWOM experience, credibility of eWOM, consumer susceptibility to interpersonal influence (CSII), eWOM effect and positive valence eWOM behavior.*

**Keywords :** eWOM, E-Retail, E-Commerce, Word of Mouth, Genders

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## INTRODUCTION

The emergence of upcoming media during the last few decades has offered fertile vistas for electronic word-of-mouth marketing tool. Buyers nowadays regularly use webtools like discussion forums, review websites, blogs, social media etc.) to communicate their viewpoints and exchange information regarding various products & services. This new configuration of word-of-mouth (WOM) communication contains positive or negative reviews made by various types of customers about a product or a service or a company on the Internet.

Reports as well as researches done in both industry and academia have shown that when making decisions to buy, customers trust reviews posted online by unknown consumers more than they trust traditional forms of media. Moreover, user-generated

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internet content in the form of articles and reviews were found to be of significance in influencing buying decisions in customers. 91% of online internet users researched mentioned that they consult reviews, blogs, and other user-generated matter on the internet before buying any new product/service, 46% of the respondents said that they are influenced in the way they buy. Froster predicted that more than half of total online retail sales will be affected by internet reviews.

eWOM is an extremely powerful promotional and marketing tool. Nowadays, we are facing an onslaught of studies specializing on the effectiveness of eWOM communication. The main segmentation variables for consumer markets can be grouped under four headings; geographic, demographic, psychographic and behavioral. Also, age and gender, which are included in demographic variables, are two of the main segmentation criteria (Kotler & Armstrong, 2008; Stone & Desmond, 2007).

It is possible to see from numerous academic research results that some perceptual and behavioral differences exist between female and male consumers. For example, Bakewell and Mitchell (2006) found that men are likely to have different decision-making styles to women while the Garbarino and Strahilevitz study (2004) reported women's higher risk perceptions in online shopping as against men's. Contributing to this research field, this study focuses on the impact of gender and generation differences in how people use and impress with eWOM. In this paper, we try to examine gender differences in terms of eWOM behaviors.

## **LITERATURE REVIEW**

The impact that electronic or traditional word-of-mouth media has been well recognized in the researches done on consumer behavior. Researchers have found that customers comprehend word of mouth as more trustworthy and cogently effective than traditional forms of media, such as print ads, radio, TV etc. The impact on buying decision through word of mouth media was further strengthened with the advent of the web, which extended electronic word of mouth media to various additional virtual settings. On the internet, consumers can post their opinions, comments and reviews of products on website blogs (e.g. bloggerkeeda.com), discussion forums, review websites, community boards and social networking sites (e.g. Instagram.com). Electronic word of mouth media has many similarities with traditional word of mouth, but it is different from traditional word of mouth in several areas as well. These different vistas are all conducive towards the uniqueness of electronic word of mouth media.

There are various behaviors that are related to or define eWOM in the literature. Some of those behaviors, which underlie the scope of this research, are; using experience of eWOM, perceived eWOM credibility, consumer susceptibility to interpersonal influence (CSII), eWOM effect (Park et al., 2011; Maria et al., 2016; Akyüz, 2013), positive valence eWOM and negative valence eWOM (Goyette et al., 2010). Fan and Miao (2012) claimed that involvement is the only factor on perceived eWOM credibility for male customers, while expertise, involvement, and rapport have significant effects on females' perceived eWOM credibility.

Again, according to Kim et al. (2011), women are more likely to read reviews for the purposes of convenience and quality and for risk reduction. In accordance with this,

Abubakar et al. (2016) emphasized that the risk perception of females in online shopping is higher than males and thinks that this may be one reason why females are more affected by the brand image of eWOM than males. Furthermore, there are controversial findings in previous studies concerning gender and generational differences in eWOM communication. For instance, Maceli et al. (2015) revealed that females are more likely to tell others about their buying processes, while Cataluna et al. (2014) found that males give more importance than females to recommendations in case of analyzing and purchasing the search goods on the Internet.

### **OBJECTIVE OF PAPER**

The web has changed the way consumers search for information, how they and more importantly, the way they buy. Accordingly, traditional word of mouth behavior now has an electronic flavor adding to a considerably huge vistas of research. i.e. electronic word of mouth. Electronic word of mouth is easily accessible by the consumers customers in different types of online website blogs and reviews, which can be used to help them determine credibility and make shopping decisions when they purchase on the internet. Electronic word of mouth has beguiled and spawned a huge interest from researchers in these recent years.

Regarding the relevant literature and objectives of the present research, we hypothesized that:

**H1:** There is a significant difference between males and females in terms of eWOM behaviors.

Last, according to the main hypotheses and the six identified eWOM behaviors, we developed six sub-hypotheses for the main hypothesis.

### **RESEARCH METHODOLOGY**

We use a cross-sectional survey to determine the eWOM behaviour of consumers and whether there are significant differences in term of their gender. Items used in this study to measure research variables have been compiled from different studies. Using experience of electronic word of mouth,, consumer susceptibility to interpersonal influence (CSII), perceived electronic word of mouth credibility, and electronic word of mouth effect were measured with items adapted from Park et al. (2011). However, one item for CSII was deleted because its factor loading is less than 0.5. We measured positive valence eWOM using six items and negative valence eWOM with two items which were adapted from Goyette et al. (2010).

All constructs were measured using a five-point Likert scale, ranging from "1=strongly disagree to 5=strongly agree". In the first section of the questionnaire, socio-demographic variables such as gender, age, income, weekly time spend on Internet and online shopping and frequency of online shopping were measured. Data for this study were collected using online survey questionnaire. The sampling method used was Non-Probability Judgemental Sampling. Data was collected from online consumers who had experience with online purchase in last three month. A total of 600 questionnaires presented to the potential respondents by using judgemental sampling technique in Kolkata, Durgapur and Kharagpur, the three main cities of West Bengal.



578 of them were completed, resulting in a 96.3 percent response rate; 510 usable responses were used for analysis, due to missing data or non-qualified responses.

## DATA ANALYSIS & FINDINGS

A confirmatory factor analysis (CFA) was then performed to verify the validity and reliability of constructs. After, Kolmogorov-Smirnov and Shapiro-Wilk tests were run to check normality of data. In order to test the main hypothesis and sub-hypotheses, Mann-Whitney U tests were run. The proportions of male and females were very similar with 51.6 percent of females. Of the participants, most of them (76.4%) had monthly personal income levels of less than Rs.30,000. Respondents' Internet usage ranged from 1 to 100 hours in a week with an average weekly Internet usage of 29.51 hours. They shop 2.78 times average in the last month on Internet shopping and spend approximately Rs. 1000 on online shopping in a month.

Regarding reliability of variables, Cronbach's  $\alpha$  coefficients and composite reliability (CR) values were measured. Items used to measure variables, item and variable means, standard deviations, factor loadings, average variance extracted (AVE) and reliability values are shown in Table 1.

Variable	AVE	CR	$\alpha$	Item	Item mean	SD
Using experience of eWOM (UEeW) (M=3.22)	0.598	0.88	0.877	I always read online reviews written by others	3.39	1.16
				I always write down online review by myself	3.03	1.19
				I always share my knowledge and information	3.14	1.17
				I always read online consumer reviews when I was shopping	3.52	1.09
				I always write down online consumer reviews when I was finishing my shopping	3.03	1.18
Perceived eWOM credibility (PeWC) (M =3.02)	0.648	0.902	0.907	I believe the online review which been read a lot	2.97	1.17
				I believe the online review which is believed by others	2.82	1.14
				I believe online review is important	3.14	1.1
				I believe online review is credible information	3.04	1.06
				I believe online review is written with responsibility	3.08	1.07
CSII (M = 3.38)	0.587	0.739	0.734	I like listening advices before shopping	3.51	1.11
				Others' advices are important for my shopping	3.25	1.08
eWOM effect (eWE) (M =3.08)	0.751	0.9	0.898	I will buy things because online review is positive	3.06	1.07
				I rely on online reviews when I purchase	3.04	1.05
				Online review affects my purchase decision crucially	3.13	1.12

Variable	AVE	CR	Á	Item	Item mean	SD
Positive valence eWOM (PVeW)	0.572	0.889	0.895	I recommended this company	3.49	0.99
				I speak of this company's good sides	3.5	0.96
				I am proud to say to others that I am this company's customer	3.28	1.09
				I strongly recommend people buy products online from this company	3.07	1.12
				I mostly say positive things to others	3.59	0.97
				I have spoken favourably of this company to others	3.52	0.95
Negative valence eWOM (NVeW) (M =3.10)	0.566	0.722	0.83	I mostly say negative things to others	3.47	1.11
				I have spoken unflatteringly of this company to others	2.74	1.18

**Table 1: AVE, CR, CA, item mean, standard deviation and factor loading values of the variables**

As shown on Table 1, all item loadings were significant ( $p < 0.001$ ) and both Cronbach's alpha and composite reliability values ranged from 0.72 to 0.91, greater than the recommended value 0.70. Thus, the reliability analyses indicated a good reliability of the measures used in the research.

Validity of the measures was assessed using a confirmatory factor analysis (CFA). CFA provided evidence for good fit between the measurement model and the data ( $\chi^2 = 715.12$ ;  $df = 207$ ;  $\chi^2 / df = 3.45$ ;  $GFI = 0.89$ ,  $AGFI = 0.86$ ,  $IFI = 0.93$ ,  $NFI = 0.91$ ,  $CFI = 0.93$ ,  $RMSEA = 0.067$ ). Convergent validity was examined by using CR and AVE values. As it can be seen from Table 1, all CR values were higher than 0.72, AVE values were higher than 0.56, item loadings investigated significant, and exceeded 0.5 which means the convergent validity is established. For discriminant validity, we compared the square root of the AVE score of each construct with its cross-correlation with other constructs. As presented in Table 2, all AVE scores surpassed the squared correlations which indicate the discriminant validity was achieved.

Table 2 : Discriminant validity						
Variable	1	2	3	4	5	6
<b>NVeW (1)</b>	<b>0.752</b>					
<b>UEeW (2)</b>	0.424	<b>0.773</b>				
<b>PeWC (3)</b>	0.531	0.682	<b>0.805</b>			
<b>CSII (4)</b>	0.543	0.464	0.649	<b>0.766</b>		
<b>eWE (5)</b>	0.541	0.523	0.716	0.741	<b>0.867</b>	
<b>PVeW (6)</b>	0.696	0.416	0.47	0.493	0.545	<b>0.756</b>

**Table 2 : The diagonal elements in bold represent the square root of AVE.**

## HYPOTHESIS TESTING

Before testing hypotheses, a test of basic assumption is usually performed to choose the appropriate statistical test. We run Shapiro-Wilk and Kolmogorov-Smirnov tests to check the normality of data. We found that all significance levels are lower than 0.05. It means all variables in research are shown non-normally distribution. Therefore, we use Mann-Whitney U test which is a kind of nonparametric test to compare males' and females' eWOM behaviors. The statistical analysis is carried out by using SPSS version 23.0. The significant ( $p$ ) values  $<0.05$  are considered as statistically significant.

The results of tested hypotheses are presented in Table 3. All hypothesized relationships between gender were found statistically non-significant. Although, males' using experience of eWOM and intent to share negative eWOM messages were found higher than females and females' perceived eWOM credibility, CSII, eWOM effect and intent to share positive eWOM messages were higher than males, these differences were not significant. Therefore, H1 was not supported.

Variables	P	U	Mean Rank	
			Male	Female
Using experience of eWOM (H1a)	0.526	31430.5	259.75	251.51
Perceived eWOM credibility (H1b)	0.439	31197.5	250.31	260.38
Consumer susceptibility to interpersonal influence (H1c)	0.665	31772.5	252.63	258.19
eWOM effect (H1d)	0.58	31569.5	251.81	258.96
Positive valence eWOM (H2e)	0.359	30959.5	249.34	261.28
Negative valence eWOM (H1f)	0.657	31754.5	258.44	252.74

**Table 3 : eWOM behavior in terms of gender and generational differences**

## CONCLUSIONS & RECOMMENDATIONS

Studies in the literature, which explain the electronic word of mouth behaviors of consumers, reveal that behaviors of electronic word of mouth vary according to the various features of consumers. There is no doubt that examining the electronic word of mouth behaviors of consumers in terms of demographic features like gender will bring a detailed point of view to the topic. In this study, behaviors that are accepted as electronic word of mouth behaviors like using experience of electronic word of mouth, perceived electronic word of mouth credibility, consumer susceptibility to interpersonal influence (CSII), electronic word of mouth effect, positive valence electronic word of mouth and negative valence electronic word of mouth are examined in terms of whether they differentiate according to the gender of consumers or not.

There are three remarkable fields of interest in the results. First, when the frequency of the exhibiting behaviors is examined, it is determined that the behavior of positive valence electronic word of mouth spreading is exhibited more commonly than negative valence electronic word of mouth spreading. In addition, it is determined that consumers' response to electronic word of mouth and their trust in electronic word of

mouth is at the middle level, and even if the CSII level is higher, transforming the electronic word of mouth effect is less frequent. Second, we also found that males access electronic word of mouth more than that of females. This finding is consistent with Kim et al. (2011), and reveals the fact that males generally make and spread more electronic word of mouth reviews. Thus, one can deduce that businesses choose males as the primary target group in studies about electronic word of mouth. In any case, while negative valence electronic word of mouth spreading is higher in males, positive valence electronic word of mouth spreading is higher in females. This finding is partially parallel to the opinion of Maceli et al. (2015) that female intentions of talking about the shopping process is more than those of males. This is because in an acquired experience of buying, satisfying the expectations when one has bought before is a situation that can be called routine. In those kinds of routine situations, the lower sharing of males in comparison to females can be interpreted as they are less willing to have those types of shares, and they only do it when they have to. Results show that females not only have positive share intentions but also perceived electronic word of mouth credibility, levels of CSII and electronic word of mouth effect are higher than those of males. The finding of electronic word of mouth effect seems inconsistent with the finding of Cataluna et al. (2014) that males attach more importance to recommendations in the Internet environment. When these two findings are evaluated, it is revealed that although males attach more importance to electronic word of mouth than females, they might be behind females in terms of transforming the information they got in the electronic word of mouth process to buying behavior. Therefore, businesses choosing females as the primary target group while conducting electronic word of mouth activities considering that they are more effective in transforming the electronic word of mouth effect into buying and thus may cause more successful electronic word of mouth results. However, that the differences between genders are not at a level that can be scientifically accepted necessitates being cautious while making such deductions.

#### **LIMITATIONS & FUTURE SCOPE**

There are several limitations to the study that should be mentioned. The participants were chosen only in three cities of West Bengal because of convenience. This in no way defines India leave alone just one single state of the country. Therefore, the findings should be validated in multiple cities or countries to define possible cultural differences. Another limitation of the study is considering all types of products and social media websites, instead of specifically focusing on one product such as electronic devices or only electronic word of mouth messages in one social media website such as Facebook or Instagram. Also, a comparison between different products or social media websites could provide valuable and interesting insights both in theoretical and managerial perspectives.

Although limited in scope, the findings of the current study enhance our understanding of several electronic word of mouth behaviors of consumers according to gender. The findings also provide managers with strategic directions for rethinking their communication strategies in both media choice and consumer targeting.

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# A Study to Analyse Capital Market Efficiency with Specific Emphasis on Sensex, Reliance Industries Limited and Tata Consultancy Services

Sujoy Kumar Dhar\*

## ABSTRACT

*Capital market is a mechanism where fund can be borrowed or lent for the long term. Capital market is called efficient when any information regarding economy, industry and company is immediately and instantaneously influencing the movement of market index. Hence on the basis of that information, no one can earn supernormal profit or incur loss. Market efficiency can be categorised into three parts- weak form, semi strong form and strong form. Market index or a particular stock follows weak form efficiency provided current market price is already reflecting the information of historical movement of price. The objectives of the proposed research paper are to discuss the nuance of capital market efficiency and to identify whether Sensex as well as stocks of Reliance Industries Limited(RIL) and TCS (Tata Consultancy Services) are following weak form efficiency or not. The Reliance Industries Limited has the largest market capitalisation which is followed by Tata Consultancy Services (in Sensex). The market capitalisation of RIL is Rs608804.91 crore and same is Rs 595678.44 crore for TCS as on 31<sup>st</sup> January, 2018. Three months data (from 1<sup>st</sup> October to 31<sup>st</sup>December) of Sensex as well as RIL and TCS price are taken into consideration from two financial years 2016-17 and 2017-18 each. Auto-correlation test is used for Sensex, RIL and TCS for the above-mentioned period. It has been found that values of auto-correlation coefficients are abysmally low for all three cases. Hence Sensex as well as Reliance and TCS stock prices are following weak form efficiency.*

**Keywords :** Market, efficiency, autocorrelation, economy, industry, company

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## INTRODUCTION

An efficient market is one in which the market price of a security is an unbiased estimate of its intrinsic value. Market efficiency does not imply that market price equals to intrinsic value at every point of time. It indicates that errors in the market price are unbiased. This means that price can deviate from the intrinsic value but deviations are random and uncorrelated with any observable variable. If the deviations of market price from intrinsic value are random, it is not possible to consistently predict over and undervalued securities. The efficient market hypothesis merely implies that prices impound all available information. But it does not mean that market possesses perfect forecasting abilities. Unless prices fluctuate, they would not reflect fair values. As future is full of risk and uncertainty, the market is continually surprised. As prices reflect these surprises, they fluctuate on a random basis. Randomness and irrationality are two different concepts altogether. If investors are rational and competitive, price changes are bound to be random.

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## **LITERATURE REVIEW**

**Gordon (1959)** argued that variations in current dividend, growth rate of the dividend and cost of equity, results in variations in the price of the security to which it relates. The occurrence of price variations in a capital market from variations in information about the security and the issuing firm indicates the efficiency of that capital market.

**Joarder et al ( 2014 )** opined, that the intrinsic value of a share is equivalently measured by the discounted value of future cash flows that investors will earn. If the stock market is inefficient, equity prices must reflect all available information which is relevant for the evaluation of a company's future performance, and therefore, the market price of share must be equal to its inherent value.

**Akbas et al (2016)** said that mutual funds generally take long-only positions and their trades can contribute to bringing prices toward efficiency to the extent that funds overweight stocks that are perceived to be undervalued and underweight stocks that are perceived to be overvalued.

According to **Jovana and Sinisa (2016)**, the most developed world markets are characterized by a large number of market participants who seek to take advantage of any deviation from the market price restoring it to the equilibrium.

### **Objectives of the Study**

The objectives of the proposed research paper are as follows

- To discuss the nuance of capital market efficiency
- To identify whether Sensex as well as stocks of Reliance Industries Limited (RIL) and TCS (Tata Consultancy Services) are following weak form efficiency or not.

### **Research Design**

This is discussed under different dimensions including methodology, period of study, samples of study, sources of data, data analysis which will be considered for the proposed study.

### **Methodology**

The proposed study will combine explanatory and empirical research.

#### **Period of the Study**

In this research work, three months data (from 1<sup>st</sup> October to 31<sup>st</sup> December) of Sensex as well as RIL and TCS price are taken into consideration from two financial years 2016-17 and 2017-18 each. So all the data is collected of this duration only.

### **Samples of the Study**

The Reliance Industries Limited has the largest market capitalisation which is followed by Tata Consultancy Services (in Sensex). The market capitalisation of RIL is Rs. 608804.91 crore and same is Rs 595678.44 crore for TCS as on 31<sup>st</sup> January, 2018. So both RIL and TCS are selected for the study.

### **Sources of Data**

The proposed dissertation is expected to take into consideration the secondary data

available in several research articles published in the different reputed national and international journals downloaded from EBSCO host and Emerald. Few examples are provided for the ready reference such as Journal of Comparative Economics, Journal of Corporate Finance, Journal of Asian Economics, ICFAI Journal of Bank Management etc. The proposed research work incorporates the necessary information inputs from the statutory and non-statutory disclosure provided by the banks in the public domain in the form of their quarterly, half early and annual reports.

### **Data Analysis**

Auto-correlation test is used for Sensex, RIL and TCS for the above-mentioned period.

### **Capital Market Efficiency**

In the mid-1960s, Eugena Fama introduced the idea of an “efficient” capital market to the literature of Financial Economics. Put simply, the idea is that intense competition in the capital market leads to the fair pricing of debt and equity securities. This randomness of security prices may be interpreted to imply that investors in the capital markets take a quick cognisance relating to security prices and that the security prices quickly adjust to the information. Thus the efficiency of security price depends on the speed of price adjustment to any available information. The more is the speed of adjustment, the more efficient will be the security prices. The capital market efficiency may therefore be defined as the ability of securities to reflect and incorporate all relevant information inputs instantaneously and simultaneously in their prices.

There are three forms of capital market efficiency.

### **Weak Form Efficiency**

The securities price reflects all past information about the price movements in the weak form efficiency. It is therefore not possible for an investor either to predict future prices by analysing historical trend or to outperform the market index. In order to conclude whether capital market is weak form efficient or not, it is necessary to determine the correlation between security prices over time. A significantly high correlation coefficient between the security prices over time is not desirable in an efficient capital market. Different empirical tests have shown that serial independences exist between the security prices over time. The serial correlation test<sup>1</sup>, run test<sup>2</sup> and filter rules test<sup>3</sup> are used. Hence the weak form efficiency is referred to as the Random Walk Hypothesis.

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<sup>1</sup>One way to test for randomness in stock price changes is to look at their serial autocorrelations. If price change in one period is not correlated with the price changes in some other period, the price changes are considered to be serially independent.

<sup>2</sup>Given a series of stock price changes, each price change is designated as a plus (+) if it represents an increase or a minus(-) if it represents a decrease. The resulting series may look like +++-++-+. A run occurs when there is no difference between the sign of two changes. When the sign of change differ, the run ends and a new run starts. To test a series of price changes for independence, the number of runs in that series is compared to see whether it is statistically different from the number of runs in a purely random series of same size. Many studies have been carried out employing the runs test of independence.

<sup>3</sup>An n percent filter rule test may be defined as follows- “if the price of a stock increases by at least n percent, buy and hold it until its price decreases by at least n percent from a subsequent high.” If the behavior of stock price changes is random, filter rules should not outperform a simple buy and hold strategy. Many studies have been conducted employing different stocks and different filter rules.



### **Semi Strong Form Efficiency**

The security prices reflect all publicly available information. This implies that an investor will not be able to outperform the market by analysing the existing company related or other relevant information available in the public domain. Such publicly available information<sup>4</sup> is already impounded in the current security prices. Researchers have employed event studies<sup>5</sup> to analyse the semi strong form efficiency. For example, if a company increases its dividend rate, experts can study the speed with which price of the company share is adjusted to this information. The semi strong form efficient market hypothesis implies that the share price reflects an event or information very quickly.

### **Strong Form Efficiency**

The security prices reflect all published and unpublished public and private information. This is a significantly strong assertion and empirical studies have not borne out the validity of the efficient market hypothesis in the strong form of efficiency. If market follows the strong form efficiency, nobody can earn supernormal profit by insider trading.

### **Technical Analysis and Capital Market Efficiency**

The basic premises underlying technical analysis are as follows –

- Market prices are determined by the interaction of demand and supply forces.
- Supply and demand are influenced by a variety of factors both rational and irrational. These include fundamental as well as psychological factors. Fundamental factors takes into account macro-economic variables such as GDP growth rate, saving and investment of the economy, inflation rate, index of industrial production, balance of payment, tax rate, performance of the company according to its annual, half yearly and quarterly report. Psychological factor incorporates emotion and sentiment of the investors. During the General election and before the placement of Union Budget, market becomes volatile.
- Barring minor deviations, stock prices tend to move in fairly persistent trends. According to Dow Theory, stock prices move along a particular trend. There are three types of trends - primary trend, secondary trend and day to day fluctuation. Primary trend is long range cycle that makes the entire market up or down. Secondary trend or correction moves in the opposite direction of primary trend. If primary trend is bullish, secondary trend becomes bearish or vice versa. Day to day fluctuation is influenced by emotion and sentiment as well as greed and fear of the investors.

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<sup>4</sup>This information includes annual report, half yearly report, quarterly financial report, dividend declaration, bonus issue, stock split, public issue or information relevant to the corporate restructuring.

<sup>5</sup>Fama, Fisher, Jensen and Roll have developed a methodology for event studies. The following steps are involved.

Step I: Calculation of the expected and actual return before and after the event using the market model or the Capital Asset Pricing Model.

StepII: Calculation of the abnormal return as the difference between the expected and actual return.

Step III: Calculation of the Cumulative Abnormal Return (CAR).

For the capital market to be semi strong form efficient, the value of CAR should be equal to zero.

- Shifts in demand and supply bring about changes in trends.
- Irrespective of why they occur, shifts in demands and supply can be detected with the help of charts of market action. The chart and graphs facilitate the trader to identify buying and selling points.

Capital market efficiency and technical analysis are contradictory in nature. If a capital market is efficient, impact of any new information regarding economy, sector and company will be immediately reflected in the market price. So today's stock price is not correlated with yesterday's or tomorrow's stock price. Hence on the basis of past stock price data, nobody will be able to earn supernormal profit. In contrary, due to the persistence of trends and patterns, analysis of past market data can be used to predict future market behaviour in technical analysis.

### **Findings and Conclusions**

Three months data (from 1<sup>st</sup> October to 31<sup>st</sup>December) of Sensex as well as RIL and TCS stock price are considered from two financial years 2016-17 and 2017-18 each. Auto-correlation test is used for Sensex, RIL and TCS for the above-mentioned period. Autocorrelation coefficient between two years' Sensex data for the aforesaid duration is (.00264). The detail calculation is shown in Annexure I. Autocorrelation coefficient between two years' Reliance Industries stock price data is 0.202523. The detail calculation is provided in Annexures II. Autocorrelation coefficient between two years' Tata Consultancy Services stock price data is (0.06255). The calculation is attached in Annexures III. It has been observed that interdependences of values of Sensex and TCS stock prices between the year 2016 and 2017 are almost nonexistent as autocorrelation coefficients are (0.00264) and (0.06255) respectively. Value of coefficients are lesser than 0.1 for both the cases in terms of magnitude. But a weaker interdependence is found in Reliance stock price between these two years as the value of autocorrelation coefficient is 0.2052.

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**Annexure-I Computation of Autocorrelation coefficient between two year's Sensex data from 1<sup>st</sup> October to 31<sup>st</sup> December**

Date	Closing value of Sensex	Return from Sensex	Date	Closing value of Sensex	Return from Sensex
03-Oct-17	31497.4		03-Oct-16	28243.29	
04-Oct-17	31671.7	0.005535	04-Oct-16	28334.55	0.003231
05-Oct-17	31592	-0.00252	05-Oct-16	28220.98	-0.00401
06-Oct-17	31814.2	0.007033	06-Oct-16	28106.21	-0.00407
09-Oct-17	31846.9	0.001027	07-Oct-16	28061.14	-0.0016
10-Oct-17	31924.4	0.002434	10-Oct-16	28082.34	0.000755
11-Oct-17	31834	-0.00283	13-Oct-16	27643.11	-0.01564
12-Oct-17	32182.2	0.010939	14-Oct-16	27673.6	0.001103
13-Oct-17	32432.7	0.007783	17-Oct-16	27529.97	-0.00519
16-Oct-17	32633.6	0.006196	18-Oct-16	28050.88	0.018922
17-Oct-17	32609.2	-0.00075	19-Oct-16	27984.37	-0.00237
18-Oct-17	32584.4	-0.00076	20-Oct-16	28129.84	0.005198
19-Oct-17	32390	-0.00597	21-Oct-16	28077.18	-0.00187
23-Oct-17	32506.7	0.003605	24-Oct-16	28179.08	0.003629
24-Oct-17	32607.3	0.003095	25-Oct-16	28091.42	-0.00311
25-Oct-17	33042.5	0.013345	26-Oct-16	27836.51	-0.00907
26-Oct-17	33147.1	0.003167	27-Oct-16	27915.9	0.002852
27-Oct-17	33157.2	0.000304	28-Oct-16	27941.51	0.000917
30-Oct-17	33266.2	0.003286	30-Oct-16	27930.21	-0.0004
31-Oct-17	33213.1	-0.00159	01-Nov-16	27876.61	-0.00192
01-Nov-17	33600.3	0.011656	02-Nov-16	27527.22	-0.01253
02-Nov-17	33573.2	-0.00081	03-Nov-16	27430.28	-0.00352
03-Nov-17	33685.6	0.003346	04-Nov-16	27274.15	-0.00569
06-Nov-17	33731.2	0.001355	07-Nov-16	27458.99	0.006777
07-Nov-17	33370.8	-0.01069	08-Nov-16	27591.14	0.004813
08-Nov-17	33218.8	-0.00455	09-Nov-16	27252.53	-0.01227
09-Nov-17	33250.9	0.000967	10-Nov-16	27517.68	0.009729
10-Nov-17	33314.6	0.001914	11-Nov-16	26818.82	-0.0254
13-Nov-17	33033.6	-0.00843	15-Nov-16	26304.63	-0.01917
14-Nov-17	32941.9	-0.00278	16-Nov-16	26298.69	-0.00023
15-Nov-17	32760.4	-0.00551	17-Nov-16	26227.62	-0.0027
16-Nov-17	33106.8	0.010573	18-Nov-16	26150.24	-0.00295
17-Nov-17	33342.8	0.007128	21-Nov-16	25765.14	-0.01473
20-Nov-17	33359.9	0.000513	22-Nov-16	25960.78	0.007593
21-Nov-17	33478.4	0.003551	23-Nov-16	26051.81	0.003508
22-Nov-17	33561.6	0.002485	24-Nov-16	25860.17	-0.00736
23-Nov-17	33588.1	0.00079	25-Nov-16	26316.34	0.01764
24-Nov-17	33679.2	0.002714	28-Nov-16	26350.17	0.001286
27-Nov-17	33724.4	0.001342	29-Nov-16	26394.01	0.001664
28-Nov-17	33618.6	-0.00314	30-Nov-16	26652.81	0.009805
29-Nov-17	33602.8	-0.00047	01-Dec-16	26559.92	-0.00349
30-Nov-17	33149.4	-0.01349	02-Dec-16	26230.66	-0.0124
01-Dec-17	32832.9	-0.00954	05-Dec-16	26349.1	0.004515
04-Dec-17	32869.7	0.00112	06-Dec-16	26392.76	0.001657
05-Dec-17	32802.4	-0.00205	07-Dec-16	26236.87	-0.00591

Date	Closing value of Sensex	Return from Sensex	Date	Closing value of Sensex	Return from Sensex
06-Dec-17	32597.2	-0.00626	08-Dec-16	26694.28	0.017434
07-Dec-17	32949.2	0.010799	09-Dec-16	26747.18	0.001982
08-Dec-17	33250.3	0.009138	12-Dec-16	26515.24	-0.00867
11-Dec-17	33455.8	0.00618	13-Dec-16	26697.82	0.006886
12-Dec-17	33228	-0.00681	14-Dec-16	26602.84	-0.00356
13-Dec-17	33053	-0.00527	15-Dec-16	26519.07	-0.00315
14-Dec-17	33246.7	0.005859	16-Dec-16	26489.56	-0.00111
15-Dec-17	33463	0.006505	19-Dec-16	26374.7	-0.00434
18-Dec-17	33601.7	0.004145	20-Dec-16	26307.98	-0.00253
19-Dec-17	33836.7	0.006995	21-Dec-16	26242.38	-0.00249
20-Dec-17	33777.4	-0.00175	22-Dec-16	25979.6	-0.01001
21-Dec-17	33756.3	-0.00062	23-Dec-16	26040.7	0.002352
22-Dec-17	33940.3	0.005451	26-Dec-16	25807.1	-0.00897
26-Dec-17	34010.6	0.002072	27-Dec-16	26213.44	0.015745
27-Dec-17	33911.8	-0.0029	28-Dec-16	26210.68	-0.00011
28-Dec-17	33848	-0.00188	29-Dec-16	26366.15	0.005932
29-Dec-17	34056.8	0.006169	30-Dec-16	26626.46	0.009873
	Autocorrelation Coefficient=		-0.00264		

j. Annexure-II Computation of Autocorrelation coefficient between two year's Reliance Industry's stock price data from 1<sup>st</sup> October to 31<sup>st</sup> December

Date	Closing Price of Reliance Industries Limited	Return	Date	Closing price of Reliance Industries Limited	Return
03-Oct-17	798.35		03-Oct-16	1090.4	
04-Oct-17	819.2	0.02612	04-Oct-16	1095.2	0.0044
05-Oct-17	824.2	0.0061	05-Oct-16	1089.3	-0.00539
06-Oct-17	836.85	0.01535	06-Oct-16	1111.1	0.02001
09-Oct-17	830.75	-0.00729	07-Oct-16	1109.95	-0.00104
10-Oct-17	843.4	0.01523	10-Oct-16	1095.95	-0.01261
11-Oct-17	840.4	-0.00356	13-Oct-16	1057.7	-0.0349
12-Oct-17	872.5	0.0382	14-Oct-16	1078.2	0.01938
13-Oct-17	876.7	0.00481	17-Oct-16	1060.15	-0.01674
16-Oct-17	875.2	-0.00171	18-Oct-16	1079.3	0.01806
17-Oct-17	874.25	-0.00109	19-Oct-16	1086.9	0.00704
18-Oct-17	913.75	0.04518	20-Oct-16	1088.5	0.00147
19-Oct-17	910.35	-0.00372	21-Oct-16	1064.4	-0.02214
23-Oct-17	938.1	0.03048	24-Oct-16	1063.55	-0.0008
24-Oct-17	934.75	-0.00357	25-Oct-16	1059.9	-0.00343
25-Oct-17	939.95	0.00556	26-Oct-16	1054.15	-0.00543
26-Oct-17	947.25	0.00777	27-Oct-16	1048.5	-0.00536
27-Oct-17	929.45	-0.01879	28-Oct-16	1053.5	0.00477
30-Oct-17	940.15	0.01151	30-Oct-16	1051.2	-0.00218
31-Oct-17	940.8	0.00069	01-Nov-16	1048.3	-0.00276
01-Nov-17	952.3	0.01222	02-Nov-16	1024.05	-0.02313
02-Nov-17	947.1	-0.00546	03-Nov-16	1025.45	0.00137
03-Nov-17	945.6	-0.00158	04-Nov-16	1005.8	-0.01916
06-Nov-17	934.45	-0.01179	07-Nov-16	1001.95	-0.00383
07-Nov-17	906.65	-0.02975	08-Nov-16	1002.85	0.0009
08-Nov-17	888.25	-0.02029	09-Nov-16	1005.55	0.00269
09-Nov-17	901.55	0.01497	10-Nov-16	1010	0.00443
10-Nov-17	883.5	-0.02002	11-Nov-16	1001.4	-0.00851
13-Nov-17	875.15	-0.00945	15-Nov-16	987.6	-0.01378
14-Nov-17	886.2	0.01263	16-Nov-16	985.85	-0.00177
15-Nov-17	882.4	-0.00429	17-Nov-16	981.3	-0.00462
16-Nov-17	902.45	0.02272	18-Nov-16	987.5	0.00632
17-Nov-17	909.7	0.00803	21-Nov-16	990.9	0.00344
20-Nov-17	918.85	0.01006	22-Nov-16	1001.1	0.01029
21-Nov-17	932.4	0.01475	23-Nov-16	1007.25	0.00614
22-Nov-17	930.25	-0.00231	24-Nov-16	990.65	-0.01648
23-Nov-17	945.15	0.01602	25-Nov-16	993.65	0.00303
24-Nov-17	949.5	0.0046	28-Nov-16	986.45	-0.00725
27-Nov-17	950.7	0.00126	29-Nov-16	995.85	0.00953
28-Nov-17	942.95	-0.00815	30-Nov-16	992.75	-0.00311
29-Nov-17	945.45	0.00265	01-Dec-16	997.2	0.00448

Date	Closing Price of Reliance Industries Limited	Return	Date	Closing price of Reliance Industries Limited	Return
30-Nov-17	922.6	-0.02417	02-Dec-16	995.3	-0.00191
01-Dec-17	909.85	-0.01382	05-Dec-16	994.1	-0.00121
04-Dec-17	901.5	-0.00918	06-Dec-16	1003.35	0.00931
05-Dec-17	911.5	0.01109	07-Dec-16	999.7	-0.00364
06-Dec-17	927.5	0.01755	08-Dec-16	1019.55	0.01986
07-Dec-17	930.65	0.0034	09-Dec-16	1026.4	0.00672
08-Dec-17	920.95	-0.01042	12-Dec-16	1028.1	0.00166
11-Dec-17	915.9	-0.00548	13-Dec-16	1039.9	0.01148
12-Dec-17	915.05	-0.00093	14-Dec-16	1060	0.01933
13-Dec-17	914	-0.00115	15-Dec-16	1054.2	-0.00547
14-Dec-17	920.55	0.00717	16-Dec-16	1057.55	0.00318
15-Dec-17	919.9	-0.00071	19-Dec-16	1062.15	0.00435
18-Dec-17	919.4	-0.00054	20-Dec-16	1059.1	-0.00287
19-Dec-17	924	0.005	21-Dec-16	1061.45	0.00222
20-Dec-17	918.75	-0.00568	22-Dec-16	1053.95	-0.00707
21-Dec-17	913.05	-0.0062	23-Dec-16	1058.15	0.00399
22-Dec-17	918.5	0.00597	26-Dec-16	1047.1	-0.01044
26-Dec-17	928	0.01034	27-Dec-16	1064.4	0.01652
27-Dec-17	922.3	-0.00614	28-Dec-16	1052.2	-0.01146
28-Dec-17	924.4	0.00228	29-Dec-16	1064.95	0.01212
29-Dec-17	921.05	-0.00362	30-Dec-16	1080.1	0.01423
	<b>Autocorrelation Coefficient</b>	0.20252			

**Annexure III Computation of Autocorrelation coefficient between two year's Tata Consultancy Service's stock price data from 1<sup>st</sup> October to 31<sup>st</sup> December**

Date	Closing Price of TCS	Return	Date	Closing Price of TCS	Return
03-Oct-17	2447.05		03-Oct-16	2411.8	
04-Oct-17	2442.55	-0.00184	04-Oct-16	2401.1	-0.00444
05-Oct-17	2430.15	-0.00508	05-Oct-16	2382.55	-0.00773
06-Oct-17	2445.15	0.00617	06-Oct-16	2384.25	0.00071
09-Oct-17	2452.55	0.00303	07-Oct-16	2368.25	-0.00671
10-Oct-17	2459.55	0.00285	10-Oct-16	2380.1	0.005
11-Oct-17	2500.5	0.01665	13-Oct-16	2328.5	-0.02168
12-Oct-17	2548.55	0.01922	14-Oct-16	2365.9	0.01606
13-Oct-17	2556.75	0.00322	17-Oct-16	2362.9	-0.00127
16-Oct-17	2585.1	0.01109	18-Oct-16	2398.3	0.01498
17-Oct-17	2594.85	0.00377	19-Oct-16	2394.2	-0.00171
18-Oct-17	2589.05	-0.00224	20-Oct-16	2399.85	0.00236
19-Oct-17	2580.95	-0.00313	21-Oct-16	2428.7	0.01202
23-Oct-17	2585.95	0.00194	24-Oct-16	2427.85	-0.00035
24-Oct-17	2580.6	-0.00207	25-Oct-16	2398.65	-0.01203
25-Oct-17	2561.75	-0.0073	26-Oct-16	2396.95	-0.00071
26-Oct-17	2543	-0.00732	27-Oct-16	2413.25	0.0068
27-Oct-17	2579.2	0.01424	28-Oct-16	2399.25	-0.0058
30-Oct-17	2613	0.01311	30-Oct-16	2394.6	-0.00194
31-Oct-17	2616.3	0.00126	01-Nov-16	2347.7	-0.01959
01-Nov-17	2602.5	-0.00527	02-Nov-16	2304.45	-0.01842
02-Nov-17	2625.8	0.00895	03-Nov-16	2319.95	0.00673
03-Nov-17	2612.7	-0.00499	04-Nov-16	2330.1	0.00438
06-Nov-17	2667	0.02078	07-Nov-16	2279.35	-0.02178
07-Nov-17	2708.35	0.0155	08-Nov-16	2283.7	0.00191
08-Nov-17	2730.45	0.00816	09-Nov-16	2171.05	-0.04933
09-Nov-17	2733.85	0.00125	10-Nov-16	2158.05	-0.00599
10-Nov-17	2703.3	-0.01117	11-Nov-16	2105.05	-0.02456
13-Nov-17	2758.9	0.02057	15-Nov-16	2122.1	0.0081
14-Nov-17	2716.75	-0.01528	16-Nov-16	2190.25	0.03211
15-Nov-17	2706.15	-0.0039	17-Nov-16	2142.15	-0.02196
16-Nov-17	2746.6	0.01495	18-Nov-16	2123.15	-0.00887
17-Nov-17	2710.1	-0.01329	21-Nov-16	2132.55	0.00443
20-Nov-17	2704.65	-0.00201	22-Nov-16	2134.3	0.00082
21-Nov-17	2676.65	-0.01035	23-Nov-16	2156.7	0.0105
22-Nov-17	2683.2	0.00245	24-Nov-16	2186.5	0.01382
23-Nov-17	2682.75	-0.00017	25-Nov-16	2300.85	0.0523
24-Nov-17	2688.75	0.00224	28-Nov-16	2277.3	-0.01024
27-Nov-17	2687.05	-0.00063	29-Nov-16	2258.4	-0.0083
28-Nov-17	2684.9	-0.0008	30-Nov-16	2276.75	0.00813
29-Nov-17	2658.55	-0.00981	01-Dec-16	2266.45	-0.00452
30-Nov-17	2634.25	-0.00914	02-Dec-16	2223.9	-0.01877

Date	Closing Price of TCS	Return	Date	Closing Price of TCS	Return
01-Dec-17	2630.55	-0.0014	05-Dec-16	2186.45	-0.01684
04-Dec-17	2633.35	0.00106	06-Dec-16	2190.45	0.00183
05-Dec-17	2633.8	0.00017	07-Dec-16	2158.2	-0.01472
06-Dec-17	2631.45	-0.00089	08-Dec-16	2196.9	0.01793
07-Dec-17	2617.65	-0.00524	09-Dec-16	2193.45	-0.00157
08-Dec-17	2601	-0.00636	12-Dec-16	2206.25	0.00584
11-Dec-17	2656	0.02115	13-Dec-16	2200.85	-0.00245
12-Dec-17	2614.15	-0.01576	14-Dec-16	2207.9	0.0032
13-Dec-17	2627.3	0.00503	15-Dec-16	2259.5	0.02337
14-Dec-17	2558.55	-0.02617	16-Dec-16	2281.75	0.00985
15-Dec-17	2547.85	-0.00418	19-Dec-16	2287.5	0.00252
18-Dec-17	2577	0.01144	20-Dec-16	2337.75	0.02197
19-Dec-17	2575.05	-0.00076	21-Dec-16	2312.75	-0.01069
20-Dec-17	2588	0.00503	22-Dec-16	2309.85	-0.00125
21-Dec-17	2594.1	0.00236	23-Dec-16	2290.2	-0.00851
22-Dec-17	2639.8	0.01762	26-Dec-16	2292.1	0.00083
26-Dec-17	2642.8	0.00114	27-Dec-16	2321.85	0.01298
27-Dec-17	2621.05	-0.00823	28-Dec-16	2315.8	-0.00261
28-Dec-17	2628.85	0.00298	29-Dec-16	2350.75	0.01509
29-Dec-17	2700.4	0.02722	30-Dec-16	2361.95	0.00476
		<b>Autocorrelation Coefficient</b>			
				-0.06255	



# A Contrive on the Complexity of Financial literacy Among Y Generation with Special Reference to University Students

Preeta Sinha\* & Dr Sweta Rani\*\*

## ABSTRACT

*Financial literacy is the major challenge faced by all countries globally. It is the mix of one's acquaintance, skill and attitude towards financial matters. It helps to make informed decisions and well-being of an individual. There is no doubt that financial literacy training is essential in building the confidence of Y generation. This study will evaluate the relationship between financial literacy and their attitudes and financial knowledge. The purpose of this study is to make aware of the overall financial literacy among youth, while examining relationships among variables from various dimensions. The aim of the research is to investigate financial literacy from theoretical inputs, as well as to evaluate the level of the same by conducting surveys among university students in Kolkata and to identify the main directions for financial literacy promotion. It is important to encourage the perception about financial literacy. The level of financial literacy required depends upon the financial needs and behavior of an individual. The need to know the level of financial literacy of various groups of students belonging to Y generation becomes inevitable.*

**Key words :** Financial Literacy, Financial matters, Generation Y

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## INTRODUCTION

Financial Literacy creates demand for financial products & services, thereby accelerating the pace of financial inclusion as it enables the common man to understand the needs and benefits of the products and services offered by the banks. All segments of the society need financial literacy in one form or the other. However, considering that a large segment of our society is financially excluded, financial literacy programs, at present, should primarily focus on the Generation Y who are vulnerable to persistent downward financial pressures due to lack of understanding in the matters relating to personal finance.

Financial literacy is a way by which individuals can enhance their understanding about the financial concepts, markets, and products to take effective action to improve overall well-being and avoid distress in financial matters thus improve their financial status. The various initiatives have been undertaken by the government (Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority) to improve the level of financial literacy in India. However, the level of financial literacy is very poor in India. This level of literacy cannot accelerate the pace of financial inclusion which will further hamper the economic growth of the Indian economy.

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The Organization for Economic Co-operation and Development (OECD) defines (2005) financial education as “the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial wellbeing”.

**Financial education** is “the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being” and **Financial literacy** as “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. The Canadian Foundation for Advancement of Investor Rights (FAIR) defines (2009) financial literacy as “having the knowledge, skills and confidence to successfully carry out the financial transactions encountered in everyday life” Wikipedia’s definition is the simplest. “Financial Literacy is the ability to understand finance”

In order to ensure that the knowledge provided through awareness results in inculcating banking habits, literacy inputs need to be synchronized with access to financial services so as to enable the common man to use the information effectively to gain control over financial matters. It is the demand of competitive scenario that budding generation needs to enhance their economic security.

In the light of the recommendations of the two working groups, and in terms of the Annual Policy Statement of 2007-08, the convener banks of the State/Union Territory Level Bankers’ Committees were advised in May 2007 to set up, on a pilot basis, a Financial Literacy and Credit Counseling Centre (FLCC) in the State/Union Territory, coming under their jurisdiction. Further, based on the experience gained, the concerned Lead Banks were advised to set up such centers in other districts. NABARD supports the creation of FLCCs in the Lead District Manager’s offices with 100% funding towards outlay / expenses in the states of North East Region, Sikkim, Jammu & Kashmir, Uttarakhand, Jharkhand, Himachal Pradesh, Chhattisgarh and Andaman & Nicobar Islands, and 60% funding support to the rest of the states in the country.

Several International aid agencies such as UNDP, Funding agencies, NGOs, and MFIs have joined hands in extending finance literacy programmes. Organizations such as Unitus labs have joined hands with Ujjivan, a Microfinance institution to create “Sankalp” and “Diksha”. While organizations like MYRADA, APMAS and Micro Save are already doing pioneering work in this regard. Reputed NGOs like Hand in Hand have also taken up financial literacy programme as part of their SHG development programme. Institutions like the Mangalore based “Jnana Jyothi Financial Literacy and Credit Counseling Trust” jointly sponsored by Vijaya Bank and Syndicate Bank, the Ahmedabad based “Indian School of Microfinance for Women” (ISMW), DHAN Foundation, Nidan from Delhi, People’s Education and Development Organization (PEDO) from Dungarpur, Rajasthan, IBTADA, Alwar, Rajasthan, Centre for Community Economics and Development Consultants Society (CECOEDECON) from Jaipur, in addition to many other institutions and organizations across the country whose names are not mentioned here, are all working towards the financial literacy of the excluded.

## **OBJECTIVE OF THE STUDY**

The aim is to imparting knowledge to enable financial planning, inculcate saving habits and improve the understanding of financial products leading to effective use of financial services by the generation Y. Secondly, financial literacy need to examine help their life cycle needs and deal with unexpected emergencies without resorting to debt. The study aims to find out the relationship between financial literacy and various demographic and socio economic factors of budding generation.

## **LITERATURE REVIEW**

Ansong and Gyensare (2012) conducted a study among 250 UG and PG University students of Cape Coast reveals that “the age and work experience are positively related to Financial literacy. Also, mother’s education is positively correlated with respondents’ financial literacy. But, level of study, work location, father’s education, access to media and the source of education on money has no influence on financial literacy”.

Sekar.M & Gowri (2015) in their studies financial literacy is the major challenge faced by all countries globally. Financial literacy is the mix of one’s acquaintance, skill and attitude towards financial matters. It helps to make informed decisions and well-being of an individual.

The study is also focusing upon the analysis that can be concluded that overall financial literacy level of 50.90% among all respondents is not encouraging. This shows that people are still not much aware about their finance related issues. Earlier studies have shown that the savings habit among young people is not so high. Likewise the whole burden of planning their future in terms of finance is on the young individuals, as employee benefits are reduced. Credit cards have changed the financial behavior of the current generation. All this has an impact on their financial position. Need for proper financial literacy and information related to financial matters becomes inevitable.

Cody Solesbee (2014) The researcher established that financial literacy can lead to better financial management practices performed on the financial literacy measures were being supported. When examined demographically, males performed lower than the normative sample used by the measure. Interestingly, females performed slightly higher than expected and higher than males in the study sample. The study holds that financial literacy is not just predicated on intellectual ability, but has much more to do with the combination of financial knowledge and ability, which likely explains the stronger relationship found with arithmetic ability rather than intelligence and the other cognitive measures.

Annamaria Lusardi, Olivia S. Mitchell and Vilsa Curto (2012) The researchers were citing the importance of financial knowledge and its role in developing financial literacy. This study also illuminated the importance of parental influences on young people’s acquisition of financial knowledge. Involving parents in a financial education program could be more effective than only involving young adults. The low level of financial knowledge displayed by young adults who are already out of school, it may also be important to pursue other financial education initiatives.

## **METHODOLOGY**

For the purpose of the study a survey was conducted amongst Generation Y students of Kolkata City. The survey was designed to document young adults' transition from college to work and to identify the various parameters for upcoming challenges. Respondents were selected conveniently. Primary data from the respondents were collected by using a structured questionnaire. A total of 200 respondents constitute a sample for this study. To measure the financial literacy level, questions about personal finance were asked from the respondents. The questions were asked in order to measure respondent's knowledge in the areas of financial numeracy, money matters, savings and investments, risk and return. Along with questions related to financial attitude and behavior were also asked. Total score for each respondent is being calculated scientifically.

Total score for each respondent is calculated. The total for each respondent was further converted into their percentage score and financial literacy index is developed. The following hypotheses were developed.

### **Hypothesis 1 :**

H1: Financial literacy level of Gen Y students also depend upon gender.

### **Hypothesis 2 :**

H1: An association stands between household income and financial literacy level.

### **Hypothesis 3 :**

H1: Work experience plays a significant role in determining the financial literacy level.

### **Hypothesis 4 :**

H1: There is an association between region and financial literacy level of Gen Y.

### **Hypothesis 5 :**

H1: Father's education influences the financial literacy level of Gen Y students.

## **RESULTS**

Independent sample t-tests were used in order to determine the relationship between gender and financial literacy. The mean score of male students is 58.13% as compared to female students (49.85%). Establishment of relationship were significantly different from norms, it can be seen that F (equality of variance) value (7.421) is significant (0.008) at 5% of significance level, however, based on gender results it is clear that male students are more financially literate as compared to female students.

SL. No.	Demographic factors and Socioeconomic		Mean	F Value	Significance
1.	Gender	Male	58.13	7.421	0.008
		Female	49.83		
2.	Household Income	Rs.2,00,000–5,00,000	57.03	1.178	0.324
		Rs. 5,00,000–10,00,000	56.40		
		More than Rs.10,00,000	45.83		
3.	Work Exp (years)	No Exp.	54.35	4.945	0.029
		More than 1 Year Exp.	64.52		
4.	Region	Village	56.89	1.132	0.349
		Small Town	59.49		
		Town	51.17		
		City	60.33		
		Large City	53.82		
5.	Father's Education	10 <sup>th</sup>	61.58	0.555	0.647
		12 <sup>th</sup>	55.24		
		Graduate	56.26		

**Table1 : Mean & F Values of Financial Literacy Level; Source: Primary Data**

#### **Household income and financial literacy level**

Specifically, the effects of financial literacy household income confidence were tested by ANOVA. The data are displayed in Table:1 For financial literacy scale, the three dimension of household income were loaded to indicate the association between above two. Further, financial literacy and household income were insignificant (0.324) In short, the influence of financial literacy on household income was not found.

#### **Work Experiences and Financial Literacy**

The ANOVA analysis permitted to assess work experience factor were linked to financial literacy. The results of the Table:1 indicates that more the work experience, more will the level of financial literacy. It shows that financial literacy level is highest for respondents having work experience level above 1 year (64.52%) followed by those who have the experiences less than 1 year(54.35%). From the table it can be seen that F value is significant- at 5% significance level. Hence H0 of hypothesis 4 -

There is no association between income and financial literacy level is rejected. Thus it can be concluded that financial literacy level depends on the income of a person.

#### **Region and Financial literacy**

Table1 shows the mean score of financial literacy level for different region. There is no great difference in the level of financial literacy among the different regions. From the table, it can be seen that F value is not significant at 5% significance level, hence H1 of hypothesis 4-There is an association between various regions and financial literacy level is rejected. Thus it can be concluded that financial literacy level does not depend on region.

#### **Father's education and financial literacy level**

On the basis of results between father's education and financial literacy it is clear that father's education does not play any role in determining the financial literacy of an individual. From the table it can be seen that F value is insignificant- at 5% significance level. Hence H0 of hypothesis 5-there is no association between father's education and financial literacy is accepted. Thus it can be concluded that the level of financial literacy does not depend upon the father's education.

### **DISCUSSIONS**

The findings from this study have implications on the overall financial literacy level of 53.98% among all respondents is not encouraging. This shows that in our city young people are still not much aware about their finance related issues. It has evaluated that the relationship between financial literacy and their self-interest and values fluctuates. It was found that the awareness of the overall financial literacy among youth is not very remarkable, while examining relationships among variables from various dimensions the study also illuminated that the level of financial literacy varies significantly among respondents based on various demographic and socioeconomic factors.

It can be evaluated that financial literacy level gets affected by gender and work experiences whereas Father's Education, Region and Household Income does not affect the financial literacy level. Overall it can be concluded that financial literacy level is low among Gen Y in Kolkata city and necessary measures should be taken by government to increase awareness about financial related matters.

### **CONCLUSION**

Due to rapid growth in Indian economy over the last decade and expansion of financial markets through liberalization, privatization and globalization have given a way to overabundance of financial products in banking, investment and loan products. Low level of financial literacy thwarts individuals from creating veracious choices apropos financial decisions. To accomplish the objectives, individual must capitalize his/her savings in right investment alternatives. Various studies reveal that the financial literacy level in India is very low, especially women and youngsters who are struggling with their basic financial knowledge. Although many initiatives from RBI and government have been taken for financial literacy improvement, but the level of awareness is still low. It is necessary to mend level of literacy through new initiatives.

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# Impact of Ecotourism in Preserving Bio-Cultural Diversity and Facilitating Sustainable Development

Dr Abhijit Pandit\*

## ABSTRACT

*Purpose :* This paper focuses on how people of Kallakurichi, Tamil Nadu, India can become conscious of ecotourism, bio-cultural diversity and sustainable development, which is vital for both present and future. It utilized a sustainable development framework and a critical theory approach for considering biological and cultural perspectives including human rights and social justice, the contribution of traditional knowledge, community involvement, and the effects of human impact and globalization.

*Methods :* The primary audience of this research was 31 local people of Kallakurichi selected by simple random sampling method. The researcher highlighted issues related to minimizing environmental impact, respecting local cultures, building environmental awareness, community participation, environment and ecosystem improvement facility, and providing direct financial benefits for conservation. Central research question is: How can local people help to preserve the environment, be sensitive to local cultures, and contribute to a sustainable future? Primary data were collected using a standardized questionnaire and were analyzed using mean, t-test, Pearson's product moment correlation and regression analysis.

*Findings :* The researcher concluded with findings that point to the need for shared community authority, management, and decision making; mutual benefits; recognition of the rights, values, norms, power structures, and dynamics of local populations; respect for belief systems as well as traditional and local ecological knowledge; and the importance of contextual adaptation.

*Implications :* There is lot of opportunity for Government as well as local people of Kallakurichi in order to promote eco-tourism as well as facilitate sustainable development of community.

*Originality :* The researcher has carried out original research in community of Kallakurichi, Tamil Nadu, India aiming to establish relationship between eco-tourism and sustainable development.

**Keywords :** Bio-cultural Diversity, Community participation, Conservation, Ecotourism, Sustainable Development

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## INTRODUCTION

The framework for sustainable development describes society's commitment to four interconnected objectives: economic development (including the end of extreme poverty), social inclusion, environmental sustainability, and good governance (including security). Each of these four dimensions of sustainable development contributes to the other three, and all four are therefore necessary for individual and societal wellbeing. Sustainable development is sometimes described by the first three dimensions: economic, social, and environmental.

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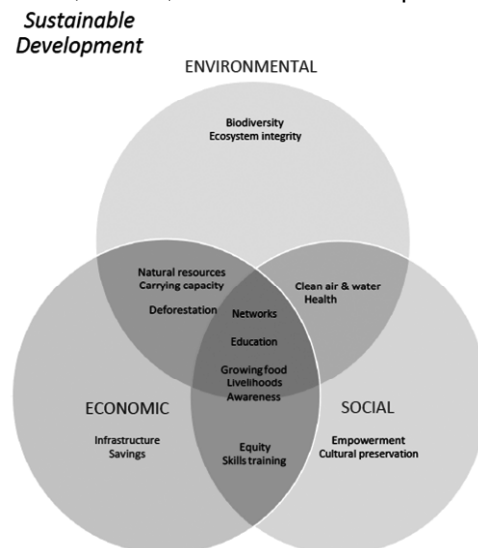


We add good governance and personal security as a fourth dimension to highlight several enabling conditions for sustainable development, including transparency, effective institutions, the rule of law, participation and personal security, accountability, and adequate financing for public goods. These standards of good governance apply to the public sector, the private sector, and civil society.

Sustainable development, as defined by The World Commission on Environment and Development's (the Brundtland Commission) report is "development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (1987, p. 16). The United Nations Environment Programme (UNEP) together with the World Tourism Organization (WTO) (2005, p. 9) further divide sustainability into three subsections: social, economic, and environmental, which are defined as follows:

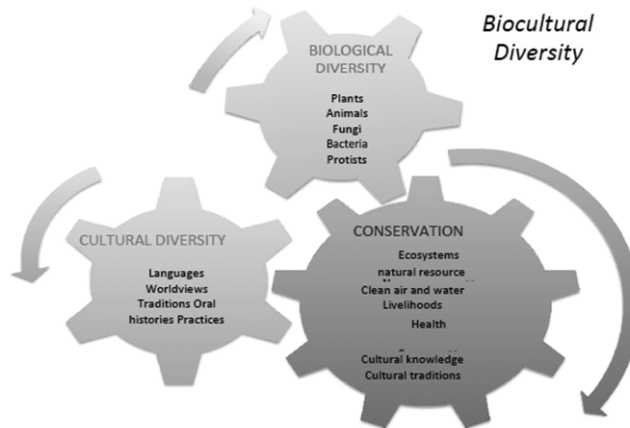
- Social sustainability means respecting human rights and equal opportunities for all in society. It requires an equitable distribution of benefits, with a focus on alleviating poverty. There is an emphasis on local communities, maintaining and strengthening their life support systems, recognizing and respecting different cultures, and avoiding any form of exploitation.
- Economic sustainability means generating prosperity at different levels of society and addressing the cost-effectiveness of all economic activity. Crucially, it is about the viability of enterprises and activities and their ability to be maintained in the long term.
- Environmental sustainability means conserving and managing resources, especially those that are not renewable or are precious in terms of life support. It requires action to minimize pollution of air, land and water, and to conserve biological diversity and natural heritage.

Figure1 shows the Diagrammatic Representation of Sustainable Development Illustrating the Environmental, Social, and Economic Aspects and their Overlaps.



## LITERATURE REVIEW

According to Maffi and Woodley's (2010) *Biocultural diversity conservation: A global sourcebook*, "comprises the diversity of life in all of its manifestations – biological, cultural, and linguistic – which are interrelated (and likely co-evolved) within a complex socio-ecological adaptive system." *Figure 2. Shows the Diagrammatic Representation of Biocultural Diversity Illustrating how Biological and Cultural Diversity Influence Conservation Issues.*

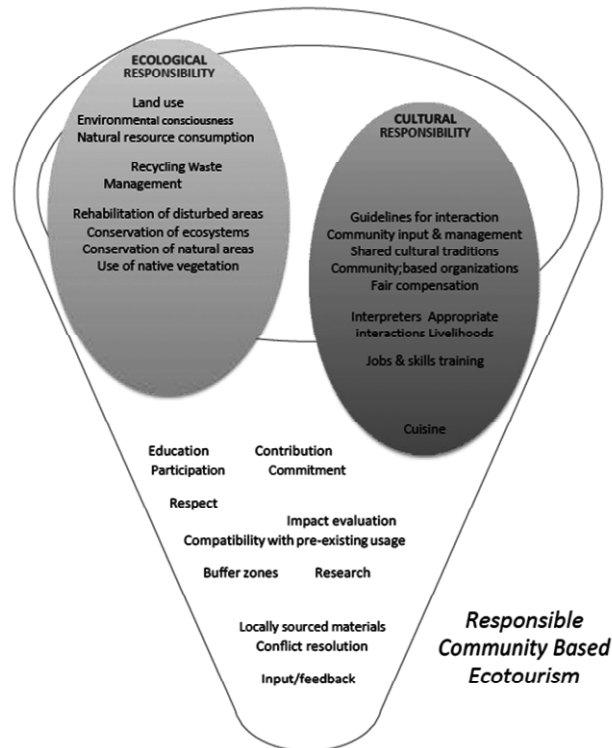


**Figure 2**

The concept of community-based ecotourism, which, in this context, is a combination of three definitions: The first one has been adopted by the IUCN (International Union for Conservation of Nature), which defines ecotourism as "environmentally responsible travel and visitation to relatively undisturbed natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features—both past and present) that promotes conservation, has low visitor impact, and provides for beneficially active socio-economic involvement of local populations" (Ceballos- Lascuráin, 1996). The second definition by Martha Honey (2008) includes building environmental and cultural awareness, recognizing the rights and spiritual beliefs of the indigenous people in the community, and providing direct financial benefits for conservation. The third definition by The International Ecotourism Society (2010) defines ecotourism as "responsible travel to natural areas that conserves the environment and improves the well-being of local people."

Figure 3 depicts Responsible Community-Based Ecotourism, Involving both Ecological and Cultural Responsibility

The conservation movement often includes a definition of natural areas that excludes human settlements and many forms of human activities, both past and present. All humans need clean air, clean water, food, shelter, and so on, but who is to decide where protected areas will be located, and who is to suffer the short-term consequences in exchange for long-term gains? Ecotourism can contribute by involving local stakeholders. This can reduce conflict and produce long-term sustainability within these protected areas (Elias, 2012; Klein, Réau, Kalland, & Edwards, 2007; Lepp & Holland, 2006; Snyman, 2012b, 2014a, 2014c).



**Figure 3**

**OBJECTIVES**

The objectives of present study are to determine:

1. The demographic profile of local people of Kallakurichi.
2. The level of attitude towards sustainable eco-tourism of local people of Kallakurichi.
3. Whether any significant association exists between demographic factors of local people of Kallakurichi and their attitude towards sustainable eco-tourism.

**METHODOLOGY**

The primary audience of this research was 31 local people of Kallakurichi selected by simple random sampling method. The researcher highlighted issues related to minimizing environmental impact, respecting local cultures, building environmental awareness, community participation, environment and ecosystem improvement facility, and providing direct financial benefits for conservation. Central research question is: *How can local people help to preserve the environment, be sensitive to local cultures, and contribute to a sustainable future?* Primary data were collected using a standardized questionnaire and were analyzed using mean, t-test, Pearson's product moment correlation and regression analysis.

## PROCEDURE

The study is based on primary sources. Primary data were collected using simple random sampling from local people of Kallakurichi, Tamilnadu, India with the help of questionnaire consisting of two sections- the first section is related to demographic profile and second section is for capturing responses on attitude towards sustainable eco-tourism.

## RESULTS

The means and standard deviations (SDs) of scores for main variables of study with 95% confidence intervals were calculated and presented in Table 1.

**Table 1**  
**Descriptive Statistics**

		Value	95% Confidence Interval	
			Lower	Upper
Mean	Age	2.16	1.84	2.55
	Residence	2.68	2.32	3.03
	Marital_status	1.61	1.45	1.77
	Educational_qualification	2.42	2.03	2.84
	Occupation	2.45	1.97	2.93
	Monthly_income	2.81	2.26	3.45
	Socio_economic_impact	1.7323	1.5984	1.8609
	Improvement_facility	1.8848	1.6920	2.0822
	Ecotourism_impact_culture	1.7748	1.6371	1.9219
	Ecotourism_impact_ecosystem	1.7484	1.6065	1.9000
	Suggestions	2.0552	1.9113	2.2125
Std. Deviation	Age	1.003	.783	1.148
	Residence	.979	.755	1.141
	Marital_status	.495	.425	.508
	Educational_qualification	1.177	.877	1.407
	Occupation	1.410	1.180	1.567
	Monthly_income	1.740	1.311	2.022
	Socio_economic_impact	.37500	.30275	.43018
	Improvement_facility	.57411	.49285	.63386
	Ecotourism_impact_culture	.41749	.31833	.48090
	Ecotourism_impact_ecosystem	.40569	.31195	.47387
	Suggestions	.44036	.34697	.50068

Correlation among various demographic parameters and various parameters of attitude towards community-based sustainable eco-tourism is shown in Tables 2A, 2B :

**Correlations among Demographic Parameters**

		Age	Residence	Marital status	Educational qualification	Occupation	Monthly income
Age	Pearson Correlation	1	.326	.600**	-.257	-.195	.114
	Sig. (2-tailed)		.073	.000	.163	.294	.542
Residence	Pearson Correlation	.326	1	.490**	-.284	-.229	.099
	Sig. (2-tailed)	.073		.005	.122	.216	.596
Marital Status	Pearson Correlation	.600**	.490**	1	-.113	-.123	.220
	Sig. (2-tailed)	.000	.005		.547	.509	.235
Educational Qualification	Pearson Correlation	-.257	-.284	-.113	1	.464**	.399*
	Sig. (2-tailed)	.163	.122	.547		.008	.026
Occupation	Pearson Correlation	-.195	-.229	-.123	.464**	1	.390*
	Sig. (2-tailed)	.294	.216	.509	.008		.030
Monthly_income	Pearson Correlation	.114	.099	.220	.399*	.390*	1
	Sig. (2-tailed)	.542	.596	.235	.026	.030	

**Table 2A**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**Correlations among Parameters to measure attitude towards sustainable Ecotourism**

		Socio economic impact	Improvement facility	Ecotourism impact culture	Ecotourism impact ecosystem	Suggestions
Socio economic impact	Pearson Correlation	1	.711**	.607**	-.249	.478**
	Sig. (2-tailed)		.000	.000	.176	.007
Improvement facility	Pearson Correlation	.711**	1	.710**	-.332	.727**
	Sig. (2-tailed)	.000		.000	.068	.000
Ecotourism impact culture	Pearson Correlation	.607**	.710**	1	-.111	.730**
	Sig. (2-tailed)	.000	.000		.553	.000
Ecotourism impact ecosystem	Pearson Correlation	-.249	-.332	-.111	1	.022
	Sig. (2-tailed)	.176	.068	.553		.908
Suggestions	Pearson Correlation	.478**	.727**	.730**	.022	1
	Sig. (2-tailed)	.007	.000	.000	.908	

**Table 2B**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Count of factors in-between various parameters is shown below in Table 3:

<b>Between-Subjects Factors</b>			
		Value Label	Count (N)
Age	1	18-30 years	10
	2	31-40 years	9
	3	41-50years	9
	4	51 years / above	3
Residence	1	last 10 years	4
	2	11-20 years	9
	3	21-30 years	11
	4	31 years / above	7
Marital Status	1	single	12
	2	married	19
Educational qualification	1	primary education	8
	2	secondary education	9
	3	graduation	9
	4	post graduation	3
	5	others	2
Occupation	1	agriculture	12
	2	small business	5
	3	job in hotel/restaurant/transport	4
	4	govt employee	8
	5	unemployed	2
Monthly income	1	less than Rs 5000	9
	2	Rs 5001 to Rs 10000	7
	3	Rs 10001 to Rs 15000	7
	4	Rs 15001 to Rs 20000	1
	5	Rs 20000 to Rs 25000	3
	6	Rs 25000 or above	4

**Table 3**

Following table shows Multiple Regression Analysis with Suggestions for Sustainable Eco-tourism as dependent variable and independent variables as Age, Residence, Marital status, Educational Qualification, Occupation and Monthly Income. Moreover results of paired t-tests between the dependent and all the independent variables taken one at a time are also shown.

Parameters	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.289	.398		5.745**	.000
Age	.041	.102	.092	.396	.696
Residence	.092	.098	.205	.942	.355
Marital status	-.280	.221	-.314	-1.263	.219
Educational qualification	-.121	.084	-.322	-1.433	.165
Occupation	.110	.067	.353	1.640	.114
Monthly income	-.034	.055	-.134	-.616	.544
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

**Table 4**

## DISCUSSION

Results indicated the following points:

1. There is significant association between the following pairs of demographic factors :
  - (i) Age and Marital Status, (ii) Residence and Marital Status, (iii) Educational Qualification and Occupation, (iv) Educational Qualification and Monthly Income, (v) Monthly Income and Occupation.
2. There is significant association between the following pairs of factors measuring attitude towards community-based sustainable eco-tourism :
  - (i) Socio-economic Impact and Improvement Facility, (ii) Socio-economic Impact and Ecotourism Impact on Culture, (iii) Socio-economic Impact and Suggestions, (iv) Eco-tourism Impact on Culture and Improvement Facility, (v) Improvement Facility and Suggestions, (vi) Eco-tourism Impact on Culture and Suggestions.
3. Positive association exists between suggestions for promoting sustainable ecotourism and independent variables : occupation, residence and age of local people of Kallakurichi.
4. Local people of Kallakurichi have favourable attitude towards community-based sustainable eco-tourism.



## **LIMITATIONS**

The main limitation of the study is the sample selection. It is confined to 31 local people of Kallakurichi selected by simple random sampling method. The credibility of the results will be enhanced by increasing the sample size covering local people of different parts of the country having rich bio-cultural diversity. The second limitation is that the findings are based on the responses to the questionnaire which may be different from actual behaviour. The third limitation is that the study only considers local people. Comparative study including local people, tourists and people from government and non-governmental sectors may be useful.

Another important influence is researcher bias: this paper was approached with a goal to preserve the environment. Did this bias the researcher away from cultural preservation? How it is possible to understand how people are living, who work and gather resources so they can put food on their table, take care of their families, and merely survive, while researcher is simply an observer. It comes around to starting at home: consuming less, reducing our natural resource usage, and so forth. In short, the Best Practices are not just for eco-tourist operators or government, they are for all of us to follow in our home environments as well. We must care for our environment, use natural resources sustainably, utilize local materials, promote local involvement, respect local cultures, increase public awareness, disperse benefits, address inequities, keep businesses and governments accountable, consider the rights of all species, and work together towards a solution.

Furthermore, it is not just about our own species, it is about all species, the interconnected nature of our planet is dependent upon the great diversity of ecosystems that work together to make it habitable for us all. Last but not the least, present study is a cross-sectional in nature. Longitudinal study may provide different insight.

## **IMPLICATIONS**

Despite having limitations, the study has some significant implications :

- There is lot of opportunity for Government as well as local people of Kallakurichi in order to promote eco-tourism as well as facilitate sustainable development of community.
  - The following list of questions that might help to further the research on the topic of environmentally and culturally responsible tourism, and ultimately, the goal of sustaining our planet :
  - What would make the most impact to help support bio-cultural diversity?
  - What could be derived from impact evaluations, and how could we use them?
  - Where might our monetary support have the most influence?
  - Are there general investments that are universally good for supporting cultural and biological diversity?

## CONCLUSION

The researcher concludes by emphasizing the necessity for hands-on experience in this field of inquiry. Researcher's interest in bio-cultural diversity came from years of travel, looking for biodiversity around the world, while observing and appreciating the vast diversity of cultures that make it such an interesting place. There is necessity for intercultural communication through wanting to understand the influence international travel and conservation has on local communities. One must appreciate that conservation is not just about what is good for everyone (the "common good") but also about who can afford to care about their futures, not just day-to-day survival. We must open our eyes to the complexity of conservation practices, looking beyond sustainable development to the need for collaborative efforts in order to make this a reality and save our precious natural resources.

Having a local people who work in the field of conservation and ecotourism was crucial to completion of this research. It was important to this researcher that something that "made a difference" could be done. Seeking biologically diverse ecosystems requires travel to remote areas, and there must be a conscious decision made about resource use and cultural impacts. There is a start at certifying "green" tourist companies with programs such as The International Ecotourism Society (TIES) and Fair Trade Tourism, which have certification programs for the tourism industry that encourages responsible tourism (Harmony, 5/10/2008), but there are problems with certification, which is beyond the scope of this research work. Such issues as standardization, government support, criteria for certification, ongoing certification, and the question of how businesses in foreign countries become certified only begin to delve into the complexity of green ecotourism. This leads into the topic of impact assessments. It is nearly impossible to evaluate progress towards sustainable development without progress reports, and careful attention needs to be paid to make sure impact assessments are properly carried out and acted upon.

This paper is written from a sustainable development approach. One might find entirely different results if one were to look purely from a biological or anthropological perspective. It is not a socially just option to make decisions about which culture is more important to conserve than another, nor is it ethical to consider one species as more important than another. But it always comes around to who gets to make those decisions.

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# Analyzing the Customer's Attitude towards Online Cab Booking Services in Kolkata

Dr Namrata Maheshwari\*

## ABSTRACT

*Purpose* : The purpose of the study is to analyze the customer's attitude towards online cab booking services. The study focuses upon exploring the effect of perceived risk, perceived enjoyment, subjective norms and facilitating conditions on the customer's attitude, behavioral pattern and actual usage.

*Methods* : In order to achieve the objective the sample of 220 respondents were collected. Measurement model through confirmatory factor analysis and statistical tests were used to establish the validity and reliability of the survey results. Then the structural model (TAM) is analyzed to test the hypothesized relationship among different factors presented in the model. A goodness of fit was also used to analyze the appropriateness of the model.

*Findings* : An exploratory study using Purposive sampling survey was carried out for the purpose.

The results have shown appropriateness of the model for its applicability in adoption of online cab booking services in Kolkata. The perceived usefulness, perceived ease of use, perceived enjoyment, subjective norm and facilitating condition are having significant positive impact on customer's attitude but Perceived risk has negative impact on customer's attitude. Behavioral intention is determined by perceived usefulness and then at last usage behavior was predicted strongly by behavioral intention.

*Implications*: The contribution of the study is that it develops an additional insight to understand consumer attitude and behavior in online cab booking services. The results will support in targeting and positioning the online cab services according to customer's desires.

*Originality*: The research is an original work and the survey was done in Kolkata's market. The results are also showing the validity of research for the Kolkata's online cab market only.

**Keywords** : Customer Attitude, Behavioral Pattern, Online Cab Booking, Kolkata

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## INTRODUCTION

Internet and E-commerce have brought a transformational change in the public transport sector. The International brands as well as National brands are entering into the field of online cab booking services due to exponentially growth and high demand in the sector. The increasing demand of smart phones has given a way forward to the online cab business in India. Online cab booking services are very popular these days not only due to the popularity of Smartphone but also for their convenience, comfort and availability at affordable prices. The consumers were facing lots of trouble with the old ways of transport and that is why a new and better service with technological advancement has been accepted easily by them. The cleanliness inside the cabs, the fair rates and the well behaved drivers impress the consumers.

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Above all, the consumers were facing the trouble of refusals and non availability of cabs but the online cab services from Ola, Uber, Radio Taxi, Taxi for Sure, Meru Cabs and others have solved the problem of refusals as these cabs are available at any point of time.

Globally the trend of booking the cabs online is very common and is accepted by the consumers. Few researches have been done earlier for abroad countries but there is a need of knowing what kind of attitude consumer's are having towards these online cab services in India so the study has been conducted in Kolkata to know about the consumer's attitude and their behaviour.

### **AIMS AND OBJECTIVES OF THE STUDY**

The purpose of the study is to analyze the customer's attitude towards online cab booking services. The study focuses upon exploring the effect of perceived risk, perceived enjoyment, subjective norms and facilitating conditions on the customer's attitude, behavioral pattern and actual usage. The main aims are following-

1. To explore the impact of various dimensions on the consumers attitude towards online cab services.
2. To find out the relationship between consumers attitude, behavior and actual usage of cab services.

### **LITERATURE REVIEW**

The recent studies on this topic have suggested that Perceived Ease of Use, Subjective Norms & Perceived Risk played an important role in shaping the behavioral intention to use the app. Besides the Perceived Price Level, the value that an App adds to user's life plays an underlying inherent role in using the App. It generates a sense of freedom, creates a feeling of independence & royalty among the users.

Hanif and Sagar (2016) had stated that there was demand for Call-a-Cab service offered by Meru Cab. The cab services are proving security through global positioning system (GPS) and women taxi drivers for women passengers especially during night times. According to Harding et al (2016) the auto-rickshaws (three wheelers) are more popular in urban transport before the advent of cars and cabs. Horsu and Yeboah (2015) had argued that driver behavior have negative impact on customer satisfaction in Ghana. The variables like continuous service, comfort, reliability and affordability have an impact on customer satisfaction with regard to minicab taxi.

According to Lu et al (2015) the self- service mobile technologies helps the commuters to access lot of data about cab services and such technologies had changed the role of both customers and companies. The adoption of call taxi app (CTA) is impacted perceived usefulness, perceived ease of use, subjective norms and perceived playfulness (Peng, Wang, He, Guo, & Lin, 2014). Chen (2014) had explained that mobile apps help both drivers and passengers to find each other. At present the mobile apps are helps the customers to find cabs. In the recent years the car rental industry is growing constantly especially in metropolitan cities in India (Rahman, 2014).

The Meru cabs had become more popular and the demand for its cabs had exceeded

that its supply which means technology had created huge demand for organized cab industry. The factors like accessibility, reliability and transparency are primary factors which have attracted customers towards branded cab services like Meru cabs (Vaithianathan & Bolar, 2013). The customer feedback in cab services industry is very important for attaining success in the competitive car rental industry. Upadhyaya (2013) had explained how Meru Cab Company had collected feedback from its customers and enhanced its service quality for sustaining in the business.

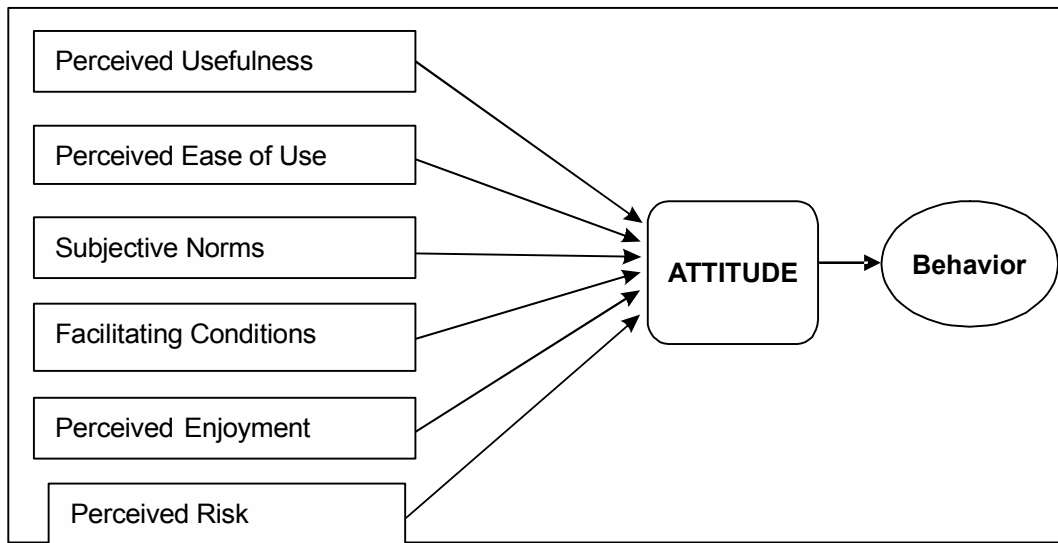
Many studies have shown that consumer characteristics and environmental experiences which include demographic, economic, social, psychological and culture are main factors that influence consumer buying behavior. On the other hand, many studies have also shown that the marketing mix namely the 4Ps – product, price, place and promotion have influenced the buyers' behavior. In his model, Kotler has introduced another factor influencing the online consumer behavior which is the web experience. Web experience is defined as consumer's overall perception on the online firm and its products. This experience is when consumers search, browse, find, select, compare and purchase online. The consumers' impressions are affected by the website's design, atmosphere, events and other online features while interacting online.

## **RESEARCH METHODOLOGY**

The exploratory study with purposive sampling was used for survey method. The sample size for this study is 220. The primary data is collected through structured questionnaire and secondary data is gathered through journals, magazines and reliable websites etc. The geographical location of the respondents is Kolkata (West Bengal) because the region is having availability of national and international reputed organizations like Ola and Uber etc. The simple random sampling methodology is used for collected primary data. The respondents for this study should have consumed cab services in the last six months and they should have booked the cab through mobile app in their smart phones. The demographic variables considered in this study are age group, gender, occupation, education and income. The constructs in this study are Perceived usefulness, ease of use, enjoyment, subjective norm, facilitating conditions and perceived risk etc which are adopted from published scales (Shodhagna, 2017). The items under each construct were measured by using Likert type scale anchored with '1' for strongly disagree to '5' for strongly agree. Measurement model through confirmatory factor analysis and statistical tests were used to establish the validity and reliability of the survey results. Then the structural model (TAM) is analyzed to test the hypothesized relationship among different factors presented in the model. A goodness of fit was also used to analyze the appropriateness of the model.

The statistical software SPSS version 20 was used for data analysis. The hypotheses were formulated by using the research objectives of this study. Here are the following hypotheses of the study:-





**Figure 1: Hypotheses Formations**

H1 : Perceived usefulness has positive influence on consumer's attitude towards online cab booking.

H2 : Perceived ease of use has positive influence on consumer's attitude towards online cab booking.

H3 : Perceived enjoyment has positive influence on consumer's attitude towards online cab booking.

H4 : Subjective norm has positive influence on consumer's attitude towards online cab booking.

H5 : Facilitating condition has positive influence on consumer's attitude towards online cab booking.

H6 : Perceived risk has positive influence on consumer's attitude towards online cab booking.

H7 : Attitude is having significant impact on behavioral pattern and actual usage behavior.

## DATA ANALYSIS AND INTERPRETATION

### Descriptive Statistics

	Variable	Frequency	Percent
<b>Age</b>	18-30 years	104	47.3
	31-40 years	85	39.5
	41-50 years	24	10.9
	Above 50 years	7	3.2
	Total	220	100
<b>Gender</b>	Male	137	62.3
	Female	83	37.7
	Total	220	100
<b>Education</b>	Under Graduate	66	30
	Graduate	105	47.2
	Post-Graduate	36	16.4
	Other	13	5.9
	Total	220	100
<b>Occupation</b>	Service	97	44.1
	Business/ self employed	66	30
	Student/Research scholar	49	22.3
	Other	8	3.6
	Total	220	100
<b>Monthly</b>	Up to Rs. 50,000/-	120	14
<b>Income</b>	Rs. 50,001/- to Rs. 1,00,000/-	85	24.8
	Above Rs.1,00,000/-	15	42.8
	Total	220	100
<b>Weekly Online Cab Use</b>	Once is a week	66	30.2
	Twice in a week	50	22.7
	More than twice in a week	104	47.7
	Total	220	100

**Table 1 : Demographic Profile of the Consumers; Source: primary data**

As shown in Table1, 47% of the respondents belong to the age group of 18-30 years old; it implies that young group is showing more interest in using online cab services. 62.3%oftherespondentsaremaleshowsv ery high penetration of online cab booking among males as compare to females. Almost half of the respondents are graduate

degree holders (47.2%). 44.1% of the respondents belongs to the service occupation and high-income group of more than 1,00,000 (42.8%). Further, as to the length of online cab service usage pattern; 47.7% of the respondents have been using online cab services for more than thrice in a week. It shows good usage pattern of online cab services in Kolkata. (Refer Table 1)

### Hypothesis Test

#### Model Evaluation

In order to achieve the objective first the measurement model through confirmatory factor analysis and statistical tests to establish the validity and reliability of the survey are performed. Second, the structural model is analyzed to test the goodness of fit. The values are given below in Table 2.

For identifying the sub factors of various dimensions of the attitude, the researcher has applied factor analysis, then validity test through Cronbach Alpha has been applied. The Goodness of Fit Index and CFI Index were also identified.

Table 2 is showing that the standard factor loadings of all the indicators of Perceived usefulness, Perceived enjoyment, Perceived ease of use, Subjective Norms and Facilitating conditions are higher than the acceptable level 0.50 so the convergent validity is good. Saves time in finding a cab, provides comfortable journey, Fun activity to book a cab, Status symbol and booking through smart phones are having highest impact on consumer attitude. As far as Goodness of Fit indices i.e. GFI and CFI are higher than the acceptable threshold 0.90 in all the said dimensions which shows a good fit model. To assess the construct reliability Cronbach alpha is calculated which is also above than the minimum value of 0.70 in almost all the cases. The results of Perceived risk are different from other dimensions. Here the values of all the factor loadings are not higher than the accepted level i.e. 0.50. It implies that risk factors are changing the attitude and behavior of consumers. Here GFI, CFI are lower than the acceptable threshold which shows that goodness of fit index is also not perfect. The Cronbach alpha value is also 0.578 which is also low than considerable value. In the same way, values for Attitude, Behavioral Intention and Actual usage were also identified and goodness of fit as well as reliability were found suitable for the same.

Attitudinal Dimensions	Factor Loadings	GFI	CFI	Cronbach Alpha
<b>Perceived Usefulness</b>				
Useful to book an online cab	.81	.95	.93	.825
Saves time in finding a cab	.89			
Makes easier to book a cab	.78			
Provides prompt and detailed information	.80			
<b>Perceived Ease of Use</b>				
Simple to understand	.85	.83	.79	.901
Provides comfortable journey	.86			

<b>Attitudinal Dimensions</b>	<b>Factor Loadings</b>	<b>GFI</b>	<b>CFI</b>	<b>Cronbach Alpha</b>
Clear interaction by service provider	.77			
<b>Perceived Enjoyment</b>				
Fun activity to book a cab	.94	.86	.81	.823
Interesting to compare the rates	.75			
<b>Subjective Norms</b>				
Status symbol	.93	.88	.82	.780
Fits to life style	.84			
Worth to spend in online cab	.76			
<b>Facilitating Condition</b>				
Booking through Smartphone	.79	.86	.84	.941
Internet availability	.69			
Getting offers on regular booking	.74			
<b>Perceived Risk</b>				
Sharing personal information is risky	.38	.47	.44	.578
Safety and security while travelling	.44			
Risk of hacking internet	.45			
Money deducted in booking cancellation	.37			
<b>Attitude</b>				
It is a wise idea to use online cabs	.66	.89	.87	.852
The idea to get information by net is good	.78			
I believe in booking online cabs	.91			
<b>Behavioral Intention</b>				
I will strongly recommend others to use it	.74	.81	.79	.886
I will use it in future too	.85			
It is better to use the online cab in metros.	.79			
<b>Actual Usage</b>				
I use it frequently	.81	.94	.90	.947
I will book it for my near and dear ones too	.68			

**Table 2 : Values of Attitudinal dimensions- Factor Loadings, Reliability Test, GFI and CFI ; Source: Researcher's data analysis**

In a nut shell, we can say that the model was perfect in all the cases other than Perceived risk. It depicts that risk factors like safety and security, sharing personal details, amount deduction while cancellation and risk in internet hacking are few of the factors which are having negative impact on customer's attitude. Consumers attitude is positively affected by perceived usefulness, perceived ease of use, Subjective norm, Facilities and enjoyment in booking online cabs.

### Structural Model

After successful validation and reliability testing of measurement models, the structural model can be analyzed. Structural model will be evaluated by using R square for dependent constructs, path coefficients and significant level of structural path coefficient. First of structural equation model will be analyzed on the basis of squared multiple correlation ( $R^2$ ).

### R-square

Squared multiple correlations ( $R^2$ ) for each construct is used to measure the percentage of construct variation explained by the exogenous construct. The values should be sufficiently high for the model to have a minimum level of explanatory power. Chin (1998b) considers values of approximately .670 substantial, values around .333 average, and values of .190 and lower weak.

Construct	R-square
Perceived Usefulness	.461
Behavioural Intention	.570
Attitude	.353
Actual Usage	.623

**Table 3 : Values of R Square for Endogenous Constructs**

In this study perceived usefulness explains 46.1 percent of average variation. Perceived usefulness and perceived ease of use explains 33.1 percent of attitude. But attitude explains 50 percent of behavioural intention which is above average. On the other hand behavioural intention explains good variation of actual usage i.e. 62.3 percent.

**Path Analysis** - To evaluate the proposed hypothesis, the estimated path coefficients and their significance levels were used. Path coefficients depict the strength of the relationship between two constructs. The following results confirm the appropriateness of TAM for its applicability in adoption of online cab services. It could be seen that perceived usefulness is predicted by perceived ease of use ( $\hat{\alpha} = .609$ ,  $p=.000$ ). Furthermore, Attitude is based on perceived usefulness ( $\hat{\alpha} = .282$ ,  $p=.000$ ), perceived ease of use ( $\hat{\alpha} = .110$ ,  $p=.018$ ), perceived enjoyment ( $\hat{\alpha} = .254$ ,  $p=.000$ ), subjective norm ( $\hat{\alpha} = .950$ ,  $p=.044$ ) and facilitating condition ( $\hat{\alpha} = .352$ ,  $p=.000$ ). It has also been verified that perceived risk ( $\hat{\alpha} = -.056$ ,  $p=.120$ ) have insignificant path coefficients. Subsequently behavioural intention is determined by perceived usefulness ( $\hat{\alpha} = .182$ ,  $p=.000$ ) and attitude ( $\hat{\alpha} = .623$ ,  $p=.000$ ). Finally, Actual usage behavior is predicted very strongly by behavioural intention ( $\hat{\alpha} = .751$ ,  $p=.000$ ). At last it could be concluded that H1, H2, H3, H4, H5 are supported and remaining H6 has not been supported.

### Correlation Test

For identifying the relationship between the Attitude and Behavior, Correlation test was applied among all the attributes. The results have shown a positive relationship between attitude and actual; usage and behavioral intention. The values are given below:

			Attitude	Behavioural Intention	Actual Usage
S p e a r m a n' s  r h o	Attitude	Correlation Coefficient	1.000	.142*	.099
		Sig. (2 -tailed)	.032	.034	.139
		N	220	220	220
	Behavioral Intention	Correlation Coefficient	.142*	1.000	.091
		Sig. (2 -tailed)	.034	.045	.176
		N	224	220	220
	Actual Usage	Correlation Coefficient	.099	.091	1.000
		Sig. (2 -tailed)	.139	.176	.032
		N	220	220	220

**Table 4 :** Correlation test between Attitude and Actual Usage and Behavioral pattern

### CONCLUSION

There is a dearth of research in identifying the factors affecting customer's attitude in online cab service. The study develops better understanding of the factors like perceived usefulness, perceived ease of use; subjective norm, facilitating condition and perceived enjoyment are having significant and positive impact on the customer's attitude while perceived risk is having negative impact on the customer's attitude towards online booking of cabs. The findings ensure that there is a direct relation between the attitude and the behavior of the customers. The results have shown that consumers are getting the app useful and enjoy the booking of cab with the facilities provided by them that is why there is a positive attitude among them but there are some risk factors too which are taking their customers away in booking online cabs. The research will help online cab providers to have a comprehensive, holistic and clearer understanding of factors that influence the attitude of Indian consumers.

To conclude, there are advantages & disadvantages associated with usage of Apps for booking services. It is up to the service providers that they should design their App in such a manner that it is User Friendly, convenient to use, provides all complete details of the concerned taxi driver (his registration no., phone no, license no. Etc, exact fares, total fares i.e. the App should propagate transparency of information. Also, word of mouth publicity is more important to promote the use of such apps. Viral marketing will bring a new advent for housing these techniques.

### **LIMITATIONS**

This study involves a number of limitations that need to be acknowledged. First, the primary limitation of the research relate to the small sample size, as generalizations are difficult to make with small sample sizes. Second, the scope of the study is limited upto Kolkata only. Therefore, results cannot be generalized for full Indian contexts.

### **RECOMMENDATIONS**

Following recommendations will be provided to the online cab service providers for getting more customers:

- Maintaining the service quality and adding the standardized services.
- Adding more enhancing services feature which will attract customers.
- Reducing the conflict and risk factors by more CRM techniques as well as by technological advancement applications.
- Strict procedure while choosing drivers for Cabs.
- Providing details of other co-passengers services while booking pool services.

### **FUTURE RESEARCH**

Further researches can be made in the field of consumer's attitude towards surge pricing of online cabs, the online vs. offline cab services and consumer behavior, There is a scope to explore the importance and performance analysis with respect to online cab users in India.

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# Impact of Foreign Direct Investment on Food & Beverage Sector in Indian Economy

Asmita Basu \* & Nikki Gupta \*\*

## ABSTRACT

*Global Foreign Direct Investment (FDI) inflows rose 16 per cent in 2017. The FDI inflows in India are increased at the rate of 27.9 per cent per annum during the period 2006 to 2016. In India, FDI inflows in food processing sector were worth Rs.441 crore in the year 2007, these FDI inflows were rose to Rs.1314 crore in 2010 and it was fallen to Rs.826.16 crore in 2012. During this period the growth were registered 11.1 per cent per annum respectively. Ministry of Food Processing Industries (MoFPI) has formulated a Vision 2013. Action Plan that includes trebling the size of the food processing industry, raising the level of processing of perishables from 6 per cent to 20 per cent, increasing value addition from 20 per cent to 35 per cent, and enhancing India's share in global food trade from 1.5 per cent to 3 per cent. In this study, table and bar diagram has been used to observe the trend of FDI since 2006 – 2007.*

**Keywords:** Food Processing Industries, MOFPI, economic growth.

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## INTRODUCTION

Foreign investment refers to investments made by the residents of a country in the financial assets and production processes of another country. The effect of foreign investment, however, varies from country to country. It can affect the factor productivity of the recipient country and can also affect the balance of payments. Foreign investment provides a channel through which countries can get access to foreign capital. It may come in two forms: FDI and foreign institutional investment (FII). Foreign direct investment involves in direct production activities and is also of a medium- to long-term nature. But foreign institutional investment is a short-term investment, mostly in the financial markets.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.

Accounting for about 32 per cent of the country's total food market, The Government of India has been instrumental in the growth and development of the food processing industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations, industrial licenses, and 100 per cent export oriented units.

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## **OBJECTIVES OF THE STUDY**

The broader objectives of this review are to acquaint the readers and researchers in this field with the potential of this types of industries in India. Some specific objectives of the review are highlighted as follows:

- To study the FDI inflows from F&B sector in India.
- To study the economic advantage of food processing industry in India
- To study the trend of FDI inflows in the Food processing industry of India.
- To study the FDI inflows in the Food processing industry of India
- To suggest measures for overall improvement of scenario in the context of FDI.

## **LITERATURE REVIEW**

The empirical literature on FDI in food processing sector of India is limited and not many studies have been conducted.

Aggarwal (2010) found that rigid food markets in Indian states discourage FDI. The effect of food market rigidities and labour cost, however, was more pronounced for the export-oriented as compared to the domestic market seeking FDI. Chidlow and Young (2009) found that Polish regions differed substantially in attracting foreign capital and the regional characteristics mattered in the selection of location. This suggests that F&B, while making their location choices, focus their attention more to the overall tax burden than on single tax rates, which provide only partial information. Apart from tax burden, infrastructure also plays an important role to attract FDI. Coughlin, Terza and Aromdee (1991) found that per capita income, manufacturing density within a state, better transportation; infrastructure, higher unemployment rates and higher expenditures to attract FDI in F & B sector were positively linked to FDI flows. On the other hand, higher wages and higher tax rates had negative impact on FDI flows. Fisher and Peters (1998) found that incentives offered by India had a positive impact on investment flows. Incentives considered in their study include job credits, property tax abatements, sales tax exemptions, grants, loan guarantees, firm specific job training and infrastructure subsidies. Chintagada (2016) in his analysis of FDI in Indian manufacturing sector calculated the compound annual growth rate of FDI in food processing to be 0.24%. He argues that infrastructural bottlenecks like shortage of cold storages and food processing factories is resulting in huge wastage of the produced food in India. Addressing these issues could turn India into a global food hub. Babu and Sekhar (2015) analyzed the determinants of FDI in to Indian food processing sector and concluded that the "macroeconomic instability due to inflationary fluctuations is a major determinant of FDI in to India". Wolff (2007) found that within the European Union, the different sub-components of FDI (equity, re-invested profits and other investments) react differently to taxes. Contrary to the public belief that high tax rates act as the key reasons for low investment rates from abroad on food and beverage sectors..

## **RESEARCH METHODOLOGY**

The secondary data has been collected from various journals, and websites etc. Graphs and tables have also been used wherever required to depict statistical data of FDI during the study period. This study has used the Secondary data: Websites, Journals, articles, etc. This paper has reviewed the relevant literature and analyzed secondary data available on food processing sector. The other data sources are from Annual Survey of Industries (ASI) reports, Ministry of Food Processing Industry (MOFPI) and others. The data regarding the Foreign Direct Investment (FDI) in food processing sector has been taken from Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce. Thus, this study is completely based on the secondary data which has taken from the 2007- 2017 from various data sources those are mentioned above. Simple comparing methods are used in the paper to analyse the FDI position in India in the context of F&B sector.

## FUTURE SCOPE OF THE STUDY

Proposed FDI In F & B -Government allowed 100% FDI in this sector. This is right now put on the back burner due to opposition from the political parties. Following are some scope of the FDI in F&B. Minimum Investment to be done is \$100 million.50% of the investment should be done in improving the back end infrastructure.30% of all raw materials have to be procured from the small and medium enterprises. Permission to set retail stores only in cities with a minimum population of 10 lakhs. Government has the first right to procure material from the farmers. Opposition party stands on the FDI in retail-Following are the concern regarding the FDI in Retail. Government does not have any clear stands on the FDI in Retail. They have not done any survey and cost benefit analysis of this issue. As claimed by the Government that it will create Jobs, opposition does not buy it. They claim million of retailers have to shut their shops. Government stands on FDI in retail-Following are the facts that Government is giving to support FDI in Food Market.FDI in retail will create 80 lakhs jobs. It will bring growth and prosperity. Prices of products will come down. This will tame inflationary pressure in the economy. Global F&B scenario has played a major role in improving the productivity of the whole economy at large. The positive impact of organized food market could be seen in USA, UK, and Mexico and also in China. F&B is the second largest industry in US. It is also one of the largest employment generators. China permitted FDI in F&B in 1992 and has seen huge investment flowing into the sector. It has not affected the small or domestic food chains but on the contrary small chain have increased since 2004 from 1.9 million to over 2.5 million. Take for example Indonesia where still 90% of the business still remains in the hand of small traders. Immense growth opportunity to the F&B India is Asia's third largest food market after USA and UK. Organized food market is very virgin space in India. It provides immense growth opportunity.

## RESULTS AND DISCUSSIONS

The Government has permitted 100 per cent foreign Direct Investment (FDI) in the food processing industry, several overseas companies are ready to invest in India. Significantly, American companies are showing interest as the Indian government has made food processing a priority sector. From 1999 to 2008, imports and exports in the food processing sector increased at an average annual rate of 17.4 per cent and 19.25 per cent respectively. Likewise, there has also been a growth in the inflow of foreign direct investments flowing into the food processing industry.

Year	FDI inflows into India (in crores)
2007-2008	441.00
2008-2009	279.01
2009-2010	455.59
2010-2011	1314.23
2011-2012	858.03
2012-2013	826.16
2013-2014	2193.65
2014-2015	3296.86
2015-2016	3288.88
2016-2017 (April – September)	3204.77

Table1: Total FDI Inflow into India

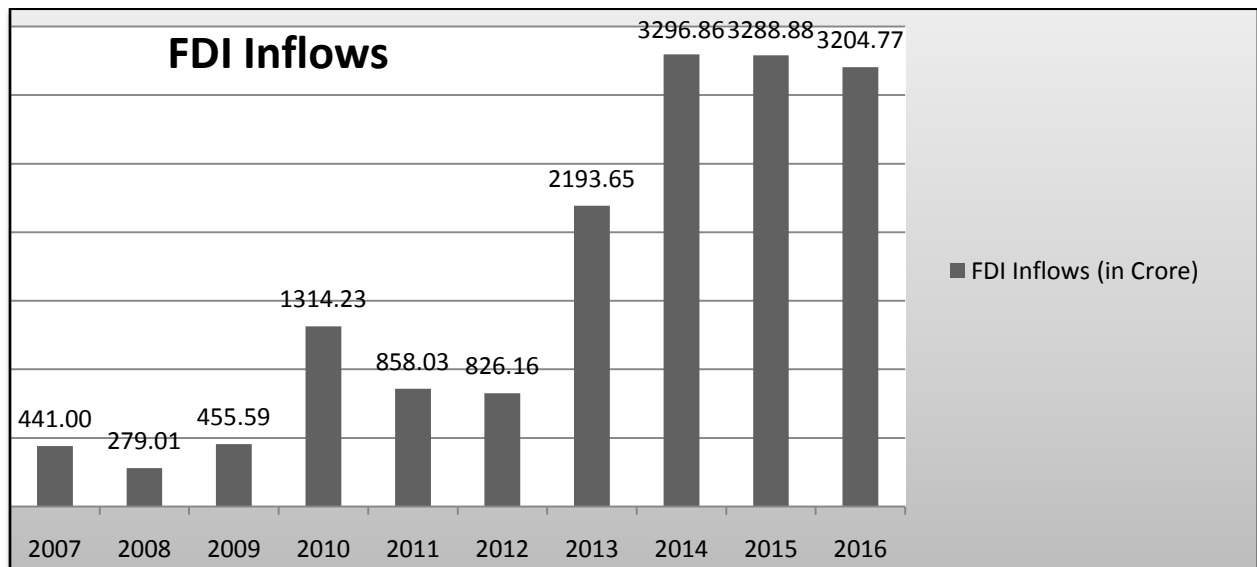


Figure 1: FDI Inflows for the last 10 years

Table 1 and bar chart show the amount of FDI inflows into India between 2007 and 2016. The initial 6 years witnessed limited FDI inflows primarily due to the doubtful approach by the government towards foreign investment. With the change of the government at the centre and subsequent changes in the FDI policy thereafter, led to a marked shift in FDI inflows into the economy. The next 4 years witnessed significant amount of inflows though minor fluctuations in growth rates of FDI inflows did occur. The maximum amount of FDI inflows were in 2014 while the highest growth rate of FDI inflows occurred in the year 2010. The data findings of the above table and bar chart speak that as a whole the marked policy shift towards foreign investment in the second half of 10 years resulted in enormous inflows of FDI compared to the previous decade. This is the significant finding of this paper.

### LIMITATIONS OF THE STUDY

Time constraint was another factor that could have affected the data collected. Because of the short time frame, the study did not have time to go through country-wise FDI inflows. This is the reason why time constraint is stated as a limitation to the work. The recommendations discussed here are based only on the information obtained during the 90 days. More data collection would be ideal for making recommended changes to any selection process.

The assumption that FDI was the only cause for development of the Indian economy in the post-liberalized period is debatable. No proper methods were available to segregate the effect of FDI to support the validity of this assumption. Apart from FDI, there are so many indicators which show economic growth in the Indian economy but this study only focuses on FDI contribution towards economic growth.

### CASE STUDY ON DOMINOS PIZZA (F&B SECTOR)

#### Overview and Objectives of The Study

Dominos pizza is one of the world's biggest pizza chains with 8773 stores across 60 countries employing approximately 170,000 people across the globe as of December 2017. In spite of the global financial meltdown in 2017, Domino's stood out as one such company that reported a strong growth in its international retail segment in the fiscal 2017. Analysts attributed the reasons

for the growth of the company to its Master Franchise model of operations that allowed the company to diversify and minimize its risks in international markets while earning higher returns. The case discusses in detail the growth strategies adopted by some of the master franchises of Domino's - Domino's Pizza Group Limited (DPG) in the UK and Ireland, Domino's Pizza Enterprises (DPE) in Australia and New Zealand, and Domino's Pizza India Limited (DPIL) in India, Sri Lanka and Bangladesh, during the global economic slowdown in 2016. The objectives of the study are:

- Analyze the strategies adopted by Domino's to boost revenues in the light of global economic slowdown.
- Understand the master franchise model of Domino's and its advantages.
- Examine the important factors involved in achieving growth during a downturn.
- Understand the reasons for Domino's depressed performance in the US market.

## **BACKGROUND**

Domino's Pizza originated as a small pizza store owned by Dominick Di Varti at the Michigan University campus in the US under the name 'Dominick's Pizza'. The pizza store was bought by two brothers who were students at the University, Thomas S. Monaghan (Tom) and James S. Monaghan (James) in 1960. Jubilant Food works started its business under the name Domino's Pizza India Private Limited in 1995 and opened the first outlet of Domino's Pizza in 1996. In 2011, Jubilant Food works signed a franchise agreement with Dunkin' Donuts, an American coffee, and donuts chain to open its stores in India, the first of which opened in 2011. In the first quarter 2014, Jubilant Food works inaugurated the 700th Domino's Pizza outlet and in the next 24 months, they went on to open 300 more outlets, making India only the second country after the United States to reach the 1000 store-mark for Domino's Pizza. After being in operation for over 20 years now, Jubilant Food works has over 1000 Domino's Pizza outlets in India and 20 outlets in Sri Lanka while holding contracts for both Bangladesh and Nepal. The company aims to double their outlet till 2021. Industry analysts believed that Domino's master franchise model was one of the reasons for its success in international markets. Kaushik and Gupta (2009), found that new entrants can deliver the best quality at competitive price to have market share in herbal, simultaneously Campaigns and event management in colleges by food companies help them to increase sale, because consumers are 15 – 20 and 20 – 25 age group belongs to school and colleges. Consumers are ready to move towards various products. So any company can easily get them by having perfect marketing mix, balance price and quality Sepannen, Etal., (2004), examined that consumers always expect for a product or service of better quality, which is easy to use or consume and of lower costs than ever before. By improving operations, a business or an organization can improve internal efficiency, effectiveness, adaptability and customer service. Yesodha Devi N & , Kanchana V.S. (2009), examined that Quality & Taste are the two major factors to select a restaurant. Customers are more demanding and they always wants to experiment with the money they spend, they also found that the Indian restaurant industry has come of age by diversifying its services and is trying to cater to the Indian taste buds and is staying in competitive arena amongst international giants and is able to provide better services to the customers..

## THE DOWNFALL OF DOMINOS'S INDIA

- To put things into perspective, Jubilant Food works lost half their valuation and dropped from a peak value of Rs 12,700 crores in mid-2015 to Rs 6,500 crores in mid-2016. The 12 months were really hard for the company and shook it from the core.
- Many key people resigned from the company in these 12 months, causing internal instability. Harneet Singh Rajpal who held the position of Senior Vice President and Head Marketing in Domino's India resigned in July 2015, followed by Ravi Gupta, Chief Financial Officer who left in July 2016.
- But the biggest blow the company witnessed was on 20th September 2016 when Ajay Kaul, the CEO of Jubilant Food works resigned after holding the position for 11 long years. The notice not only hurt the company from inside, but the shares tumbled over 3 % on the D-Day while only a fortnight ago on September 6, 2016, the shares of Jubilant Food works dropped more than 10%.
- One other factor that took Domino's India to a spot of bother was the growth of Pizza Hut. Pizza Hut might not have such a big customer base in India as Domino's but its idea is a lot different than Domino's. While Domino's boasts being a quick service restaurant, Pizza Hut, on the other hand, offers a casual dining experience combined with the food that everyone loves, Pizza! Pizza Hut is now also offering neck-to-neck competition to Domino's by releasing BOGO offers and other such discounts.
- The most remarkable problem is Bugs in Domino's food eat away 6% off Jubilant Food Works shares and closed at Rs 1338 on Wednesday, after Deutsche Bank raised concerns on bugs being found in Dominos's Pizza's seasoning sachets. These downfall of Dominos pizza affected the FDI inflows of the country .

Year	Revenue
2007	114.90
2008	136
2009	155
2010	188.10
2011	290.90
2012	240.50
2013	268.90
2014	294.40
2015	316.80
2016	360.60

Table 2 :Total revenues of Dominos' India (pound million)

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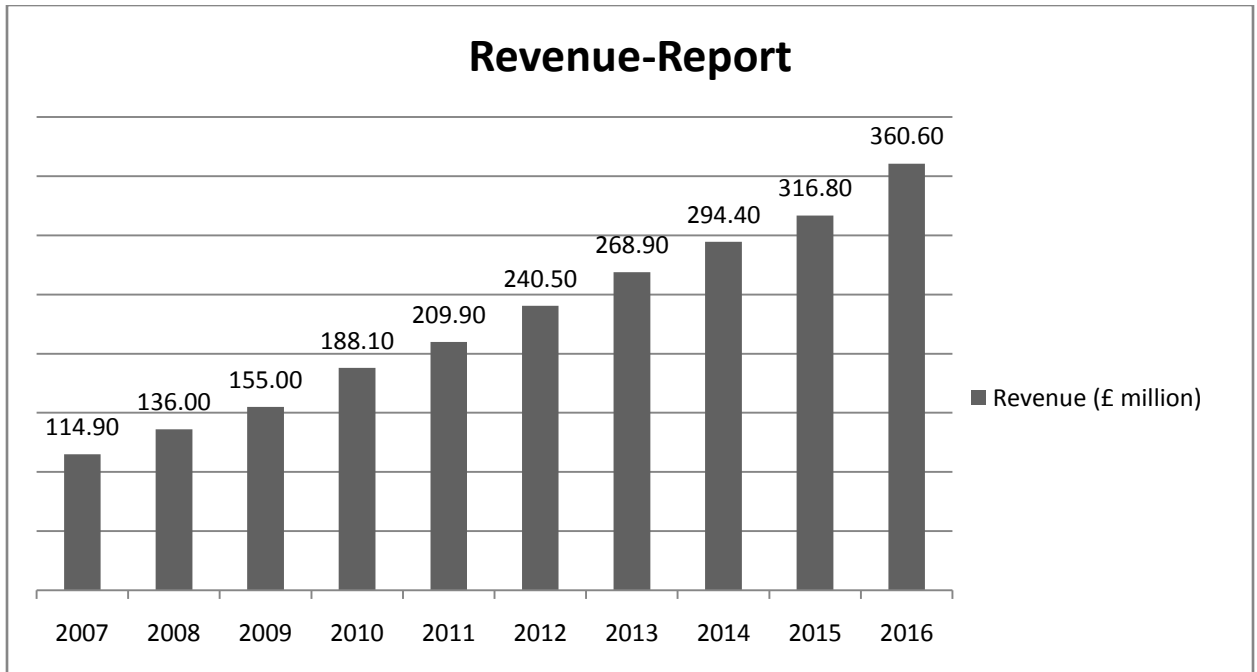


Fig 2: Revenue report of Dominos' India (pound million)

#### MEASURES ADOPTED BY THE DOMINOS' INDIA AND ITS RESULTS

- In August 2017, Domino's India decided to go for the much-needed product improvement and strategy change. According to the Jubilant Food works' press release, the improvement to its pizzas include a new soft and tasty crust, more and bigger toppings, more cheese and a new herbier tomato sauce made from imported Californian tomatoes.
- According to Mr Pratik Pota, CEO, Jubilant Food Works Limited , the company had adopted a new strategy for driving sustainable, profitable growth. The key pillars of these were Product Improvement, Value For Money, Consistent Customer Experience and Superior Technology all enabled by a focus on cutting costs and driving efficiencies.
- This was supported by a 360-degree marketing campaign that included Television, Digital, Press, and Radio. They also sport a new look and come in blue and white packaging that highlights the changes.
- As a part of Cost Cutting strategy that aimed to improve margins and increase efficiency, Domino's also undertook manpower optimization exercise, discontinued their popular 'Buy One Get One' offer, reduced the number of staff per outlet from 25 to 22, and closed some of their outlets.
- The new and improved pizza has certainly struck the right chords with the customers, and hopefully will re-establish Domino's India as the ultimate pizza brand in the country.

## **RECOMMENDATION**

India has put good emphasis on the attraction of FDI over the past few years. Although efforts have been made to improve and amend foreign investment encouragement and protection laws, but overall performance of the country with regard to attracting the foreign direct investment, has not been satisfactory. India has attracted little FDI as its total share of world FDI is only 11.74 percent. Thus, India could not be a great example of a successful country in terms of attracting FDI for its barriers related with economic, political and cultural issues. Based on the following conclusions and discussions, the study makes the following policy recommendations for India to help attract more FDI inflows: India should reduce its dependence on agriculture exports revenue and follow economic diversification policy by giving importance to other sectors of the economy like food and beverage sector. The policy makers should focus more on attracting FDI in various non-agricultural sectors of the economy and need to formulate policies where foreign investments can be utilized as means of enhancing domestic production, exports, employment and access to foreign markets. There is a need to increase investment inflows in light on F&B sector and also in Small and Medium Enterprises (SMEs) sector which can enhance domestic production and increase employment. Since employment elasticity in F&B sector is high, so India in order to reduce unemployment problems should attract FDI in this sector. Also, the approval process needs to be simplified in order to make it more efficient. India should give importance to F&B sector. There is a link between openness of F&B sector and economic growth. For example liberalizing trade in F&B will stimulate activity in the service sector and will also lead to improvement such as transportation, insurance and financial services.

The company should concentrate on increasing its network coverage in India. India has less than 2% of the total stores under the Domino's company (Global data). The number of stores should be increased to more than 20% in the next three years in order to meet the company's expansion strategy that it is currently pursuing.

Domino's should focus entirely on customer loyalty through insisting on quality and ensuring that all stores deliver the best delicacies. These guidelines on quality should be adhered to strictly if at all any good results are to be achieved. These two recommendations are based on the reason that the level of competition in the fast food industry is growing steadily (Young). Dominos Incorporation should consider utilizing their intelligent advertising techniques to focus on all the players or competitors in the market other than only focusing on one competitor, Subways. Concentrating on one competitor may have serious consequences to the company especially where established businesses like Macdonald may come up with ingenious strategies that may affect the stability of the company and growth in general. Domino's should improve their innovative strategies that they have adopted their online marketing and selling. Pizza Hut performed better when compared to Domino's company in terms of online rewards despite having invested almost the same amount of money in their online services segment.



## CONCLUSION

According to the World Investment Report 2017, Global foreign direct investment inflows rose 16 per cent in 2017. The FDI inflows in India are increased at the rate of 27.9 per cent per annum during the period 2016 - 2017. It is observed that there is a steep increase because the Government has been providing transparent and investor friendly climate. Last five years FDI inflows in India were observed highly fluctuated. According to Ministry of Commerce & Industry, the FDI inflows reached to Rs.441 crore in the year 2007, these FDI inflows reached to Rs.1314 crore in 2010. During this period the growth rate reached to 11.1 per cent per annum. Ministry of Food Processing Industries (MoFPI) has formulated their Action Plan which includes: to increase the size of the food processing industry three times larger than before, to raise the level of process of perishables products from 6 per cent to 20 per cent, to enhance India's share in global food trade from 1.5 per cent to 3 percent.[3]

Government has established 60 fully equipped Agro - Export Zones (AEZs), in addition to food parks, to provide a boost to agricultural and food processing exports. Hence, it may be concluded from the aforesaid data findings and discussions that FDI has a good impact on Indian economy as it shows economic growth and it leads to increase the foreign reserves of the country. The case study of Dominos pizza attached with this paper also speaks in support of the said conclusion.

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# A Comparative Study on Selected Global and Indian Crowd-Funding Platforms

Dr Upasana Sharma\* & Dr Dilpreet Sahni\*\*

## ABSTRACT

*Purpose* : Capital is life and blood of any business or organisation; Crowd –funding is one such source of raising capital. This is not a new concept, however less resorted to. The online platforms are an impetus to such type of funding mechanism .The paper aims at exploring the scope, effectiveness and prospects of popular crowd funding platforms in India. The researchers have also listed the areas where crowd funding is required. The crowd funding platforms are selected based on availability of data, diverse work area, scope and effectiveness and compared on the basis of shortlisted parameters to arrive at desired result.

*Design/methodology/approach*: The paper is an exploratory study of selected online crowd funding platforms in India and to compare them with selected 10 global crowd funding platforms like Fundrazr,Crowdcube, Funding Circle, Youcaring, 40 Billion, Companisto, Funded By Me, Gambitious, Eppela and Headstart The researchers have presented a study of 10 Indian online crowd funding platforms namely Catapooolt, Dream Wallets, Faircent, FuelADream, Ignite Intent, Impact Guru, Ketto, Milaap, Rang De and Start51.Data has been extracted from secondary sources like the online crowd funding platforms, government and gazetted websites.

*Findings*: This study would reveal the scope, effectiveness and prospects of crowd funding in Indian and Global Scenario. Further the study will provide a clear perspective of crowd funding scenario through comparison of the global and Indian online platforms.

*Research limitations*: Since the study is related to study of online crowd funding platforms, researcher has worked on information and data given in websites..Only 10 Indian and 10 International crowd funding platforms have been selected for the purpose of study.

*Practical implications and Scope*: The study can be further extended with other parameters and variables like socio-economic environment, time period of study, tools of analysis, inter firm comparison and more.

*Originality/value*: The topic presents various challenges, opportunities, potentiality of crowd funding platforms; these can be pointers of further studies. This study will also prove to be of relevance in International Business Environment.

**Key Words** : Crowd Funding, Global, Indian, Scope, Comparison

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## INTRODUCTION

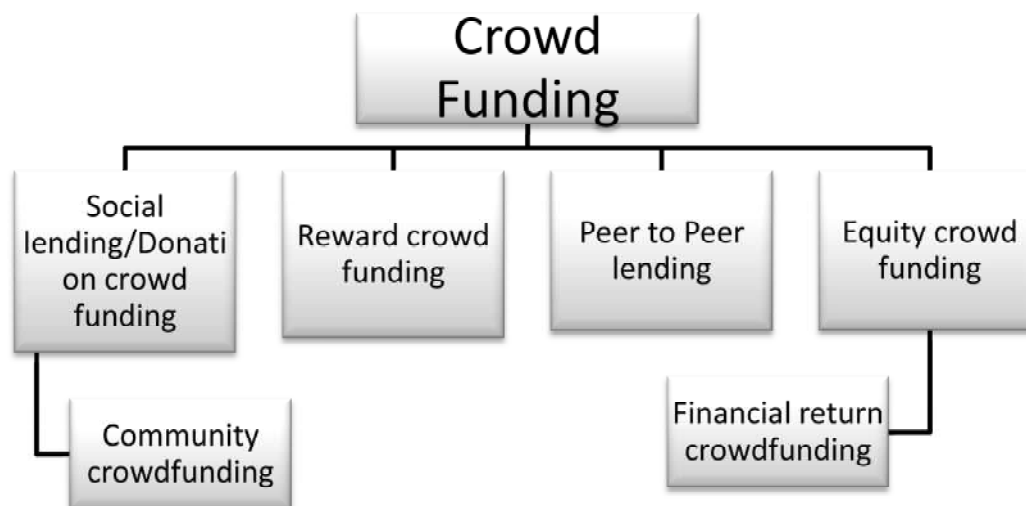
### Sources of finance

Financing refers to an avenue of credit or funds that are delivered to an individual or business owner to help fulfil various expenditures, loan obligations, or to pay for products and services needed to distribute a specific business model. At large an individual can avail finance from personal savings, borrowing from family and friends, bank loans, credit cards & overdrafts, liquidating assets.<sup>1</sup> On the other hand a business has myriad financing sources available Where and how you finance an operation can be the difference between dominance and failure. <sup>2</sup>To sum up Sources of finance such as equity, debt, debentures, retained earnings, term loans, working capital loans, letter of credit, euro issue, venture funding etc. used in different situations. They are classified based on time period, ownership and control, and their source of generation.<sup>3</sup>

**Crowd funding is** solicitation of funds (small amount) from multiple investors through a web-based platform or social networking site for a specific project, business venture or social cause<sup>4</sup>.The Securities Exchange Board of India (SEBI) in its 2014 Consultation Paper on Crowd funding has defined crowd funding as means of raising money for a creative project through small financial contributions from people who may number in the hundreds or thousands.<sup>1</sup>Crowdfunding can be seen as an open call to provide financial resources. Crowd funding mostly takes place on crowdfunding platforms (CFPs), i.e., internet-based platforms that link fundraisers to funders with the aim of funding a particular campaign by typically many funders.<sup>8</sup>

### Crowd funding models

Crowd-funding can be divided into four categories: social lending/donation crowd-funding, reward crowd-funding, peer-to-peer lending and equity crowd-funding as shown in figure below.



**Figure1** : Source: IOSCO Staff working paper – Crowd-funding : An infant industry growing fast 2014

- Social lending/Donation crowd funding :
  - This form of crowd funding essentially involves backers donating varying sums of money to support a specific cause or project.<sup>3</sup> platforms- StudentFunder, Hubbub.net
- Reward crowd funding :
  - Rewards-based, or seed, crowd funding is a type of small-business financing in which entrepreneurs solicit financial donations from individuals in return for a product or service.<sup>4</sup> platforms- GoFundMe, Indiegogo, kickstarter
- Peer to peer lending :
  - P2P lending is a crowd-funding model (largely online) where people looking to invest their money with people who want to borrow can do so. The concept is centred around savers getting higher interest by lending their money instead of saving and borrowers get comparatively lower interest rates.<sup>5</sup> platforms- Upstart, Funding circle
- Equity crowd funding :
  - In equity crowdfunding, investors invest money to support the company. In return, they're entitled to a small share of equity in the same company itself. Equity crowd funding are illegal in India.<sup>6</sup> platforms- Peer Reality, Circle Up

### Why crowd funding

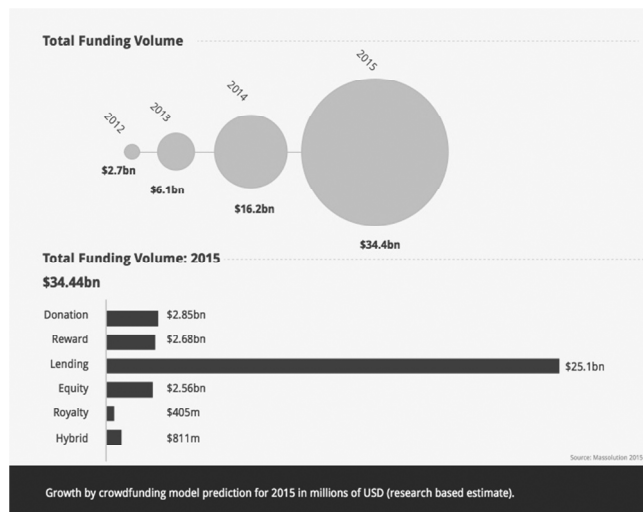
For an individual ease of access to funds for immediate needs like medical & health, education etc. further reduced stress & paper work give an added advantage. For the business community the significance can be listed as under;

- 1) **It provides access to capital** without giving up equity or accumulating debt.
- 2) **It hedges risk by** allowing an entrepreneur to gain market validation and avoid giving up equity before going all out and taking a product concept to market.
- 3) **It serves as a marketing tool** as many crowd funding platforms incorporate social media mechanisms, making it painless to get referral traffic to your website and other social media pages.
- 4) **It gives proof of concept by** showing investors and convincing yourself that your venture has received sufficient market validation at an early stage, which is hard.
- 5) **It allows crowd sourcing of brainstorming** by having a crowd funding campaign, the entrepreneur has the ability to engage the crowd and receive comments, feedback, and ideas.
- 6) **It introduces prospective loyal customers**, those who view the entrepreneur's campaign and decide to contribute. These are early adopters and are important to every business, as they will help spread the initial word without asking for anything in return.
- 7) **It's easier than traditional applications** as reduces paper work and delay.
- 8) **It's free PR.** The momentum created by successful crowd funding campaigns

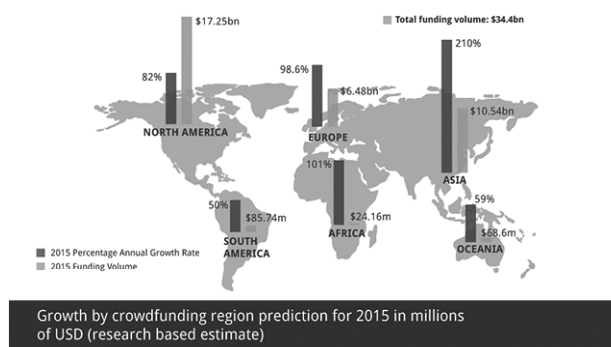
attracts potential investment from traditional channels and attention from media outlets.

- 9) **It provides the opportunity of pre-selling** the product or concept that they haven't yet taken to market.
- 10) **It is free.** If an entrepreneur sets a goal and doesn't reach it, there is no penalty. On the other hand, if the fundraising project is successful, everyone wins and gets to be a part of a successful crowd funding project.<sup>5</sup>

Crowd funding is now being opted as the choiced form of fund raising by fundraisers and investors. The following graphs present the picture of crowd funding globally and in India. Massolution Crowd funding Industry 2015 Report Suggests that the total Global Crowd funding Industry estimated fundraising volume in 2015: **\$34 Billion**.



**Figure 2 : Funding Volume (Source-2015CF Crowd funding Industry Report<sup>18</sup>)**



**Figure 3 : Growth by regions (Source-2015CF Crowd funding Industry Report<sup>18</sup>)**

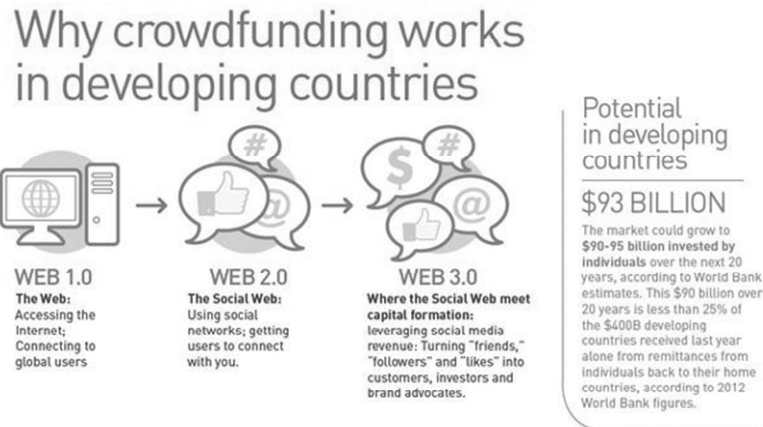
India has a number of crowd funding platforms and with the success many more are in their formation phase. Capital being the life blood of any business venture is no longer a hurdle due to crowd funding platforms. According to Nasscom report India has emerged as the third largest start-up base and such ventures are poised to grow 2.2 times to reach 10,500 by 2020. In terms of vertical growth, investors are looking at domains like health-tech, fin-tech, and edu-tech. With a total funding of approximately \$4 billion, close to 650 start-ups were funded signifying a healthy growth of the ecosystem<sup>16</sup>

### **Significance of crowd funding for emerging economies and for global trade/ international business**

The world is becoming connected day by day on account of rapid development of information technology & globalisation. The Trade survives on three main resources viz. capital (money & human), technology, product & services. In case of emerging economies entrepreneurship & business is being vouched as tool of economic development particularly in Indian context and being blessed by the demographic dividend. On the other hand in case of international business capital/ currency, exports and imports are the pillars of international trade. Difficult access to funding is one of the most important constraints to the growth and development of SMEs. Recent developments - the global economic and financial crisis has further worsened the situation in the area and increased the pressure to find alternative sources of funding. Widespread access to the Internet and the emergence of social networks along with the growing emancipation of the masses (groups), offer interesting possibilities. Figure 4 gives an insight into potential of crowd funding in developing countries

### **Few more points in favour of crowd funding**

- The “wisdom of the crowd” argument: Crowd funders, as opposed to business angels or venture capital funds; do not need to have special knowledge about the industry. From another point of view, the risk overtaken by crowd funders can be much lower, and not just because of the smaller amount of money they invest individually, but due to the fact that they can become consumers.
- Retaining management control over the company funding modalities such as business angels and venture capital funds allow investors the significant control over company decision. Unlike them, crowd funding need not give investors such rights
- Removing geographic barriers to investment. On the other hand, crowd funding allows people to invest in their communities and thus contribute to sustainable economic development.
- Market research: Marketability: Crowd funding can provide the entrepreneur valuable signals about the market potential of the product/project that they want to run .<sup>6</sup>



**Figure 4** : Potential of crowd funding in developing countries (InfoDev- The world Bank<sup>20</sup>)

International business activities viz. exporting & importing need capital/fund support. Exporters need capital to cover upfront costs such as creating distributor networks and meeting foreign product standards. Exporters also need to finance the costs of export transactions, such as shipping, logistics, and trade compliance. And most globalizing companies need sufficient cushion and resources to manage such risks as potential client non-payment and exchange rate instability. For emerging countries capital is one of the major hurdles.

### LITERATURE REVIEW

Study conducted by HetalZaveri and Anjali NiravChouksi [2014]<sup>8</sup> indicated that the primary focus of crowd funding platforms under study is fundraising for either social-cause based or creative based projects. Though it is not a new concept in India but fundraising through on-line platforms is an innovative concept.

Paolo Crosetto , Tobias Regner [2015]<sup>9</sup> in their paper confirm that relatively early in the life of a crowd funding project eventual success can be predicted but it also shows that a substantial amount of projects that are not predicted to reach their funding target still make it in the end. Analysis of funding dynamics indicates that projects can get boosted. Offering pre-selling rewards correlates with success, product pre-sales are chosen more often than other types of rewards, and pre-selling enables entrepreneurs to offer rewards that appeal to pledgers' social-image concerns to eventual success at virtually any point of time.

Paul Belleflamme, NessrineOmrani and Martin Peitz [2015]<sup>10</sup> made an attempt to understand that for the business models of CFPs, two-sided markets perspective should be adopted. The interaction among funders and fundraisers on a platform is characterized by cross-group and within-group external effects. Moreover the study



also revealed that a projects success is positively correlated with a higher presence of pre-selling rewards andof rewards that provide social reputation to the

Prinsha K. [2016]<sup>11</sup> the study undertaken by the researcher indicated that India needed to soon bring in the requisite laws to support crowd funding in a big way, as efficient crowd funding system can really play the role of catalyst in bringing the start up ideas into reality.

Abhrajit Sarkar [2016]<sup>12</sup> accepted the significance and bright prospect of Crowd funding stating that crowd funding is an application of crowd sourcing.. In India this concept must be nurtured more so that an infant industry grows fast. It will act as a catalyst in bringing the new industry into reality.

Ethan Mollick [2016]<sup>13</sup> in this study the researcher came to the conclusion that crowd funding projects generally succeed by small margins of fail by large ones. Social capital and preparedness are associated with increased chance of project success. Further majority of founders attempt to deliver the promised products but only a few are able to execute timely, a problem commonly witnessed in large or overfunded projects.

Thom Hollandar [2015]<sup>14</sup> in his master thesis for Business Administration set out to investigate why and how banks have ventured into crowd funding and how bank involvement can positively affect the different mechanism that make up crowd funding i.e. motives of investors and entrepreneurs to partake in crowd funding, project success factors and platform success factors. This thesis concluded that banks can be a contribution to the crowd funding sector, but this is limited.

## **OBJECTIVES OF PAPER**

The paper aims at exploring the scope, effectiveness and prospects of popular crowd funding platforms in India. The researchers have also listed the areas where crowd funding is required. The crowd funding platforms are selected based on availability of data, diverse work area, scope and effectiveness and compared on the basis of shortlisted parameters to arrive at desired result.

## **METHODOLOGY OF RESEARCH ANALYSIS**

The paper is an exploratory study of selected online crowd funding platforms in India and to compare them with selected 10 global crowd funding platforms like Fundrazr, Crowdcube, Funding Circle, Youcaring, 40 Billion, Companisto, Funded By Me, Gambitious, Eppela and Headstart The researchers have presented a study of 10 Indian online crowd funding platforms namely Catapoolt, Dream Wallets, Faircent, FuelADream, Ignite Intent, Impact Guru, Ketto, Milaap, Rang De and Start51. Data has been extracted from secondary sources like the online crowd funding platforms, government and gazetted websites.

## **Discussion & Comparative Analysis**

The study undertaken is based on comparison of selected Indian and Global crowd funding platforms. The paper also studies scope, effectiveness and prospects of popular crowd funding platforms in India also the paper explores the unexplored areas where crowd funding can play a significant role through start-ups.

The key observation points of Indian and Global crowd funding platforms are stated below :

S.no	Platforms	Country	Base	Year of establishment	Founder	Object
1	Fundrazr	Canada	Gastown, Vancouver	2010	Daryl Hatton	Startups, charities, and personal causes
2	Crowdfunder	UK	Exeter	2011	Darren Westlake and Luke Lang	Direct funding to entrepreneurs
3	Funding Circle	UK	London	2010	Sameer Desai, James Mekings, Andrew Mullinger	Money lending to small and medium scale business
4	Youcaring	US	San Francisco	2011	Brook Ketcher, Naomi Ketcher, Luke Miner	Personal, medical, charitable cause
5	40 Billion	US	Atlanta, Georgia	2008		Promotion and connecting business owners
6	Compassio	Germany	Berlin	2012	David Rhotert and Tamo Zwinge	Funding start-ups
7	Funded By Me	Sweden	Stockholm	2011	Arno Smit and Daniel Daboczy	Funding entrepreneurs and investors
8	Gambitious	Netherlands	Amsterdam	2011-17	Gambitious Digital Entertainment	Video gaming industry
				2017-present	Good Shepherd Entertainment	
9	Eppela	Italy		2010	Chiara Spinelli	promote thematic areas : arts, lifestyle, technology, design, social innovation

Table 1A

S.no	Platforms	Country	Base	Year of establishment	Founder	Object
10	Headstart	India	Bengaluru	2007	Aditya Mishra, Amit Singh, Arpit Agarwal, Netra Parikh	Building trivial entrepreneurial ecosystem
11	Catapoolit	India		NA	Satish Kataria	Finance sports, politics, social enterprises and start ups apart from creative projects
12	Dream Wallets	India	Jaipur	NA	Nikhil Agrawal and Manish Harodia	Movies, Theatre, Events, Art & Craft, Music, Literature, Photography, Travel, Tech Product/Service, Social causes
13	Faircent	India	Gurgaon	NA	Rajat Gandhi, Vinay Matthews, Nitin Gupta	Peer to peer lending
14	FuelAdream	India	Bangaluru	NA	Ranganath Thota	Social causes, creative art and charities
15	Ignite Intent	India	Mumbai	NA	Rinikesh Shah	Entrepreneurs, start-ups and college projects
16	Impact Guru	India	Mumbai	2014	Khushboo Jain and Piyush Jain	Raise funds for any cause in accordance legal provisions
17	Ketto	India	Mumbai	2012	Varun Sheth	Personal development (Health/Education/Travel), Creative arts (Movies/Music/Theatre/Fashion/Technology), Community/social projects (NGOs/Non-Profits/Charities)
18	Milaap	India		2011	Mayukh Choudhury and Anoj Vishwanathan	Education, energy and water and sanitation
19	Rang De	India		2008	Smita Ram and Ram N. K	rural entrepreneurs with micro or low-cost loans across the country
20	Start 51	India	Ahmedabad		Ateef Bajaj	film making, music, designing ,students

Table 1B

## **CONCLUSION**

The study of Indian and Global crowd funding platforms reveals that Indian cloud funding platforms are rapidly increasing and so is their acceptability. Entrepreneurship in any form academic, financial, creative, social work, and personal objective require investment and fundraising fulfils the need. The concept of social responsibility is not confined to corporates alone. The most remarkable feature behind its success is that small dreams are also getting their gateway through liberal investors and India is forwarding towards self reliant and happy nation.

Key findings and concerns :

- The commission charged by Indian and Global crowd funding platforms ranges from 5 % to 15
- The objective behind crowd funding by Indian and Global crowd funding platforms ranges among charity, personal, medical, education, arts, music, filmmaking, political, finance , sports, technology and sanitation .
- Crowd funding platforms are becoming a source of creating new and unexplored areas as source of creating money and creating job opportunities. People are able to dream big as finance is no longer a hindrance if the goals are properly broadcasted.
- The concept of crowd funding is catching up fast and at the same time posing threats. There is a possibility that Crowd funding may be used for money laundering schemes prompting Securities and Exchange Board of India to set up a regulatory framework post discussion with various stakeholders like banking regulator RBI, Finance Ministry and Corporate Affairs Ministry.
- Indians are not new to the concept of crowd funding as they have witnessed activities like building ponds, roads, parks, places of public worship, public health care services, eateries etc. through fundraising.
- India requires requisite laws to support an efficient crowd funding system which act as a catalyst in transforming start-up ideas into reality.

## **Effectiveness and prospects**

India holds second position in the world after China with reference to its population. The present population is 1292152904 and it expected to rise to 1319494175 by the year 2020. Crowd funding will emerge as the most effective tool in providing finance for start-ups in the years to come as Government Sector and private sector will not be able to create jobs in accordance with the population.

Agriculture is the brightest area with immense scope in numerous interconnected activities such as agro food producing, planning production, harvesting, grading, packaging, transport, storage, distribution, advertising, sales and export. In nutshell, crowd funding can help India to go back to its roots.

## **LIMITATIONS AND SCOPE FOR FURTHER STUDIES**

Since the study is related to study of online crowd funding platforms, researcher has worked on information and data given in websites..Only 10 Indian and 10 International

crowd funding platforms have been selected for the purpose of study. Researchers have worked on secondary data available through reports, news and relevant websites. There is immense scope of further study on specific areas like retail crowd funding, corporate crowd funding, real estate crowd funding and crowd funding insurance to name a few.

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# Setting an Enterprise Vis-A-Vis Procurement of Job in the Perspective of Indian Professional Students

Dr Ashoke Kumar Sarkar & Purusotam Vishwakarma

## ABSTRACT

*Indian students are offered various professional courses such as B-Tech, MBA, MCA, Medical, CA, CS, ICWA, journalism, Law etc. These courses are offered by different types of institutions such as private, government, regular mode, distance mode etc. Institutions running these courses differentiate their courses with traditional courses as these courses are job oriented. Some institutions even boost their placement record and promote their institute by pursuing these courses by grooming students in order to fetch jobs. But still unemployment is increasing day by day. As per census 2011, India's unemployment rate increased to 9.6% in 2011 from 6.8% in 2001. Automation, advanced technology, excessive mechanisation etc. reduces labour intensive economy leading to squeezing jobs and finally the economy is marching towards 'jobless growth'. On the other hand, emphasis on Entrepreneurship development is going on nationally to reduce unemployment. Government at both central and state level is trying to promote entrepreneurship by taking so many initiatives. Now there is a separate ministry for entrepreneurship and skill development. Policy makers are providing entrepreneurship friendly ecosystem. Start up India, Stand up India; single window clearance, relaxed regulatory framework, ease of doing business, incubation centre etc are buzz word now. There is an emphasis on building a cult of entrepreneurship. Government is trying to unfreeze the potentialities of entrepreneurship among the masses in general and youths in particular. It seems the only way out to resist the increasing rate of unemployment. In this situation it has become pertinent to study whether the students of professional courses think about the nation's entrepreneurship ecosystem. Is it really achievable to them or a distant dream? Is establishing an enterprise is easy than getting a job? What is the student perspective regarding this issue is the theme for study.*

**Key words :** *Entrepreneurship, Skill development, Ecosystem, Incubation centre*

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## INTRODUCTION

Entrepreneurship development in contemporary economic situation is a topic of immense importance. Government is trying hard to promote entrepreneurship orientation among the youths of the nation. Thus it is trying to develop a vibrant entrepreneurship ecosystem which requires support from an enabling ecosystem of culture, finance, expertise, infrastructure, skills and business friendly regulations. As per the drafts the national policy of skill development and entrepreneurship, the government has adopted 7 strategies to unlock the potentiality of entrepreneurship among the masses of the nation. The strategies include educate and equip potential and early stage entrepreneurs in India, connects entrepreneurs to peers, mentors and incubators,

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support entrepreneurship through entrepreneurship hubs(E-hubs), catalyse a cultural shift to encourage entrepreneurship, promotion of entrepreneurship among the underrepresented groups, development of entrepreneurship among women and improve access to finance. To implement the strategy, there is detailed plan.

The plan relates to educate, and equip potentialities of early stage entrepreneurs across India, includes integration of entrepreneurship, education to mainstream curriculum in 3000 colleges in India. These colleges will also be provided with additional support and retraining of existing faculty to deliver entrepreneurship courses to enrol students from all track and courses to suit their needs and universities will be encouraged to award credits to entrepreneurship. There are many more connecting entrepreneurs from E-hubs, motivating early stage entrepreneurs by arranging keynote speaker from industries. The promotion of entrepreneurship development among the underrepresented, like SC/ST etc are taking place in a planned manner. The other aspects of entrepreneurship development like entrepreneurship development in rural India, promotion of entrepreneurship among women etc are on high priority. The economic survey conducted for India by OECD in November 2014 clearly enlists low female economic participation as one of the major finding. Currently the contribution of women in workforce is limited to only 24%. Head of UN women has also indicated that India's GDP will leapfrog by another 4.2% if Indian Women contribute to their full potentials to the economy.

To implement the plan some steps has already been taken. Presently there is a ministry for skill development and entrepreneurship. There is a start up policy of nation, states and of some reputed organisation like AICTE's start up policy. A huge amount of funding is being allocated. With initial capital of Rs 2500 cr. The increasing number of incubation centres is also explaining the same saga. Altogether there are 118 incubation centres in India. The overall ecosystem of entrepreneurship is being harnessed. But we lack the desired result and the ill-result is evident from the level of poverty and unemployment. As per Tendulker committee, set-up in 2005 for poverty estimation in India by planning commission which submitted its report in 2009, 45.3% of population lives below the poverty line which is merely Rs.32 in rural area and Rs 47 in urban area. As far as unemployment is concerned, 10 million Indians with graduate, post graduate and technical degrees were looking for work meaning that 15% of all Indians with highest level of education were seeking job as of the year 2011. The report of World Bank also exposes the same ill-result. According to World Bank study on entrepreneurship in 2010 which compares new business registration density of South Asian countries with the rest of the world, it was found that contrary to popular belief India has too few entrepreneurs for its stage of development, even when compared to other countries such as Thailand, Brazil &Malaisia.

Now in such a situation, entrepreneurship development is considered as a solution to the problem. Entrepreneurs generate jobs not only for themselves but also for others. They are the asset of a nation. With their unique idea, ability to foresee, confidence, leadership style, risk taking ability and agility to respond to changes, they open new vistas of opportunities for themselves and for others also. As a catalyst, a leader reduces the effort and enhances the output. It is the most desirous condition for any nation. It is something which a nation promotes. The recent example of promotion is

“Draft national policy for skill development and entrepreneurship-2015”. The policy aims at imparting skill training to youths in order to make them employable. But making employable is not the solution of the problem. The biggest challenge is to create job opportunities for these skilled youths and this can only be met by promoting entrepreneurs. It is the only way forward to observe 2.6 cr. people entering the workforce every year in India.

However, it is not an easy process. Very few dare out to go for entrepreneurship as it is influenced by various factors. These factors may be personal, environmental, social, political and so on. Many a times it is seen that lack of funding, lack of expertise, ill-vision, ill-training, political and economic changes, parenting etc. act as a hindrance in the promotion of entrepreneurship. To sort this out, professional trainings are given to students. However, if a professionally groomed student backs off, it raises serious questions. Professional students having degrees like B-Tech, MBA, MCA, CA, etc. are supposed to be experts in their respective field with clarity of vision. They are properly trained and should also be well informed regarding market, resources, funding etc.

Now the question is what the students of professional courses think about entrepreneurship in comparison jobs. Are there numerous easily available jobs, which makes entrepreneurship a risky venture or a dull choice? or is the entrepreneurship ecosystem in India still not reliable enough to flung into? The paper tries to find the answer out of the questions raised. Its importance is highlighted by the objective of the study.

### **OBJECTIVE OF THE STUDY**

The main objective of the study is to explore the perception of the students of professional courses regarding entrepreneurship in comparison to job. In pursuit of this, the paper aims to access the existing ecosystem of entrepreneurship in the nation. It also tries to explore the lacuna and ways to improve the entrepreneurship cult among the students of professional courses in India.

### **LITERATURE REVIEW**

Since entrepreneurship is a topic of immense importance, it has caught the attention of many scholars of the diverse fields such as economics, management, psychology, sociology etc. They are differing in their opinion and have never come on consensus. The classical economist Adam Smith says that entrepreneur is a person who provides capital without taking an active part in the leading role of enterprise. Richard Cantillon another economist says that an entrepreneur is an agent who buys means of production at certain prices in order to combine them into products that is going to be sold at prices that are uncertain at the moment at which he commits himself to the cost. The concept of Cantillon is supported by J. B Say. As per J.B. SAY, an entrepreneur is an economic agent who unites all means of production, the labour, the capital, or land and who finds the value of the products which result from their employment, the reconstruction of the entire capital that he utilise and the value of wages, the interest, the rent he pays as well as the profit belonging to himself.



Apart from these, there are other scholars who have studied the different dimensions of entrepreneurship. The most renowned among them are J.A Schumpeter. Schumpeter says that entrepreneurs are creative destructors while saying that an entrepreneur is one who seeks to reform or revolutionize the pattern of production by exploiting an innovative or more generally an untried technological possibility for producing a new commodity or producing an old one in a new way by opening up new source of supplies of material or a new outlet of product.

Thus a vast volume on entrepreneurship is available. Some relevant work/study of eminent scholar is being presented below:

Ibrahm and Socifani (2002): Lack of empirical and conceptual research, non identification of personality characteristics and no national strategy for entrepreneurship education are three major challenges for entrepreneurship development in India.

Wang & Wong (2004): The significant factors for entrepreneurship development among university students of Singapore are family, gender, family experience to business and educational level.

Anugya Sinha (2009): There are several B- schools whose pedagogy are nothing but the extension of undergraduate teaching style. Students from these B schools may have the science of management but to become successful entrepreneurs, must know the art of implementing the art of management.

Amar Kumar Mitra (2004) potential entrepreneurs should take cognizance of their personality since it can go in a long way in determining the success or failure of an enterprise.

Cassim (2001): The means of turning the vision of a new business into reality is business incubation.

Etzkowitz (2002): Business incubation creates synergy among university-Industry-and government. It creates a less costly business development strategy.

Lofsten and Lindelof (2002): Initiative to promote new technology based firms (NTBFs) on science park will yield a higher rate of job creation than policies to help NTBFs in general.

Davidson and Honing (2003): Bagging and bounding social capital, consisting of both strong and weak ties was a robust predictor for nascent entrepreneurs as well as for advancing through start up process.

Thus it can easily be inferred that there are studies encompassing various dimensions of entrepreneurship. Entrepreneurship in rural India, entrepreneurship development among women, promotion of entrepreneurship in north east etc are some other dimensions which have widely been studied. But after compiling all the work, it can be said that entrepreneurship development among the students of professional courses are still the area where research is required.

#### **METHODOLOGY OF RESEARCH**

The research is exploratory in nature and is based on primary data collection. Total 120 respondents have been surveyed. These 120 respondents have been subdivided into 8 groups where each group consisted of 15 respondents. The survey has been

done with the help of a questionnaire using 5 point likert scale. The questionnaire comprise of two pair of question. Each pair consists of one positive and negative question. Thus there are only four questions. Each question has got five alternative ranging from strongly agree to strongly disagree. The marks assigned to these questions are given below:

Level of agreement	Value of positive Question	Value of Negative Question
Strongly Agree	5	1
Agree	4	2
Neutral	3	3
Disagree	2	4
Strongly Disagree	1	5

Table 1

Thus

No. Of respondent = 120

Range of data = 4–20

Total no of group = 8

Respondent in each group = 15

Total respondent have been classified into students from Government College and students from private college equally. It means 60 students from Government College and 60 from private institutions have been taken. The respondent are further divided on the ground on academic achievement. 50% of the sample size is students with high academic achievement and another 50% is from student with low academic achievement. These students are further divided on the ground of gender. Half of respondent is of male gender and other half is of female gender. Hence the sample is based on 2\*2\*2 factorial design.

The likert scale has been used for testing of hypothesis. A single respondent scoring more than  $(4+20)/2 = 12$  is approving the hypothesis. Following the same if a group average score is more than 12 the group is supporting the hypothesis.

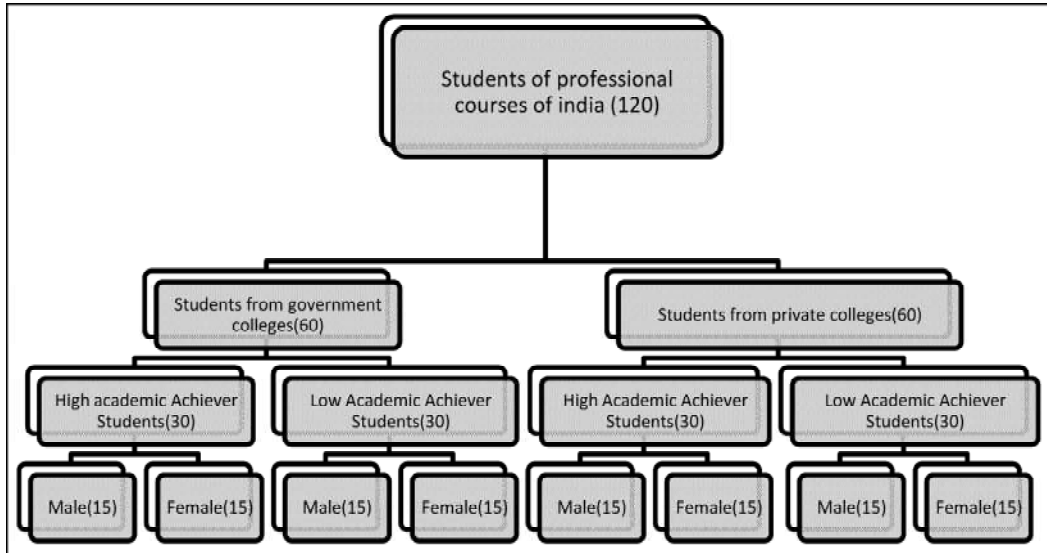
To test the influence of groups and for intergroup comparison t test has been used.

### SCOPE OF PAPER AND LIMITATIONS

The paper has a wide application but it is majorly applicable in higher education especially in professional education. The research is meant to access the perception of students about the entrepreneurship culture being promoted by multi layers channels nationally. It is applicable for students from different background.

However like other papers this paper also has limitations. The prime limitation is that it is limited to students of professional courses only. Other segments of students, youths etc have not been considered. The overall impact of gender has also not been calculated. Hence many aspects are yet to be explored.

**Analysis:** The data collected for study are classified as follow:



**Figure 1 : Data Structure**

SGHM(p) Students from government college high academic achiever males.	SGHF(q) Students from government college high academic achiever females.	SGLM(r) Students from government college low academic achiever males.	SGLF(s) Students from government college low academic achiever females.	SPHM(t) Students from private college high academic achiever males.	SPHF(u) Students from private college high academic achiever females	SPLM(v) Students from private college low academic achiever males	SPLF(w) Students from private college low academic achiever females
13	13	17	13	10	15	12	12
12	9	14	14	12	15	9	13
13	13	11	12	10	17	12	15
14	15	17	11	12	14	11	14
16	14	14	12	12	17	12	12
8	10	18	14	16	15	14	14
13	8	14	12	14	13	13	15
15	10	12	14	12	14	14	14
15	8	15	16	10	14	11	12
9	15	13	16	10	14	9	9
11	12	14	12	14	18	6	15
11	16	11	14	9	15	7	15
7	14	15	14	12	14	9	12
7	6	19	13	8	17	11	13
13	15	10	15	10	13	9	14

**Table 2 : Group Wise Score/Value for the Questions of Individual Respondent**

**\*High Academic Achiever:** Students achieved e— 60% marks or its equivalent in last Professional Examination

**Low Academic Achiever:** Students achieved < 60% marks or its equivalent in last Professional Examination

The obtained data have been analysed using 5 point likert scale. The range of score is 4-20. The average of scale is 12. The eight groups' total and average score is calculated as follows :

S. No	Groups	Total score	Average Score
1	SGHM(p)	177	11.8
2	SGHF(q)	188	12.53
3	SGLM(r)	214	14.26
4	SGLF(s)	202	13.46
5	SPHM(t)	171	11.40
6	SPHF(u)	205	15.00
7	SPLM(v)	159	10.06
8	SPLF(w)	199	13.26

Table 3

Comparing average scores of groups with average score of scale, we can draw a conclusion that except 3 groups namely SGHM, SPHM and SPLM all the groups are supporting the hypothesis that getting job is easier than establishment of an enterprise. From the gathered information if it is counted the total number of students preferred job alternatively acceptance of entrepreneurship then the result will be as follow.

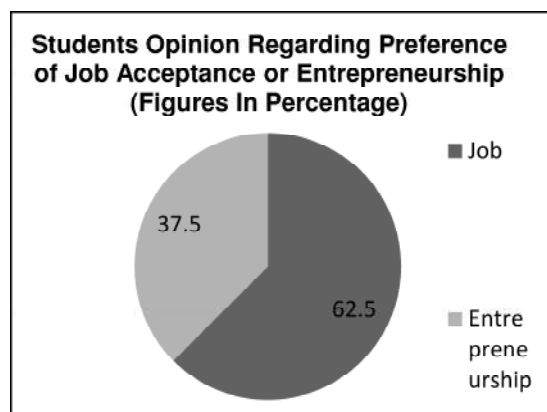


Figure 2

Test whether the opinion given by the respondents is unbiased or not?

Chi- square ( $\chi^2$ ) test is done for above.

$$\chi^2 = \sum (f_o - f_e)^2 / f_e.$$

Where  $f_o$  = Observed frequency;  $f_e$  = Expected frequency

The null hypothesis for this test is as follow:

$H_0$ : There is no difference of choice between entrepreneurship and procurement of job for the students of professional courses of India.

The obtained  $\chi^2 = 6.24$

Degree of freedom = 1

Table value of  $\chi^2 = 3.481$  (at 0.05 level) and 6.63 (at 0.01 level)

Since obtained chi-square is greater than the table value of chi at 0.05 level but lesser than the 0.01 level so the null hypothesis that there are no difference between entrepreneurship and procurement of job among students of professional courses of india is rejected with more than 95 percent of confidence. It mean that students of professional courses of India approve that getting job is easier than establishment of an enterprise.

Now, for assessing the characteristics of groups, intergroup comparison is required. For this, t test between different groups have been performed.

1. t – Test between high academic achiever male students from government college and high academic achiever male students from private college.

$H_0$ : There is no difference regarding procurement of job verses entrepreneurship among high academic achiever male students from government college and high academic achiever male students from private college.

The obtained t = 0.45

Degree of freedom (df) = (15-1)+(15-1)=28

Table value of t at df 28 = 2.05 (at 0.05 level) and 2.76(at 0.01 level)

Since obtained is lesser than the table value of t at both the level so null hypothesis is retained.

2. t – Test between high academic achiever female students from government college and high academic achiever female students from private college.

$H_0$ : There is no difference regarding procurement of job verses entrepreneurship among high academic achiever female students from government college and high academic achiever female students from private college.

The obtained t = 2.74

df = 28

Table value of t at df 28 = 2.05 (at 0.05 level) and 2.76(at 0.01 level)

Since obtained t is greater than the table value of t at 0.05 level but less than the

0.01 level so null hypothesis is being rejected with more than 95% of confidence.

3. t – Test between low academic achiever male students from government college and low academic achiever male students from private college.

$H_0$ : There is no difference regarding procurement of job verses entrepreneurship among low academic achiever male students from government college and low academic achiever male students from private college.

The obtained t = 4.56

df = 28

Table value of t at df 28 = 2.05 (at 0.05 level) and 2.76 (at 0.01 level)

Since obtained t is more than the table value of t at both the levels, so null hypothesis is rejected with more than 99% of confidence level.

4. t – Test between low academic achiever female students from government college and low academic achiever male students from private college.

$H_0$ : There is no difference regarding procurement of job verses entrepreneurship among low academic achiever female students from government college and low academic achiever female students from private college.

The obtained t = 0.37

df = 28

Table value of t at df 28 = 2.05 (at 0.05 level) and 2.76 (at 0.01 level)

Since obtained t is less than the table values of t so null hypothesis is retained.

## FINDINGS

The perception regarding entrepreneurship is still evolving among the students of professional courses. The mindset of getting job is still dominating. 62.5% of still think that getting job is easier than establishing an enterprise. Only 37.5% of the students feel that getting job is not easy in comparison to setting an enterprise. The inter group comparison show varying trend. High academic male students from government colleges and private college keep the identical view regarding entrepreneurship. Both the category disapproves the view that getting job is easier than establishing an enterprise. The female students with high academic achievement from government college sand private college are showing some differing trend. Though both of them approves that getting job is easier than establishing an enterprise but the girls from private college approves it with more confidence whereas girls from government college do the same with less confidence. They are having somewhere a mixed trend. There are another group of low academic achiever male students from government colleges and from private colleges reflecting different nature and characteristics. The first group that is low academic achiever students from government colleges approve that getting job is easier than establishing an enterprise but low academic achiever male students from private colleges disapproves the same hypothesis. Contrary to it, low academic achiever female students from government and private colleges exhibit identical trends. Both of them support the hypothesis that getting job is easier than establishing an enterprise.

## CONCLUSION

After analysis it is concluded that overall professional students prefer accepting job than opting for entrepreneurship as a carrier . But when group-wise analysis is done, this trend is changing. Some group of students namely high academic achiever male from government college, high academic students male from private colleges and low academic male students from private colleges are seen to be inclined towards entrepreneurship in comparison to job.

## RECOMMENDATIONS

Since entrepreneurship promotion campaign is going on nationally and there are reflection of increasing trends among some select group of students in favour of entrepreneurship there must be some more effort to promote it. Some special concessions for professionally groomed students in order to attract them in favour of entrepreneurship should be provided. There must be an emphasis on entrepreneurship in the syllabus of professional courses. In order to promote it more, awards for achievements in the field of entrepreneurial pursuit must be granted. Apart from these other relevant measures should be taken.

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**ANNEXURE : I**  
**Questionnaire**

**Questionnaire for survey**

Following are statements related to your choice, test and preference regarding job and entrepreneurship. Please go through the statements and tick out the alternative suiting you utmost. There is nothing like good or bad alternatives. The only important issue is that choose your alternative with utmost care as your response will assist policy makers in making policies for nation.

1. Getting job is easier than establishing an enterprise.

S. Agree	Agree	Neutral	Disagree	S. Disagree

2. Entrepreneurship Development is within control of individuals whereas procuring job is difficult.

S. Agree	Agree	Neutral	Disagree	S. Disagree

3. Students, after completion of professional courses, are offered a lots of easily available job opportunities making entrepreneurship a dull choice.

S. Agree	Agree	Neutral	Disagree	S. Disagree

4. Entrepreneurship as a career is opted by the students pursuing professional courses because of non availability of job.

S. Agree	Agree	Neutral	Disagree	S. Disagree



# Viability Assessment of Indian Power Sector

Sharadindu Bikash Majumdar\*, Dr Susmita Chatterjee\*\* & Dr Jadab Krishna Das\*\*\*

## ABSTRACT

*Power sector plays an important role for the economic growth and human development in a country. India, having the third largest economy in the world, with world's 18% population and rapid modernisation has enormous demand for the energy. The Government has taken up the mission "Power for All" which substantiates sustained huge demand for electricity in the coming years. For the welfare and improvement in the quality of life of approx. 1.3 billion people, with almost 240 million estimated with no electricity, the power sector has an immense growth potential. This study investigates the viability of the sector for which profitability of the sector has been examined. The panel regression method has been employed in this study, to determine the factors by which the profitability is measured. Analysis of the data for the period 1991-2017, of Indian power generation and supply companies reveals that the Capital Cost and Investment; - these two factors are statistically significant for the factor Profitability, whereas the Employee Cost and Advertisement Cost are found to be insignificant. The reason can be explained by the constitution of the power sectors in India. The domination of Public Sector Units (PSU-s) and State Owned Corporations in Indian power sectors, where permanent employees are being recruited without any linkage to profitability and viability, may be the primary reason in our present study. In this sector, awareness building through advertisements is also not practised due to absence of competition, in a regulated price framework. The study corroborates with the fact that the capital requirement and investment will help the industry to surge up.*

**Keywords:** Power sector, panel regression method, profitability and viability, capital requirement and investment

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## INTRODUCTION

India is the third largest producer and fourth largest consumer of electricity in the world, with the installed power capacity reaching 330,860.58 GW as of December 2017. The country also has the fifth largest installed capacity in the world (IBEF, 2018). While at the time of independence, the country had a power generation capacity of 1362 MW, the figure became 156784 MW in January 2010 (IEMR, 2017). The state sector accounts for a large share of installed capacity, followed by central and private sectors (IEMR, 2017). There is a tangible shift in policy focus on the sources of power. The government is keen on promotion of hydro, renewable and gas - based projects as well as adoption of clean coal technology. Declining solar power prices as

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compared to thermal power has encouraged the government to switch to the renewable energy resources.

Currently the country has net installed capacity of 6.78 GW, using nuclear fuels across 20 (twenty) reactors, out of which eighteen are Pressurised Heavy Water Reactors (PHWR) and remaining two are Boiling Water Reactors (BWR). NTPC is the largest thermal power producer in India and has also diversified into hydro power, coal mining, power equipment manufacturing, oil and gas exploration, power trading and distribution. Tata Power accounts for 52% of total generation capacity in the private sector, with significant presence in solar, hydro, wind and geothermal energy space. CESC Ltd. is a vertically integrated player engaged in coal mining and generation and distribution of power, owns and operates 3 thermal power plants generating 1125 MW of power viz. Budge Budge Generating Station (750 MW), Sothorn Generating Station (135 MW) and Titagarh Generating Station (240 MW). NHPC is the largest hydro power utility in India, with an installed capacity of 6.7 GW from 21 hydro power stations. Adani Power is one of India's largest private thermal power producers in Mundra, Gujarat. Power Grid Corporation of India Limited (PGCIL) is the single largest transmission utility in India, is responsible for planning, co-ordination, supervision and control over inter-state transmission systems. Damodar Valley Corporation (DVC) is engaged in power generation, distribution and transmission of electric power, irrigation and flood control (IBEF, 2018). Thus, the present study reveals that, Indian Power Sector, while set for strong growth aided by increased private sector participation, faces significant challenges also for the quantum jump in the capacity addition, required in the coming decades (IEMR, 2017).

## LITERATURE REVIEW

- As per (UNIDO, 2011), the profit of a business is expressed as difference between sales revenues and input costs; the greater the difference, the greater the profit margin. In the competitive markets, firms may have little control over their sales revenue, whereas in contrast, they have a greater control of their input cost like utility costs (energy and water), labour cost and raw material cost. Companies can realise significant profit margins by implementing energy efficiency by reducing both energy and material resources, when energy forms a large proportion of their input cost.
- Bikash Chandra Dash and Sangita (2011) examined the impact of authority improvements on efficiency, equity and service delivery in order to identifying the factors responsible for the success/failure of changes in the power sector in Orissa. It is found from their study that the success of modifications depends not on mere change of ownership from public to private. It depends on so many factors like to what extent the stakeholders involved in the process are benefited and how the institutions implement the policies in reality (Dash & Sangita, 2011).
- Ramachandra and Rao (2008) attempted to mitigate the problem of assessing the firm performance following an industry distress situation. Firm sales growth and profitability adjusted for industry values are linked to firm debt usage relative to industry values. The study has found that firms using higher debt/ liability compared to industry witness slower sales growth. This provides support to the hypothesis

that highly lifted firms become financially controlled during industry downturns. This forces them to reduce their market building expenditure such as R & D, advertising, distribution, pricing etc which reflects in their post-distress performance. A possible explanation for this could be that smaller firms get squeezed both on the sales front and on the expense front (Ramachandra & Rao, 2008).

- Nagarjunan and Barathwal (1989) found positive relationship between large size firms and profitability. He suggested that large firms would be in a position to take advantage of technical know-how and economies in manufacturing, marketing, supervision and in rising capital (Nagarjunan & Barathwal, 1989).
- Vijayakumar (2002) Examined in "Determinants of Profitability-A firm Level study of the sugar Industry of Tamil Nadu", researched into the various determinants of profitability viz., growth rate of sales, vertical integration and leverage. Apart from these three variables, he has selected current ratio, operating expenses to sales ratio and inventory turnover ratio. Econometric models were used to test the various hypotheses relating to profitability with other variables. The researcher noted in his conclusion that efficiency in inventory management and current assets (Capital Cost) are important to improve profitability (Vijayakumar, 2002).
- Vijayakumar A. (1998) has examined the determinants of corporate size, growth and profitability in the Indian industries. This study highlighted that the growth has been found to be significantly associated with profitability. To meet the objective of the study, Indian public sector industries were selected. The data relating to size, growth and profitability were collected from their annual reports published by the Bureau of Public Enterprise (BPE), Government of India. The study covers the period 1980-81 to 1995-96. The technique of average, correlation and linear and multiple regression analysis has been used in this study. Inter industry analysis reveals that the growth was positively and significantly associated with the size in all the industry groups except textiles (Vijayakumar, 1998).
- Vijayakumar and Kadirvelu (2003) studied the profitability and size of firm in Indian Minerals and Metals industry. Generally, it is suggested that the larger the firm may be in a position to earn a higher rate of return on its investment than the smaller similar firm. Thus, they find that some theoretical arguments suggest that profitability should increase with the firm size, others suggest a negative relationship. It is in view of these contradictory suggestions, that it become necessary to study the relationship between size and profitability of the firms. For this purpose, Indian public sector minerals and metals industry has been selected. The study reveals that size was found to be significantly associated with the profitability during the study period. It is also evident from the analysis that size was positively associated with the profitability. Thus, large firm may be in a position of earn higher rate of return on investment through diversification and moving into higher technology (Vijayakumar & Kadirvelu, 2003).
- B. M. Patel (1992) studied financial policies and practices of giant companies in India. He studied companies having total assets or total sales more than one hundred crores or more. He studied the policies of these companies with reference to fixed assets investment and working capital investment. He observed that

investment activities of the companies were mainly geared up to achieve the target of increase in ROI and growth of the firm (Patel, 1992).

## METHODOLOGY

### Data Collection

In order to conduct our research, the secondary data for the Indian Power Sector have been collected for the period 1991 to 2017 from the database of Capitaline (Capitaline). The unbalanced panel data prepared for the panel regression method and the firms included in the data set, as considered in this study, vary from year to year.

### Consideration of Variables or Factors:

From the database of Capitaline (Capitaline), data on Net Sales, Capital Cost, Employee Cost, Advertisement Cost, R&D Expenditure, Invested Capital for the power generation and distribution firms have been drawn/ extracted (for the period 1991 to 2017). Using these data, the following variables have been constructed for the econometric analysis:

Variable 1: Capital Employed i.e. Total Capital of the Firm

Variable 2: Advertisement Intensity i.e. Total Advertisement Expenditure to Net Sales

Variable 3: Total Debt Loan Funds i.e. Representative for Liability& finally,

Variable 4: Employee Cost i.e. Total Expenditure on Employment

### Software Used:

STATA, Version 12.0.

## RESULTS & DISCUSSIONS

Explanatory Variable	Parameter Estimate	P value
Capital Employed	.150272	.000
Advertisement Intensity	-1.388799	.275
Total Debt Loan Funds	-.1148173	.000
Employee Cost	-.3458889	.110

**Table1 : Table representing Econometric Analysis (Outcome of STATA Software)**

The results of the random effect panel regression analysis are presented in Table 1. As mentioned earlier, the data used for regression analysis relate to the period 1991 to 2017 i.e. 27 years. Data for 519 firms/ companies have been used in the present study.

For only about 20% of the firms, data are available for the full period (1991 to 2017) under study. This explains why the **number of observations** is 1624, when the number of firms considered i.e. **number of groups** is 297 and the period covered is 27 years.

A significant positive effect is found for the capital employed. The total debt loan funds have a significant negative coefficient. Such a relationship between profitability

and total debt loan funds is expected, since the total debt loan fund is liability to the fund and as the liability increases, the profitability also decreases.

In case of advertisement intensity and employee cost, both are found to be insignificant in order to determine the profitability. The regulated structure of the power industries is the cause of such an outcome and employee cost also can't be curbed in accordance to fall in profitability.

## **CONCLUSION**

The present study reveals about the structure of the Power Sector in India. Since the Indian Power Industry is mainly constituted by Public Enterprises and State Corporations in majority and the regulatory authority being the Government, the recruitment of the permanent employee or the layoff of any incompatible employee will not vary with different profitability situations of the industry. Here, the corporate advertisement is not important since power sector operates in a price regulatory framework, which is competitive in nature. The controlled environment for Indian Power Sector, leads to a more or less competitive framework.

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# E-Banking-Its Challenges in the Indian Banking System

Abhishek Bhattacharjee\* & Anindya Saha\*\*

## ABSTRACT

*For the last couple of years, E-banking becomes one of the most important channels for providing banking services to the customers on a worldwide basis. E-Banking is entirely dependent on technology. E-banking, nowadays, is gaining popularity among Indian banking industries, despite the lack of technological infrastructure in India. People in India are less aware than the average regarding the usage of e-banking procedure, because of the lower penetration level of internet activities in India. This paper mainly analyzes the different aspects of challenges of e-banking, faced by the Indian citizens. Our study is based on secondary data like reports, journals etc. This paper also covers the different components of E-banking e.g. internet banking, RTGS, NEFT etc.*

**Keywords :** E-banking, Internet banking, RTGS

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## INTRODUCTION

Modern Indian Banking concepts, initiated by the then rulers, lead to the establishment of Banks in India with the Bank of Bengal (1806), Bank of Bombay (1840) and Bank of Madras (1843). These banks were also known as "Presidency Banks". In 1860, the concept of limited liability was introduced in banking industry. These "Presidency Banks" were allowed to issue notes to a limited extent, but this right was taken over by the government in 1862. In view of limited liability, several joint stock banks, established during 1860 to 1900, were:

- Allahabad Bank Ltd
- The Alliance Bank of Simla Ltd.
- The Oudh Bank Ltd
- The Punjab National Bank Ltd.

Thus by the end of the 19<sup>th</sup> century, there were three distinct classes of banks in India:

- Presidency Banks, numbering 3 [three]
- Joint Stock Banks, numbering 9 [Nine]
- Exchange Banks or Foreign Banks

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In 1921, these three Presidency Banks were merged to form the Imperial Bank of India. In 1955, the “State Bank of India Act, 1955” was passed and the Imperial Bank of India was renamed as State Bank of India. On the eve of independence in August 1947, there were six hundred forty eight commercial banks. Again, the year 1969 was a landmark in the history of commercial banks of the country and Bank Nationalization Act was mooted. In April 1980, government nationalized six more commercial banks. In Indian Banking sector, reforms started since 1991. Prior to that, role of technology was minimal and the quality of service was not given adequate importance. Two phased reforms implemented subsequent release of two reports:

- First, “Report of the Committee on Financial System”, (Chairman : M Narasimham), 1992 (or Narasimham Committee-I)
- Second, “Report on the Committee on Banking Sector Reforms”, (Chairman : M Narasimham), 1998 or (Narasimham Committee-II)

With core reform systems, RBI was gearing up to upgrade as a Regulator and Supervisor of the technology dominated financial system. In 1998, it availed the technical assistance from Department for International Development (DFID), UK for upgrading its supervisory system and adaptation of the supervisory functions to the computerized environment.

In February 1998, RBI issued guidelines on “risk and control in computer and telecommunication system”, which guided all electronic banking system. It also stated that, Virtual Banks, having no offices and functioning only online, were not permitted to offer E- banking services in India. Banks licensed under the Banking Regulation Act, and having a physical presence, only would be allowed. In 2001, RBI, constituted Working Group on Internet Banking (Chairman: S.R.Mittal). The Group had focused on three major areas of I-Banking, i.e.

- Technology and Security Issues
- Legal Issue
- Regulatory Supervisory Issues

RBI has accepted the recommendations of the Group to be implemented in a phased manner. Future development of Banking and Financial Services Industry is fully dependent on the new Information Technology .The driving forces behind the rapid transformation of banks are the radical changes in the economic environment:

- Innovations in information technology
- Innovations in financial products
- Liberalisation and consolidation of financial markets
- De-regulation of financial inter mediations

In India, on-line banking has been around for quite a few years since 1980. The good old manual systems, on which Indian Banking depended upon for centuries, seem to have no place today. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives, to facilitate the development of e-banking in India, have



been taken by the Government of India as well as the RBI. The Government of India enacted the IT Act, effective from October 17, 2000, providing legal recognition to electronic transactions and other means of e-commerce. The last decade has seen a profuse growth in internet banking transactions. Several pieces of legislation have also been introduced in this area. Though it began in the 1980s, it was only in the mid-nineties that e-banking really caught on. What attracts customers to e-banking is the 24x7 availability and ease of transactions. The RBI is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability. A high level Committee under chairmanship of Dr. K.C.Chakrabarty and members from IIT, IIM, IDRBT, Banks and the RBI prepared the "IT Vision Document- 2011-17", for the RBI and banks which provide an indicative road map for enhanced usage of IT in the banking sector.

### **OBJECTIVE**

The main objective of this study is to find out the effects of e-banking related activities, available in India, on the overall Indian banking industry. For the last couple of years, Indian banking sector is going through a significant transition. Information technology has been incorporated almost in every single type of activities of banking industry. This change has both good as well as bad effects. This study tried to focus on the trade-off between these two. The study has following objectives:

1. To find out the various components of e-banking, available in India
2. To identify challenges in the implementation of I.T. solutions in the Indian banking sector
3. To measure the effects of electronic banking over the traditional mode of banking.
4. Understanding different aspects of e-banking
5. To examine the current flow of e-banking in India

### **LITERATURE REVIEW**

At International and National level, various theoretical and empirical studies have been conducted to analyze the impact of e-Banking on customers, service quality and payment system being the major area of study of different scholars.

Jamaluddin (2013) stated that at present, India is an emerging market of e-Banking. It has reviewed different areas of e-banking with potential growth in India. Chavan (2012) has reviewed the different challenging area of e-banking. It has identified that here the customers' satisfaction level is high. Al-smadi (2012) carried out research to identify the perceived usefulness and case on customers' attitude towards e-banking. Awareness building has been the focus area, through long-term customer service and advertising. Karimzadeh and Alam (2012) concluded that though after more than one decade of different kind of e-services being adopted by banks in India, some local socio-cultural aspects do pose significant challenge other than knowledge, economic and infrastructural barriers. Kumbhar (2012) found that proposed dimensions of eBankQual Scale are reliable and having appropriate consistency to measure service

quality and customer satisfaction in e-banking. Datta and Dixit (2010) found that level of trust must be increased between bank's website and customer's awareness is to be developed and it has also been pointed out that it is being used by the upper-income-group professionals, more than 35 years. Casalo, Flavian, Guinaliu (2008) carried on research to develop customer loyalty and positive Word-of-Mouth in e-Banking. It has also identified the ease-of-use in website development and needs of services offered by online customers.

### **Electronic banking concept**

According to Chavan (2013), Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone banking. PC banking and Internet or online banking are the most frequently used designations. According to "A Survey of Electronic Cash, Electronic Banking and Internet Gaming", it should be noted that the terms used to describe the various types of electronic banking are often used interchangeably. The definition of electronic banking used in this study is adopted from the Basel committee report which defined it the provision of retail and small value banking products and services through electronic channels as well as a large value electronic payment and other wholesale banking services which are delivered electronically. Such products and services can include deposit taking, lending, account management, the provision of financial device, electronic bill payment, and the provision for other products and services such as electronic money.

Indian banks offer to their customers following e-banking products and services:

- Automated Teller Machines (ATMs)
- Internet Banking
- Mobile Banking
- Phone Banking
- Tele banking
- Electronic Clearing Services
- Electronic Clearing Cards
- Smart Cards
- Door Step Banking
- Electronic Fund Transfer
- Data warehousing, Operational interpretation for MIS as well as Customer Relationship Management

The three broad facilitative services that e banking offers are

- Convenience- Complete your banking at your convenience in the comfort of your home.
- No more Queues- There are no queues at an online bank.
- 24×7 service- Bank online services are provided 24 hours a day, 7 days a week and 52 weeks a year.

**Effectiveness in banking system is.**

1. The operating cost per unit services is lower for the banks
2. It offers convenience to customers as they are not required to go to the bank's premises
3. There is very low incidence of errors.
4. The customer can obtain funds at any time from ATM machines
5. The credit cards and debit cards enable the Customers to obtain discounts from retail outlets
6. The customer can easily transfer the funds from one place to another place electronically
7. Provides competitive advantage for banks
8. Work Pressure on different branches gets reduced as the system is functioning through centralised base system.

**Benefits of e banking**

Banker's Perspectives:

- Enhancement of better brand image, and those banks would be perceived as leaders in technology implementation.
- Automated e-banking services offer a perfect opportunity for maximizing profits, through cost saving strategy to reduce paper works and human resource involvement.
- It helps in expanding market share
- Increase customer satisfaction and hence alleviate retention level.

**Customer's Perspectives**

- Time saving and increased comfort, without requiring the physical transaction in bank.
- Cash Management can be done more effectively which facilitates speed of cash cycle and increases efficiency in business process.
- Continuous access to information very easily.
- Multiple accounts can be handles within a fraction of time.
- With speed and ease, banks located anywhere in the world can conduct activities.
- Electronic fund transfers, including small payments, corporate cash management system, retail management, publicly accessible machines for currency withdrawal can be done with great ease.

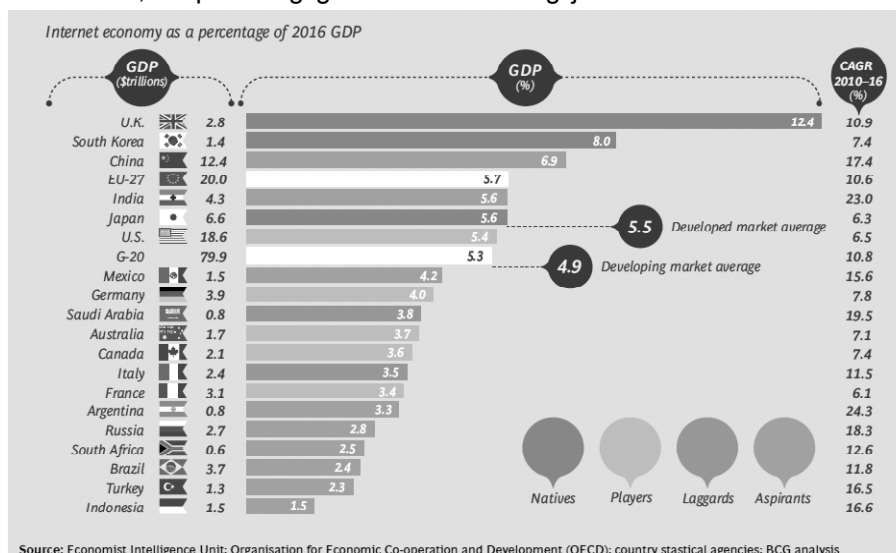
**Challenges of e-banking**

According to Jamaluddin (2013), E-banking in India, though gaining a very fast market share, has been found facing quite a few challenges in the process of stability. Security concerns, being the major set-back, help in delimiting the trustworthy factor in the minds of the users. Most of the customers prefer face - to-face interaction, to avoid any ambiguity.

Another important factor, hindering the growth, is the lack of awareness among most of the customers. People generally have the tendency to adhere to changes. So, basically to adapt to a new environment and not having proper awareness they tend not to participate in e-banking. India is a developing nation and its significant population structure resides in rural part. Rural India is having a very negligible amount of technology penetration. Over and above many of the rural Indians are illiterate. Mainly e-banking features, like ATM, ECS, I-Banking or M-Banking, need at least some basic literacy to operate the process. So, these major sector of population in rural India, delimit themselves from the usage of e-banking. Cross border operational supervision is also an important area. Since due to low cost transaction, bulk amount of transactions occur to achieve economies of scale. So, International Security Bodies should be in high alert, so that no crimes may occur in this regard and if anything happens, it can be resolved quickly. For using I-Banking, users need to have thorough access of computer and internet. It sometimes becomes impossible to have a good speed of internet connection otherwise connection will break and the transaction would not be completed. Knowledge of the Customer service personnel is also sometimes not up to the mark, causing a major setback to the I-Banking. Risk of website security, hacking of personal information, avenues of spreading malicious virus and other codes and loss due to some cyber fraud are also affecting the mindset of the consumers. Sometimes technical failure to make payment to 3rd party leads to reputation risks.

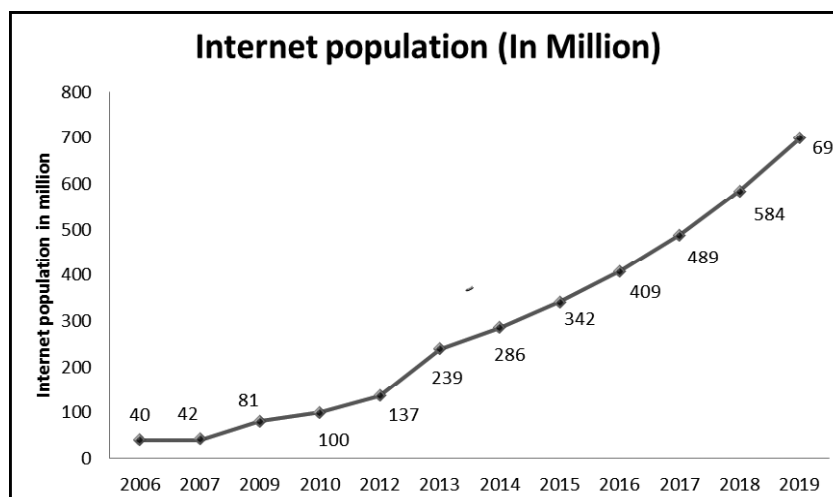
### Internet and its role

In 1985, first domain for internet was registered. Ever since that time, it kept on increasing in size, reach, use and impact. It has embedded itself into the daily life with indispensability. As per The Boston Consulting Growth Report (2013), in 2017, there are 3.47 billion internet users globally. The Internet economy will reach \$5.2 trillion in the G-20 economies. The Internet will be contributing up to 15 % of GDP in some economies, empowering growth and creating jobs.



**Fig. 1 : Internet Economy As A Percentage of 2016 GDP:**

The Internet Economy accounts for 5.3% of GDP in the G-20 Countries in 2016. Developing G-20 countries already have 800 million internet users, more than all the Developed G-20 countries. Social networking reaches about 80% of users in developed and developing economies alike. Mobile devices—smart phones and tablets, will account for 4 out of 5 broadband connections by 2017. Overall internet economy of G-20 will nearly double between 2010 and 2016, when it will employ 32 million more people than it does today.



**Fig. 2 : India's Internet Population**

### **Main concerns in internet banking**

A multi-layered security architecture comprising firewalls, filtering routers, encryption and digital certification ensures that your account information is protected from unauthorized access. Firewalls and filtering routers ensure that only the legitimate Internet users are allowed to access the system. Encryption techniques used by the bank (including the sophisticated public key encryption) would ensure that privacy of data flowing between the browser and the Infinity system is protected. Digital certification procedures provide the assurance that the data you receive is from the Infinity system (Shukla & Shukla, 2011, p. 24).

### **METHODOLOGY**

Our study is mainly based on secondary data; collected from various journals, magazines, research articles. Recent reports of RBI, different issues of Indian Banks Association, publications from FICCI are also being referred for this study. Additional but important information are taken out from a variety of documents of various public sector banks. Moreover, a group of people are also being contacted who usually have strong opinion regarding the subject of our study i.e. e-banking.

Those people are categorized into three types: -

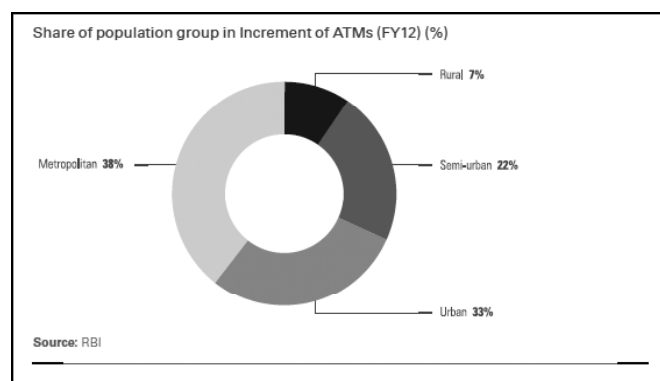
- i) Who do not engage in any type of e-banking related activities
- ii) Who only do the preliminary type of e-banking activities i.e. checking their

bank account online etc? But they do not involve any kind of monetary transaction over internet.

iii) Who engage in extensive online transactions from their bank account

### ANALYSIS

Nowadays, as because people do not have enough time to visit bank for their banking activities, they go to ATMs for the same purpose. Today ATMs of most of the private banks are equipped with different kinds of transactional facilities. And as number of ATM of a particular bank is more than that of its branch so, people find it convenient to go to ATM for their banking activities. Mainly for this growing popularity of ATMs, all banks are suggested to submit a quarterly report on ATM transactions to their Board of Directors. The report indicates that whether there is any rejection of services by the ATM to the customers, reasons for it and necessary measures taken for non-occurrence of those again. Banks are also advised to inform RBI for further developments in this regard. In order to increase the penetration level of ATM in the country, from June 2012, RBI had allowed the non-bank entities to enter into the ATM operation. These are called White Label ATMs (WLA). 12 entities had been granted approval in this regard. It will improve the delivery of customer services.



**Fig. 3 : Share of Population Group in Increment of ATMs**

Since its introduction in March 2004 in India, RTGS system registered a very slow growth rate. But gradually it started gaining popularity among the various banks in India. From 2006 to 2010, RTGS system listed out 72 fold increase in the transaction volumes with an average annual growth rate of 146 per cent. According to a report of The Central Board of Directors, RTGS volume touched 0.43 million transactions during March 2013. Because of its ever increasing popularity in India, RBI is replacing the existing RTGS with NG-RTGS- having new features and functions.

Item	Volume (million)			Value (₹ billion)		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
1	2	3	4	5	6	7
<b>Systemically Important Financial Market Infrastructures (SIFMIs)</b>						
1. RTGS	92.8	98.3	107.8	754,032	824,578	981,904
<b>Total Financial Markets Clearing (2+3+4)</b>	<b>3.0</b>	<b>3.1</b>	<b>3.7</b>	<b>752,000</b>	<b>807,370</b>	<b>1,056,173</b>
2. CBLO	0.2	0.2	0.2	167,646	178,335	229,528
3. Government Securities Clearing	1.1	1.0	1.5	258,917	269,778	404,389
4. Forex Clearing	1.7	1.9	1.9	325,438	359,257	422,256
<b>Total SIFMIs (1 to 4)</b>	<b>95.8</b>	<b>101.4</b>	<b>111.5</b>	<b>1,506,033</b>	<b>1,631,948</b>	<b>2,038,077</b>
<b>Retail Payments</b>						
<b>Total Paper Clearing (5+6+7)</b>	<b>1,196.5</b>	<b>1,096.4</b>	<b>1,206.7</b>	<b>85,434</b>	<b>81,861</b>	<b>80,958</b>
5. CTS	964.9	958.4	1,111.9	66,770	69,889	74,035
6. MICR Clearing	22.4	0.0	0.0	1,850	0	0
7. Non-MICR Clearing	209.2	138.0	94.8	16,814	11,972	6,923
<b>Total Retail Electronic Clearing (8+9+10+11+12)</b>	<b>1,687.4</b>	<b>3,141.5</b>	<b>4,205.0</b>	<b>65,366</b>	<b>91,408</b>	<b>132,255</b>
8. ECS DR	226.0	224.8	8.8	1,740	1,652	39
9. ECS CR	115.3	39.0	10.1	2,019	1,059	144
10. NEFT	927.5	1,252.9	1,622.1	59,804	83,273	120,040
11. Immediate Payment Service (IMPS)	78.4	220.8	506.7	582	1,622	4,116
12. National Automated Clearing House (NACH)	340.2	1,404.1	2,057.3	1,221	3,802	7,916
<b>Total Card Payments (13+14+15)</b>	<b>1,737.7</b>	<b>2,707.3</b>	<b>5,450.1</b>	<b>3,326</b>	<b>4,483</b>	<b>7,421</b>
13. Credit Cards	615.1	785.7	1,087.1	1,899	2,407	3,284
14. Debit Cards	808.1	1,173.6	2,399.3	1,213	1,589	3,299
15. Prepaid Payment Instruments (PPIs)	314.5	748.0	1,963.7	213	488	838
<b>Total Retail Payments (5 to 15)</b>	<b>4,621.6</b>	<b>6,945.2</b>	<b>10,861.7</b>	<b>154,126</b>	<b>177,752</b>	<b>220,634</b>
<b>Grand Total (1 to 15)</b>	<b>4,717.4</b>	<b>7,046.6</b>	<b>10,973.2</b>	<b>1,660,158</b>	<b>1,809,701</b>	<b>2,258,711</b>

**Fig. 4 : Payment System Indicators- Annual Turnover**

The latest round of I-Cube, a research conducted by IMAI and IMRB International in June 2013, indicated that the Internet usage in India had gone up with more and more Internet Users using the Internet on a regular basis. In June 2013, India had 190 Million Internet Users. Of this, 130 Million belonged to Urban India and the rest 60 Million were from Rural India. In October, the number of internet users reached 205 Million and was estimated to reach 213 Million by December 2013. The number of internet users in urban India was 137 Million in October 2013 and was estimated to touch 141 Million by December 2013. In Rural India, there were 68 Million Internet users in October 2013 and was estimated to touch 72 Million by December 2013. A report, prepared by Internet and Mobile Association of India (IMAI), indicated that almost 23% of online users in India favour internet banking as a preferred banking channel.

Bankwise number of mobile banking transactions during December 2015		
Bank	No. of transactions	Value of transactions
State Bank of India	15,183,778	1,76,360,419
ICICI Bank	7,001,721	1,05,772,562
Axis Bank	6,028,436	62,678,529
HDFC Bank	3,913,278	87,168,948
Kotak Mahindra Bank	1,700,472	23,248,260
Canara Bank	6,87,099	3,964,850
YES Bank	5,96,699	3,124,548
Bank of Baroda	5,73,786	2,241,224
Citibank	5,71,462	6,763,207
Union Bank of India	5,68,990	3,918,494
<b>Total</b>	<b>36,825,721</b>	<b>4,75,241,041</b>

Source: Reserve Bank of India

**Fig. 5 : Mobile Banking Transactions For Banks in 2015**

Digital signature is not a very recent concept but in India, its usage is new. It is an electronic signature which validates the identity of the sender of the messages. It also confirms that the content of the document, which has been sent, is unchanged. Digitally signed document carries the consent of the sender which, in other way round, means the sender cannot disregard the sent document. Digital signature now can be used in opening up of various types of bank accounts. By doing so, customer as well as bank executive's time will be saved. They do not need to travel for opening of the accounts. From an organization's point of view, time saving will ultimately lead to cost reduction. The whole process will be hassle free as because there will be less amount of paper work in this regard.

The current cloud services for banks, e.g. cloud-based e-invoicing, cloud-based back-end computing etc., provide enhanced productivity by real time collaboration and complete virtualization. It focuses on better customer relation, helps the banks to retain customers and attract new customers. The banks can use cloud to reduce the time taken for rolling out new applications. But one of the main benefits that cloud can offer in short run is lowering costs. The advancement of the cloud gives the all kinds of businesses the opportunity to reduce the amount of money they spend on hardware, software and associated infrastructure. Apart from the large organizations, small organizations have the maximum amount of gains. They can simply subscribe the advanced cloud-based IT services without investing money on developing IT infrastructure.



Internet-based cloud IT solutions provide not only enormous cost reduction in infrastructure and operating expenditure, but also enable flexibility, agility and ability to scale up or down as per the needs of a business and its affordability.

New Revolution has occurred in yet another area of our old postal system. Core Banking System (CBS) will be implemented across India Post covering all the post offices. Core Banking will improve customer services by providing services through alternate channels on 24x7 bases – ATM, Internet, Phone, SMS and Mobile Banking. India's first Post Office Savings Bank ATM was installed in Chennai, February 2014. Postal Department has a target of opening 1,000 post office savings bank ATMs in India in 2014 and another 1800 will be by 2015. Indian Postal Department has a network of 1.5 lakh locations across India. By June 2015, they are planning to have 26,840 operational post offices under Core Banking System.

## **CONCLUSION**

In India, one of the major factors for resisting growth of e-banking is the lack of awareness. Many people in India, mainly of the rural areas, do not have the adequate knowledge regarding the operation of e-banking. Firstly, they have a very low level of knowledge on the functioning of computers. As they are not so technology friendly, they usually try to avoid using technology related services. Secondly, in most of the cases of availing e-banking services, English is the prime language, which is again a barrier for the rural people. From our study, it can be recommended that biometric facility or voice sensitivity system can be installed in the ATMs. Another factor for resisting growth of e-banking in India is the concern over security. That is why few Indian banks have planned to use digital signature for their online financial transaction. It shows the authenticity and reliability of the sent document and the sender. Some banks are using cloud based services for their daily operation which is easy and convenient.

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