



**A CASE STUDY ON BRAND IMAGE WITH REFERENCE TO LUXURY CARS
PERSPECTIVE TO INTERNATIONAL SCENARIO**

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ABSTRACT

The true meaning of Brand Image is the general impression of a product held by real or potential customers/consumers. The impression in the consumers mind of a brand's total personality (real and imaginary qualities and short comings). Brand image is developed over time through advertising campaigns with a consistent theme and it's authenticated through the consumer's direct experience. This work is aimed to analyze the importance of brand image and brand identity in consumer behavior of luxury cars in abroad.

The study is restricted to U.K. and the customers opinions are gathered through structured questionnaires which was collected by online survey (approached and got response through E-mails). The sample size is restricted to 100 respondents. The period of survey is September-October 2015 but the ground work and analyzing the market was done lively during April 2013 to January 2015.

Key words:- Brand Image, Brand Identity, Consumer Behavior, Loyalty, Business Markets.

I. INTRODUCTION

Branding research has largely focused on consumer goods markets and only recently the attention has been given to business markets. In many business markets the company's reputation has a strong influence on buying decisions which may differ from the more specific product related influence of the brand's image.

II. OBJECTIVES



- 1) The main objective is to investigate brand image and brand awareness from the perspective of luxury cars.
- 2) To study about the Brand image/Brand Loyalty on the perceptions of the customers.
- 3) To study the impact of demographic data to predict brand loyalty.
- 4) To study the impact of market place's influence on customer loyalty.

III. SCOPE

In this paper we investigate the differences by testing the hypothesis about the influences of brand image and company reputation on customers' perceptions of product and service quality, customer, value and customer loyalty in a business market where there are many manufacturers marketing their brands directly to a large number of small firms. The results indicate that the brand's image has a more specific influence on the, customers perceptions of product and service quality while the company's reputation has a broader influence on perceptions of customer value and customer loyalty.

IV. LIMITATIONS

- 1) The study is restricted to Buckinghamshire, London, U.K.
- 2) The study is purely based on the sample and hence cannot be generalized.
- 3) The study is based on the data collected between September - October, 2015.

V. PURPOSE OF STUDY

- 1) The purpose of study is to identify the end users, influencers in the process of brand loyalty, and brand image. Also to identify the influence of other factors and the frequency of brand image in the process of buying an branded product(luxury car).
- 2) To study the seasonal and cyclical variations affecting the brand image.

A. Hypothesis

- 1) There is a positive relationship between brand image, brand loyalty and customer satisfaction.



2) There is a positive relationship between brand image benefits and overall satisfaction of customers.

3) There is a positive relationship between overall satisfaction and loyalty intention.

B. Sample Design

A simple non-probabilistic convenience sampling method was used to understand the brand image. The overall sample size for the study is 100 respondents from London, U.K.

The sample has been listed on the basis of following elements:-

- Education
- Occupation
- Sex
- Age
- Income

C. Data Collection Method and Sources Of Data

The study is based on the structured questionnaire designed and administered, for the customers using luxury(branded cars) in London, U.K.

Both primary and secondary data is collected.

Primary Data:- From the respondents using branded luxury cars in U.K.

Secondary Data:- Organizations past records, text books, journals, websites, latest publications, research abstracts and thesis.

VI. REVIEW OF LITERATURE

According to Hsieh, Pan, and section(2004), "a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that case the consumers will purchase the brand" (p252). A company or its product/services which constantly holds a favorable image by the public, would definitely gain a better position in the market, sustainable competitive advantage, and increase market share or performance (Park, Jaworski and Macinnis, 1986). In addition, several



empirical findings have confirmed that a favorable image (i.e. brand, store/retail) will lead to loyalty (eg. Koo, 2003; Kandampully and Suhartanto, 2000; Nguyen and Leblanc, 1988), brand equity (fair cloth, Capella, and Alford, 2001; Biel, 1992; Aaker, 1991; Keller, 1993), purchase behavior (Hsieh et al., 2004) and brand performance (Rath, 1995).

Zooming into Keller's(1993) conceptualization of brand image, it is considered a perception about a brand as reflected by the brand associations held in consumers' memory. He suggested that "brand associations" comprise of brand attributes, brand benefits, and overall brand attitudes.

Keller(1993) described that this image benefits can be classified into functional, experiential and symbolic benefits, which was originally derived from the work of Park et al.(1986).

Here, the functional benefits are related to the intrinsic advantages of product or services consumption and usually correspond to the product related attributes. For example, experiential benefits refer to "what it felt like to use the product or services and usually correspond to the product related attributes", while symbolic benefits were associated with the underlying needs for social approval or personal expression and outer-directed self-esteem and basically corresponded to non-product related attributes.

VII. DATA ANALYSIS AND INTERPRETATION

Table 1. Statement showing the branded luxury cars bought by the respondents

| S. No | Brand of the Car | Percentage of Respondents bought |
|-------|------------------|----------------------------------|
| 1 | Audi | 10% |
| 2 | Jaguar | 13% |
| 3 | BMW | 30% |
| 4 | Porsche | 3% |
| 5 | Ferrari | 8% |
| 6 | Rolls Royce | 1% |
| 7 | Aston Martin | 10% |
| 8 | Bentley | 15% |
| 9 | Mini | 10% |
| | Total | 100% |



Table 2. Statement Showing the interest/care about using branded cars

| S. No. | Interest/Care | Percentage of Respondents |
|--------|---------------|---------------------------|
| 1 | Slightly | 25% |
| 2 | Strongly | 50% |
| 3 | Not much | 15% |
| 4 | Never | 10% |
| | Total | 100% |

Table 3. Statement Showing the Brand Positioning in relation to Luxury Cars

| S. No. | Position | Branded Car |
|--------|----------|-------------|
| 1 | 1st | BMW |
| 2 | 2nd | Bentley |
| 3 | 3rd | Jaguar |
| 4 | 4th | Mini |

Table 4. Statement Showing the period of usage of the Branded Cars

| S. No. | Period of Usage | Percentage of Respondents |
|--------|-------------------|---------------------------|
| 1 | Less than a Week | 5% |
| 2 | Less than an Year | 25% |
| 3 | 1-3 Years | 50% |
| 4 | 3-5 Years | 20% |
| | Total | 100% |

Table 5. Statement showing the level of satisfaction on after sales services of branded luxury cars

| S. No | Satisfied with the services | Percentage of the Respondents |
|-------|-----------------------------|-------------------------------|
| 1 | Yes | 70% |
| 2 | No | 10% |
| 3 | Not always | 20% |
| | Total | 100% |

Table 6. Statement showing the motivational factors influencing the purchase of branded cars



| S. No. | Motivational Factors | Percentage of the respondents |
|--------|----------------------|-------------------------------|
| 1 | Quality | 30% |
| 2 | Style | 40% |
| 3 | Comfort | 25% |
| 4 | Price | 4% |
| 5 | Other Factors | 1% |
| | Total | 100% |

Table 7. Statement showing the influence of demographic factors on the purchase of branded cars

| S. No. | Demographic factors | Percentage of respondents |
|--------|--------------------------|---------------------------|
| 1 | Age | 20% |
| 2 | Sex | 25% |
| 3 | Income | 40% |
| 4 | Education | 5% |
| 5 | Profession/Social status | 10% |
| | Total | 100% |

VIII. FINDINGS

- 1) It is found that the most commonly used car is U.K. is BMW and then Jaguar.
- 2) It is found that most of the customers strongly show interest in buying a branded car.
- 3) It is found that BMW is at first position in branded cars and the next place is backed by Bentley.
- 4) It is observed that the maximum respondents are in the category of 1-3 years in the period of usage of the current brand the acquired.
- 5) Nearly 70% of the customers are satisfied with the after sales services provided by the luxury car brands.
- 6) The major factor in buying the luxury branded cars is style and then comes quality.



7) It is found that the major demographic factor influencing the purchases of the branded cars is the income of the respondent.

IX. SUGGESTIONS

- 1) The manufacturers of the branded luxury cars should focus more on the advertising strategies to attract new customers and at the same time they should focus on the existing customers not to move from their brand by satisfying the customers needs from time to time.
- 2) There must be continuous RD programs to be undertaken by the entrepreneurs in accordance to the whims and fancies of the customers.
- 3) Producers should focus more on the vital demographic factors like Income and Age of the respondent which are the dominant factors which influence in buying the branded cars.
- 4) The loyalty of the customer depends on the market place also, so the new brands should be introduced in the markets where there is plenty of growth and no recession.

X. CONCLUSION

I have found from my study on the branded luxury cars that the market for luxury cars is more and they give preference for the brands and brand image is the vital factor for the purchase of the car. The above study shows that the respondents are much aware of the brands available in the market and they are eager to know about the new entrants and many of the respondents prefer to go for the latest models in their favorite brands. Customers are also making a point that the after sales service is also the major criteria for the purchase of a branded car and they also act as advertisers for their favorite brands in their peer groups and contribute towards brand image and brand loyalty.

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THE MARKETING CHALLENGES OF GROUNDNUT OIL SEEDS IN INDIA

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ABSTRACT

The paper examines the way in which the agricultural marketing system acted as a mechanism for transferring resources out of the rural economy in India over the period 1980 to 2010. Trends in the relationship between producer prices and sales prices of marketed crops are analysed to generate an estimate of gross resource transfers from groundnuts to the state. The analysis also identifies the major forces, both internal and external to state marketing institutions, which resulted in a deterioration in the economic efficiency of agricultural marketing and a concomitant steep decline in real returns to marketed agricultural production. India imports about half of its domestic consumption needs of edible oils. Groundnuts are a major source of edible oils in India. One of the central problems of groundnut production and processing is huge inefficiencies due to an uncertain production environment owing to rainfed cultivation, the low resource base of smallholder farmers and processors, and the low adoption rates of improved technology. This paper addresses critical issues that impair the groundnut sector's international competitiveness and efficiency. The paper uses primary data collected from Indian farmers and processors of groundnuts to measure efficiency.

Key words : Marketing. Groundnuts. Production. Domestic consumption.

I. INTRODUCTION

India's oilseeds sector has passed through several phases since 2000.the huge increase in the imports and little increase per capita consumption of groundnuts were the serious drain in the foreign exchange . The export needs the vigorous efforts like the technology mission on oilseeds and the market intervention operations of NDDDB were increased the domestic production of oil



seeds there are measure to attain the self sufficiency in the oil make the straighten by making and keeping checking on imports and exports. There are measures to attain the economic environment and started rising again from 1995.the real price of the groundnut oil is stared reducing the current situation in India has emerged as the largest importer of oil seeds. this growing import depends and stagnation in domestic oil seeds production in recent years is often attributed to the oil trade liberalization in the future. there is concern about the adverse impact on the producers the order to frame further policies for the sector we need to look at demand and supply to analyze the entire complex of covering the oil seeds .oil. and other products of oil.

II. METHODOLOGY

The primary methodology used to cover the study about the oil markets of Indi's and also challenges facing in India

III. OPPORTUNITIES AND CHALLENGES OF GROUNDNUTS

Groundnuts are a popular source of food throughout the world, including South Africa. In many countries groundnuts are consumed as peanut butter or crushed and used for the groundnut oil or simply consumed as a confectionary snack roasted, salted or in sweets. In other parts of the world they are boiled, either in the shell or unshelled. Groundnuts are produced in the tropical and subtropical regions of the world, on sandy soils. The production practices vary from highly sophisticated commercial ventures in the western world to more traditional cropping practices in third world countries. Yields vary from about 400 kilograms to several tons per hectare depending on production system and production area. In South Africa, groundnuts are grown in the summer rainfall regions under irrigated or rain fed conditions. Resource limited farmers, especially in the northern and eastern parts of South Africa grow groundnuts mainly for own consumption. Groundnuts are an important source of nutrition in the northern KwaZulu-Natal and Mpumalanga areas. The crop can also contribute to more viable and sustainable cropping systems in other parts of the country.

It is expected to become more important for the following reasons: It is an excellent rotation crop which can replace maize as a monoculture crop since it enriches the soil with nitrogen. Secondly it is a crop with high economic value which can fetch a high price on local markets. Groundnut



production requires more management skills than many other crops. Successful farmers are those who apply the prescribed management practices throughout the production process.

Groundnut which is known as Archishypogaes Linnaeus is one of the world's important oilseed crops. Ground nut seeds are a rich source of edible oil with 43.55% and protein with 25-28%. The approximate weight of the groundnut kernels is 70% in shells and kernels have an oil recovery of 40-42%. The annual global production of groundnut seed and oil vary between 21-24 and 5-5.5 million tons.

China and India are the major producers of groundnut oil followed by Sub-Saharan African countries and Central and South America. Global trade of groundnut oil is to the maximum of 1lakh tons a year European Union and United States of America are major importers. Senegal and Argentina are the major exporters. The ever increasing fossil fuel usage and cost, environmental concern has forced the world to look for alternatives. Straight vegetable oils in compression ignition engine are a ready solution available, however, with certain limitations and with some advantages as reported by many researchers. A comprehensive and critical review is presented specifically pertaining to straight vegetable oils usage in diesel engine. A detailed record of historical events described. Research carried out specifically under Indian conditions and international research work on the usage of straight vegetable oils in the diesel engine is separately reviewed. Many researchers have reported that straight vegetable oils in small percentage blends with diesel when used lower capacity diesel engines have shown great promise with regards to the thermal performance as well exhaust emissions. This has been explained in detail. Finally based on the review of international as well as Indian research a SWOT analysis is carried out. The review concludes that there is still scope for research in this area.

a. Opportunities for Marketers: It offers a great chance for different branded goods as well as services for large number of customers. It is estimated by HLL that out of 5 lakh villages in India, only lakh has been taped so far , which goes on to indicate the market potentials of the rural market.

➤ **Market Size and Potential:** The size of India s rural market is stated as 12.2 % of the percentage of the old population this means 12.2% of the worlds consumers leave in rural India. In India, rural household farm about 72% of total household constitutes a huge market by any standard.



- **Increasing Income:** Different programs undertaken have helped to improve the economic situation of the rural areas. The increase in income is seen in both absolute values as well as in the increase in average number of days of occupation in a year.
 - **Accessibility Markets:** Though the road network has not developed to the best possible extent but a fair amount of development has been made in many regions, making these regions accessible from the urban region and making it easier for supplying products to these regions
 - **Competition in Urban Areas:** The urban market is getting saturated and thus is unable to provide the much needed market to many companies and in search of greener pastures many of these companies are now targeting the rural market.
- b. **Challenges in Rural Marketing:** Despite the fact that rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons.
- ❖ **Low Literacy:** The literacy rate is low in rural areas compared to urban areas. This again leads to the problem of communication for promotion purpose. Print medium becomes ineffective and to an extent irrelevant in rural areas since its reach is poor. Besides, for the purpose of optimally exploiting the opportunities at hand in rural areas, the marketers have to cope up with the various challenges before them like educating the rural consumers about the requirements and uses of the products. The marketers should also make the rural consumers understand how their product is different from similar products offered by competitors. This leads to better involvement on part of buyer and fosters long lasting relationship between consumer and company. Trust is another key factor which has to be properly dealt with. Thus, one of the biggest challenges to be met out is to create trust among the rural folks regarding the products. According to Sanjay Muthal, Managing Director, Nugrid Consulting, "Trust is another key factor rural consumers are suspicious of urban market thinking. Rural consumers only buy from people they identify with."
 - ❖ **Low per Capita Income:** Per capita income is lower in rural areas compared to those in urban areas. Again, the distribution of rural income is highly skewed, since the land holding pattern, which is basic asset, is skewed. Thus the rural population presents a highly heterogeneous spread in the villages.



- ❖ **Seasonal Demand:** The main problem of rural marketing is seasonal demand in rural areas, because 75 percent of rural income is also seasonal. For example, the demand for consumer goods will be high during the peak crop harvesting period, because this is the time at which the rural people have substantial high cash flow. Rural marketing depends upon the demand of rural people and demand depends upon income and consumer behavior.
- ❖ **Transportation:** Transportation infrastructure is quite poor in rural India. Nearly 80 percentages of villages in the country are not connected by well constructed roads. Marketing activities require transportation facilities. Due to poor transportation facilities, farmers and marketers find it difficult to reach markets.
- ❖ **Warehousing :** In the rural areas, there are no facilities for public as well as private warehousing. Marketers face problem of storage of their goods.

IV. CONCLUSIONS

- Specific policies suggested from the study are
- The harnessing of improved varieties with attributes like drought tolerance, high oil content, high productivity for large-scale seed multiplication and distribution by public and private agencies;
- Viable village seed banks and seed networks through cycles of post-rainy season seed multiplication to meet the seed requirements in the rainy season and *vice versa*;
- Adoption of low-cost technologies to increase profitability and reduce risk;
- Oilseed clusters to facilitate scale and scope economies in processing units; and
- Capital subsidies to accelerate technological upgrading to shed inefficiency in the processing sector.

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A STUDY ON INFLUENCE OF FII'S INVESTMENT ON INDIAN STOCK MARKET

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ABSTRACT

In recent years, Indian stock markets have been witnessing an unprecedented growth in inflow of foreign investment. Since India is one of the vast, emerging and attracting economies of the world, by and large it attracts the foreign investment. As a consequence Foreign Institutional Investors plays a pivotal role in the development of Indian capital markets, continuously increasing their contribution in both equity and debt markets boost not only the Indian stock scripts and indices but also confidence in Indian economy. As Indian stock markets are largely depends on FII investment they are often referred as FII's driven market. This present Research paper made an attempt to understand and analyze the influence of foreign Institutional Investment on Indian Stock Market. This study was conducted by considering the common set of data of FII's and Indian weighted stock index SENSEX for the annual Data from the year 1992 to 2015. To know the relation between FII and SENSEX bi-variate analysis was applied through correlation coefficient and Linear Regression, results of the Correlation Coefficient provide the strong positive correlation. To predict the influence of FII's investment on SENSEX Simple Linear Regression test was conducted, results provided the evidence for high influence of FII investment on Indian Stock Markets.

Keywords: *Indian stock markets, Foreign Institutional Investment, SENSEX, Simple Linear Regression, correlation coefficient*

I. INTRODUCTION



Foreign Institutional Investors are the noteworthy players of the Indian Stock markets. Liberalization policy of 1991 made a path for the foreign Investment in Indian capital markets. With the tune of the liberalization policy, Indian government announced the necessary guideline for the foreign investment on Sept 14, 1992. These guidelines allowed the foreign Institutional investors to trade in Indian capital market with the condition of obtaining the SEBI registration. This move opens the gates for the foreign players to participate in Indian capital markets. Since then, FIIs are continuously increasing the flow of investment in both debt market and equity. More dynamic investment flows of FII's helps the Indian bourses to reach the remarkable heights. Regulatory bodies of the capital market recognized the importance of foreign investment in the growth of economy, made necessary changes in the regulation from time to time to create easy land for the foreign players. Immense growth potentials of the Indian economy turned India as the favorable investment destination for Foreign Institutional Investors. Unprecedented flows of foreign invest results not only in the growth of Indian stock markets but also made the stock market more volatile. From the last few years Indian stock market are over influenced by the flows of foreign investment. Hence Indian stock market is often referred as the FII's driven market. This research papers is an attempt to analyze the influence of foreign investment in Indian stock market. Karl Pearson's correlation co-efficient and simple linear regression was used to find out the influence of the flows of FII's and the SENSEX.

II. REVIEW OF LITERATURE

Rajesh Chakraborty(2001) in his research paper titled „FII Flows to India: Nature and Causes“ concluded that since the beginning of liberalization FII flows to India have steadily grown in importance. The author analysed these flows and their relationship with other variables. Mukherjee (2002) examined the various probable determinants of FII and concluded (1) Foreign investment flows to the Indian markets tend to be caused by return in the domestic equity market; (2) returns in the Indian equity market is an important factor that has an impact on FII flows; (3) whereas FII sale and FII net inflow are significantly affected by the performance of the Indian equity market, FII purchase show no such affect to this market performance; (4) FII investors do not probably use Indian equity market for the purpose of diversification of their investment; (5) returns from the exchange rate variation and the fundamentals of the economy may have an impact on FII decisions, but such influence do not prove to be strong enough.



Gordon and Gupta, (2003) found causation running from FII inflows to return in BSE. They observed that FIIs act as market makers and book profits by investing when prices are low and selling when they are high. Hence, there are contradictory findings by various researchers regarding the causal relationship between FII net inflows and stock market capitalization and returns of BSE/ NSE. Therefore, there is a need to investigate whether FIIs are the cause or effect of stock market fluctuations in India. Pal, P. (2004) found that FIIs are the major players in the Indian stock market and their impact on the domestic market is increasing. Trading activities of FIIs and the domestic stock market turnover indicates that FII's are becoming more important at the margin as an increasingly higher share of stock market turnover is accounted for by FII trading in India

Aggarwal, Klapper and Wysocki, (2005) observed that foreign investors preferred the companies with better corporate governance. Douma, Kabir and Rejie (2006) investigated the impact of foreign institutional investment on the performance of emerging market firms and found that there is positive effect of foreign ownership on firm performance. They also found impact of foreign investment on the business group affiliation of firms.

III. DATA & METHODOLOGY

This present empirical study is based on the secondary source of date; it consists with the annual and monthly data of Foreign Institutional Investment ,monthly and annual closing values of Indian benchmark Index SENSEX for the period from January 1992 to September 2015. Data of FII was extracted from <https://www.cdsindia.com/publications> and web access of SEBI <http://www.sebi.gov.in/sebiweb/investment/statistics.jsp?s=fii>, Annual and Monthly data of Indian Index SENSEX was extracted from <http://www.bseindia.com/> and <https://in.finance.yahoo.com/>. Annual data of FII are specified in cumulative terms to measure the magnitude and cumulative effective on Indian stock markets.

This study was aimed at understanding the influence of Foreign Institutional Investment in Indian Stock Market. In order to measure the influence of FII on Indian Stock market two popular statistical tests were applied, first was Carl Pearson's Correlation Coefficient to check the correlation of Foreign investment and stock Movement. To know the linear relationship of FII and SENSEX simple linear Regression was applied.



Karl Pearson's Correlation coefficient:

It is a measure of linear correlation between two variables, providing the value between $n \pm 1$, where +1 indicates the total positive correlation, 0 is no correlation and -1 is total negative correlation. Pearson's correlation coefficient commonly presented with Greek letter ρ .

$$\rho_{x,y} = \frac{COV(x,y)}{\sigma_x \sigma_y}$$

Where : $COV(x,y)$ indicates the covariance of x,y , σ is the standard deviation.

Hypothesis to Test the Correlation Coefficient is:

Null Hypothesis: H0: No correlation Existed between cumulative Value of FII and SENSEX
 $(\rho = 0)$

Alternative Hypothesis: HI: There is a correlation between Cumulative Value of FII and SENSEX $(\rho \neq 0)$

Simple linear Regression:

A simple linear regression model attempts to explain the relationship between two variables with straight line. Simple linear regression model considers the one independent variable to form the linear relation with dependent variable. Here the Cumulative Equity flows of FII are considered as the explanatory variable and Value of SENSEX is referred as explained Variable. A Simple Linear regression relationship for X Dependent variable and Y independent variable for n data values are $\{(X_i, Y_i), i=1,2,3,\dots,n\}$ is expressed as

$$y_i = \alpha + \beta(x_i) + \varepsilon_t$$

Where y_i is the value of dependent variable, α is the value of the intercept implies that value of dependent variable when value of β is zero, x_i value of the independent variable where as β explains the influence of independent variable x on y .

Simple linear equation for the given problem is:

$$SENSEX_i = \alpha + \beta(CUM of FII_i) + \varepsilon_t$$



Here the hypothesis to test the significance is

Null Hypothesis: H0: No linear relation Existed between cumulative Value of FII and SENSEX

$(\beta = 0)$

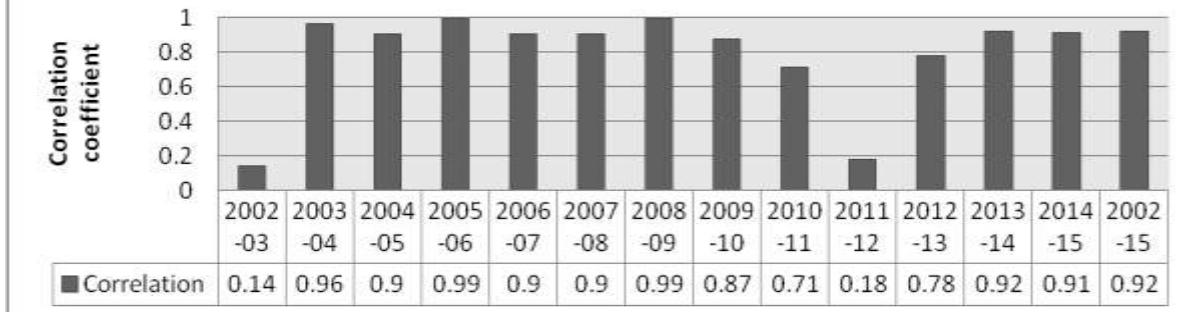
Alternative Hypothesis: H1: There is a linear relationship between Cumulative Value of FII and SENSEX $(\beta \neq 0)$

IV. RESULTS AND DISCUSSIONS

This research paper is an attempt to analyze the relationship between the flow of FII's investment and Indian stock market growth. Karl Pearson's correlation coefficient and simple linear regression test were employed to analyse the influence of FII on Indian Stock market. Test results of the correlation coefficient along with the significant probability values are furnished in the Table no.1. This table provides the annual flows of FII investment as well as cumulative flows values for each and every year from the year 1992 and Value of SENSEX for the respective period. Karl Pearson's correlation coefficient was calculated annually from 2002-03 to 2014-2015. Except the years 2002-03 and 2011-12 all the years are supported the strong positive correlation between cumulative FII and the SENSEX values. Significance of the p-values is providing the base for the hypothesis testing. Critical value for Probability is 5%. More than 5% value leads to no evidence of correlation than leads to no-rejection of null hypothesis, where as Less than or equal the 5% p-value is sufficient to reject the Null Hypothesis and accept the alternative Hypothesis to proclaim the linear correlation between the variables. From the test results, correlation coefficient for the year 2002-03 was 0.14 which is very low and higher probability value of 33% don't reject the null hypothesis of no linear correlation, correlation value for 2011-12 also consistent with the results of the 2002-03, hence don't reject the null hypothesis. For the remaining all the financial years of the study provide the very higher correlation coefficient and low p-value which is sufficient to reject the null hypothesis and accept the alternative hypothesis, hence there is a strong correlation between FII investment and SENSEX Values.



Chart no.1 correlation co-efficient between Cumulative flow of FII and SENSEX



Summary of correlation coefficient values are furnished in chart no.1. It represents the correlation coefficient form the financial year 2002-03 to 2014-15, from the study 2003-04, 2011-12 has the very low correlation coefficient values 0.14 and 0.18 respectively, where as for the year 2008-09 and 2005-06 correlation coefficient values are very strong positive correlation with 0.99, and followed by 2003-04(0.93)2013-14(0.92),2014-15(0.91),2004-05(0.90),2006-07(0.90), 2007-08(0.90) 2009-10(0.87),2012-13(0.78) and 2010-11(0.71) respectively.

Table no.1 Table showing the summary of results of correlation coefficient

| Year | FII's Invest ment in in equity | Cumula tive FII in Equity | SENSE X | %Cha nge in FII | %Cha nge in SENSE | Correl ation X | P-Value | Test results |
|---------|---|------------------------------------|------------|-----------------------|-------------------------|----------------------|----------|----------------------|
| 1992-02 | 57923 | 57923 | 3454 | - | - | - | - | H0: |
| 2002-03 | 2527 | 60450 | 3048 | 4% | -13% | 0.14 | 0.332157 | H0:Don't Rejected |
| 2003-04 | 39960 | 10041 | 5590 | 51% | 61% | 0.96 | 0.000000 | Rejected the Null |
| 2004-05 | 44123 | 14453 | 6492 | 36% | 15% | 0.90 | 0.000033 | Rejected the Null |



| | | | | | | | | |
|--------------|-------|-------|-------|------|------|------|----------|--------------|
| 2005- | 48801 | 19333 | 11279 | 29% | 55% | 0.99 | 0.000000 | Rejected the |
| 06 | | 4 | | | | | 0* | Null |
| 2006- | 25236 | 21857 | 13072 | 12% | 15% | 0.90 | 0.000033 | Rejected the |
| 07 | | 0 | | | | | 2* | Null |
| 2007- | 53404 | 27197 | 15644 | 22% | 18% | 0.90 | 0.000033 | Rejected the |
| 08 | | 4 | | | | | 2* | Null |
| 2008- | 47706 | 22426 | 9708 | -19% | -48% | 0.99 | 0.000000 | Rejected the |
| 09 | | 8 | | | | | 0* | Null |
| 2009- | 11022 | 33448 | 17527 | 40% | 59% | 0.87 | 0.000110 | Rejected the |
| 10 | 1 | 9 | | | | | ** | Null |
| 2010- | 11012 | 44461 | 19445 | 28% | 10% | 0.71 | 0.004840 | Rejected the |
| 11 | 1 | 0 | | | | | ** | Null |
| 2011- | 43738 | 48834 | 17404 | 9% | -11% | 0.18 | 0.287809 | H0:Don't |
| 12 | | 8 | | | | | 0 | Rejected |
| 2012- | 14003 | 62838 | 18835 | 25% | 8% | 0.78 | 0.001383 | Rejected the |
| 13 | 3 | 1 | | | | | ** | Null |
| 2013- | 79709 | 70809 | 22386 | 12% | 17% | 0.92 | 0.000011 | Rejected the |
| 14 | | 0 | | | | | 2* | Null |
| 2014- | 11133 | 81942 | 27957 | 15% | 22% | 0.91 | 0.000019 | Rejected the |
| 15 | 3 | 3 | | | | | 9* | Null |
| 2002- | 11133 | 81942 | 27957 | 265% | 209% | 0.92 | 0.000011 | Rejected the |
| 15 | 3 | 3 | | | | | 2* | Null |

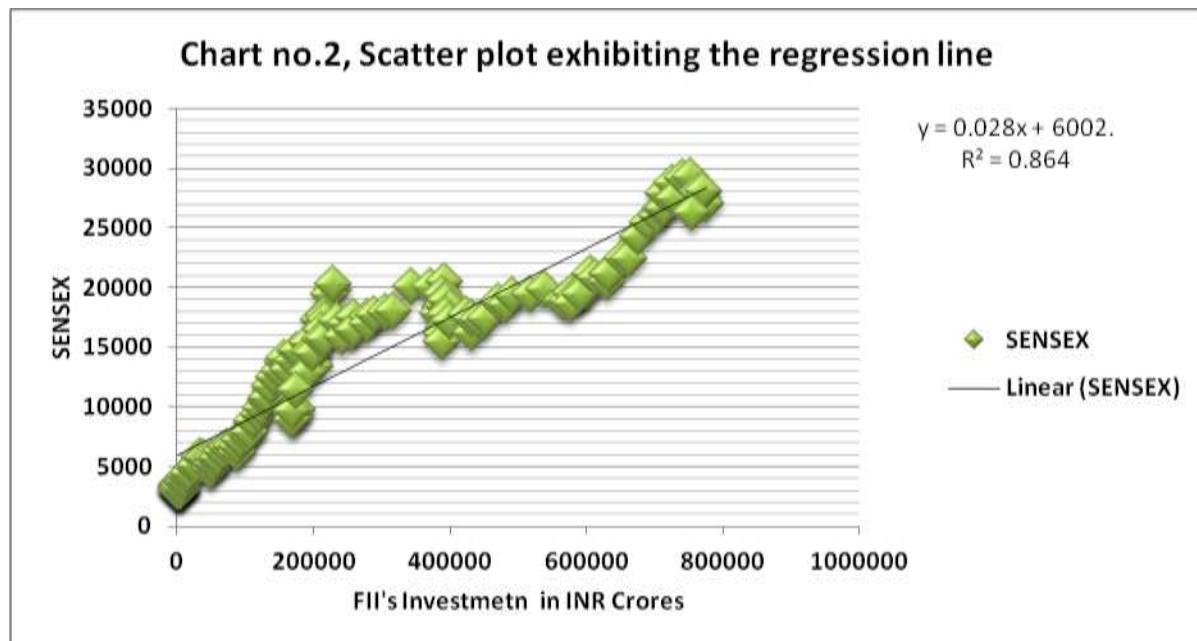
Note: FII investments are represented with INR crores, *1% significant level, **5% significant level

The test results of the simple linear regression were below. Simple linear regression analysis is used to predict the value of the regressed variable (dependent variable) by the one regressor variable (Independent variable). Here the Value of SENSEX was considered as Regressed variable where as Cumulative flow of FIIs are regressor variable. This test will determine the impact of cumulative flow of FII on SENSEX. How much change in SENSEX Can be predicted form the explanatory variable of Flow of FIIs. Linear equation form the test results are:

$$SENSEX_i = 6002 + 0.028(CUMof FII_i)$$



Value of α (Alfa) i.e. intercept is 6002, which represents the value of SENSEX even the Value of FII is ZERO, whereas value of β is 0.028 indicates the change in the value of SENSEX with a change in one unit of FII.



| Regression Statistics | |
|-----------------------|------------|
| Multiple R | 0.92972902 |
| R square | 0.86439605 |
| Adjusted R Square | 0.86355899 |
| Standard Error | 2667.0357 |

Coefficient of determination is very commonly used measure of fit the regression model and is represented with R^2 . The value of R^2 leads to the very important interpretation of the regression model. From the test regression equation, value of R^2 is 0.864. This indicates that 86.4% of the variation in SENSEX Value can be explained by the cumulative Flows of FII. It also implies that 13.6% of the variation in SENSEX can be explained by the factors other than the flow of FII. This is a very strong evidence to prove that Indian stock markets are highly influenced by the foreign investment flows. F-Value of ANOVA and P-Values for the coefficient provide the storing evidence to reject the null hypothesis and accept the alternative hypothesis, hence we can conclude that there is a linear relationship between Cumulative Value of FII and SENSEX.

ulative Value of FII and SENSEX.



ANOVA

| | df | SS | MS | F-Value | Significance | F |
|----------------------------------|-----|--------------|----------------|----------|--------------|---|
| Regression | 1 | 7345360157 | 7.35E+09 | 1032.655 | 3.48178E-72 | |
| Residual | 162 | 1152318867 | 7113079 | | | |
| Total | 163 | 8497679024 | | | | |
| <i>Co-efficients</i> | | | | | | |
| | | Coefficients | Standard Error | t Stat | P-value | |
| Intercept | | 6002.65858 | 327.094848 | 18.35143 | 2.09E-41 | |
| FII's flows of investment | | 0.02881557 | 0.000896705 | 32.13496 | 3.48E-72 | |

V. CONCLUSION

Economies like India, with the immense growth potentials and emerging nature made it as one of the favorable destination for the foreign Institutional Investors for the last few years. India stock often very sensitive, volatile with the flows of Foreign Institutional Investors. Every fall and surge of the Indian bourses has been dictated by the FII's flow. This present Research paper analyzed the influence of FII investment on Indian Stock market. Karl Pearson's Correlation Coefficient and simple linear regression test were used to analyse the relation between the Flows of FII and Indian stock Market, SENSEX was considered as the representative for the Indian Stock market. Results of the Correlation coefficient provide a strong evidence of positive correlation between the Cumulative Flows of FIIs since 1992 to 2015 and SENSEX movement for the Correspondent period. For correlation null hypothesis of the no correlation was rejected with the evidence of significantly lower p-value. ANOVA statistics and the Regression statistics provide the evidence that major changes (i.e. R^2 value of 86.4%)of SENSEX can be explained by the flow of FII's. Null hypothesis was rejected in case of the simple linear regression analysis. Hence SENSEX (Indian stock markets) is largely influenced by the FII's investment.

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INVEST IN FINANCIAL LITERACY FOR INCLUSIVE GROWTH: A STUDY FROM FINANCIAL REGULARS & SERVICE PROVIDERS

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ABSTRACT

The world financial crisis and global recession underscored the need of “Financial Inclusion”. In India, there are many reasons for giving movementous role to financial inclusion; among these is the fact that a vast majority of the people in poverty are excluded from financial services. And additional aspect of the technological development which has also changed our everyday and everybody lives; but due to lack of an adequate financial literacy the development of society and nation still there is a stabling block for economic growth. The present research data is gathered from secondary sources and it reveals that, Prime Ministers Jan Dan Yojana (PMJDY), Pradhan Mantri Jeevan Jyothi Beema Yojana (PMJJBY), Pradhan Mantri Sukasha Bima Yojana (PMSBY), Atal Pension Yojana (APY) and other Government programmes was initiated in the direction of bringing financial inclusion with the intension of creating sustainable security net in the country. Even through 16.7 million people are opened accounts from the last one year, India’s current state of financial inclusion is quite dismal, with approximately half the population outside the ambit of financial banking. The present exploratory research study critically examines the importance to promoting the financial literacy and creates the discussion on the gaps in existing financial system and behavior of investors’. It indicates that full inclusion will only come through a stable and competitive market provider with a delightful financial literacy.

Keywords: Financial Inclusion, Financial Literacy, Government Programmes, Financial Behavior.

I. INTRODUCTION

In the past few years, the financial sectors’ power has grown enormously. Financial Inclusion and Financial Deeping have important role to play in promoting economic growth and reducing poverty and inequality, while mitigating systematic risk and maintaining financial stability.



Amartyasen (2000), ‘Poverty is not merely insufficient income, but rather the absence of wide range of capabilities, including security and ability to participate in economic and political systems’. Inclusive growth is a concept which advances equitable opportunities for economic participants during the process of economic growth. And the key for inclusive growth is “Financial Inclusion”. Financial inclusion means delivering basic financial services at an affordable cost to every citizen of country.

Dr. Rangarajan committee; Government of India (2008), “Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups T an affordable cost”. Therefore, financial inclusion has become one of the most critical aspects in the context of inclusive growth and development.

Financial system plays a major role in the economic growth of the country, by performing the basic functions like facilitating the pooling, allocating the resources, controlling the promoters, mobilizing the savings, and facilitating the exchange of financial services. It plays an integral part in financial inclusion to the inhabitants. Illiteracy, low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion.

In India:

- The concept of “Inclusive growth” was first envisaged in the eleventh five year plan document, which intended to achieve a growth process with broad based improvement in the quality of life and equality to all.
- Financial inclusion first featured in 2005, introduced by K. C. Chakrabarty, the chairman of Indian bank. Mangalam village become the first village in India, where all households were provided banking facilities. Norms were relaxed for people intending to open accounts with annual deposits of less than Rs. 50,000.
- In January 2006, the RBI permitted commercial banks to make use of the services of Non- Government Organizations (NGO's), Self Help Groups (SHG's), Micro Finance Institutions (MFI's) and other civil society organizations as intermediaries for providing financial& banking services. These intermediaries could be used as business correspondents (BC's) by commercial banks.
- Twelfth five year plan document highlighted the financial inclusion agenda more emphatically with specific focus on reducing poverty, improving health and education



facilities and livelihood opportunities. With an aim, “Faster, Sustainable, and more Inclusive growth in India.”

- One of the major steps in the direction of bringing about financial inclusion, Prime Ministers Jan Dan Yojana (PMJDY), Pradhan Mantri Jeevan Jyothi Beema Yojana (PMJJBY), Pradhan Mantri Sukasha Bima Yojana(PMSBY), Atal Pension Yojana (APY) and other Government programmes have been introduced with the intention of creating sustainable security net in the country.
- RBI's vision for 2020 is to open nearly 600 million new customer accounts and service them through a variety of channels by leveraging on IT.

II. OBJECTIVES OF THE STUDY

- To analyze the current status of financial inclusion in Indian economy.
- To study the scope & importance of financial literacy for achieving the financial inclusion.
- To suggest the appropriate measures to policy makers for improving the efficiency of financial services.

III. RESEARCH METHODOLOGY

- It is exploratory and descriptive in nature.
- Secondary data is used for analysis. It has been collected from published articles by RBI and some of Government websites, research journals and reports.

IV. DISCUSSIONS

One of the major steps in the direction of bringing about financial inclusion, Prime Ministers Jan Dan Yojana (PMJDY), Pradhan Mantri Jeevan Jyothi Beema Yojana (PMJJBY), Pradhan Mantri Sukasha Bima Yojana(PMSBY), Atal Pension Yojana (APY) and other Government programmes have been introduced with the intention of creating sustainable security net in the country.

| Prime Ministers Jan Dan Yojana (PMJDY) as on 23.09.2015 | | | | | |
|--|-----------------|-------|-------|-----------------------------|--|
| S. No | No. of accounts | | | No. of Rupee debit cards | Balance in Accounts (in Rupees Crore) |
| | Rural | Urban | Total | | |
| | | | | | |



| | | | | | | |
|-------|-------|------|-------|-------|----------|-------|
| 1. | 7.96 | 6.49 | 14.45 | 13.00 | 19129.12 | 41.18 |
| 2. | 2.83 | 0.48 | 3.31 | 2.39 | 4132.97 | 41.99 |
| 3. | 0.43 | 0.29 | 0.71 | 0.63 | 1100.86 | 42.25 |
| Total | 11.21 | 7.26 | 18.47 | 16.02 | 24362.95 | 41.31 |

Source: Information is based upon the data submitted by different banks/SLBCs

Under Prime Ministers Jan Dan Yojana (PMJDY), an ambitious programme on financial inclusion launched by Honorable Prime Minister on 28.08.2014, as on 23.09.2015 36.94 Crore accounts have been opened out of which 11.21 Crore are in rural areas and 7.26 Crore in urban areas. 16.02 Crore Rupay Debit cards have been issued till date. Deposits of Rs. 24362.95 Crore have been mobilized with 41.31% of zero balance accounts. While financial inclusion through increasing banking accounts might not help much in improving the saving behavior with in the short period of time, this network will be very useful in making the redistributive policies most effective.

In financial inclusion sense, the government has rightly brought two incurrence schemes Pradhan Mantri Jeevan Jyothi Beema Yojana (PMJJBY) & Pradhan Mantri Sukasha Bima Yojana (PMSBY) and a pension scheme Atal Pension Yojana (ATY), launched by Honorable Prime Minister on 09.05.2015.

| Atal Pension Yojana (ATY), Pradhan Mantri Jeevan Jyothi Beema Yojana (PMJJBY), & Pradhan Mantri Sukasha Bima Yojana(PMSBY) | | | | | | |
|---|-----------------------|---------------|-----------------|---------------|-----------------|------------|
| S. No | Name of the scheme | Rural Male | Rural Female | Urban Male | Urban Female | Total |
| 1. | APY | 14,676 | 6,951 | 12,264 | 7,233 | 41,124 |
| 2. | PMJJBY | 5,266,222 | 2,635,528 | 4,212,429 | 2,241,875 | 14,356,054 |
| 3. | PMSBY | 15,216,844 | 7,823,163 | 16,996,833 | 8,792,937 | 48,879,777 |
| Total | | 20,497,742 | 10,515,642 | 21,221,526 | 11,042,045 | 63,276,955 |

Source: Information is based upon the data submitted by different banks

Present research study revealed that PMJDY, PMJJBY, PMSBY& ATY programmes were initiated by Government, until half the country is unbanked, only 40% of the people have bank accounts. There is only one bank branch per 14,000 people. Just 18% have debit cards and less than 2% have credit cards and only 10% of the population has insurance cover.

Due to lack of an adequate financial literacy the development of society and nation still there is a stablising block for economic growth in India.



Scope & Importance of Financial Literacy:

- The financial crisis and global recession underscored the need of financial inclusion with financial literacy. Especially the most vulnerable, on how to spend, save, invest, borrow and manage debt wisely. But despite several efforts by regulators and policy makers across the India, vast numbers of citizens still do not have enough financial knowledge. It is still ambiguous as to what extent current government programmes& policies effectively engage the people and change their financial behavior.
- The financial markets offer a variety of both simple& complex financial products. It is difficult for the common person to grasp the downside risks associated with financial products especially if he/she is confirmed by a blitz of clever advertising.
- Making wrong choices while investing /choosing financial products becomes one of buying in haste and repenting at leisure.

Financial Literacy:

According to Master Card Financial Literacy Index Report (2014H1), in terms of financial literacy India is at the bottom among 16 countries in Asia- pacific region with 59 index points.

Organization of Economic Development (OECD) defines, “Financial literacy as the process by which financial consumers improve their understanding of financial products, concepts, risks 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 well-being”.

Dr. Chakrabarty, Deputy Governor of RBI (2009), “Financial is a much broader term which can be construed as the process of ensuring fair, timely and adequate access to financial services, namely saving, credit payment and remittance facilities and insurance services at an affordable cost in a fair and transparent manner by the main stream institutional players. Educating people& making them financially literate thus becomes integral to achieving financial inclusion, which is needed. ”

Financial literacy is one of the important steps towards achieving financial inclusion. It gives the power to make informed decisions and take effective actions for current and future use and better management of money. It has two important elements- access to, and awareness of financial products; it entails a combination of financial awareness, knowledge, skills, attitude, and behaviors necessary to make sound financial decisions and ultimately achieve individual financial well-being. Financial education is also an integral component of customer protection.



Initiatives taken by RBI:

- RBI has taken number of measures to increase financial literacy in the country. It has set up a multilingual website in 13 languages explaining about banking, money etc., it has started putting up comic strips to explain various difficult subjects like importance of savings, RBI's functions etc.,
- RBI's 'project financial literacy' aim at disseminating information about the central bank and basic concepts through various media like films, games, cartoons and comic books and essay writing competitions, specially target school and college going students.

Initiatives taken by SEBI:

- SEBI in collaboration with some of financial consultancy services has issued a concept papers, promoted a financial literacy by organizing the seminars and workshops.

Challenges & Issues:

Behavioral aspects: Research in behavioral economics has shown that many people are not comfortable using formal financial services. The reasons are difficulty in understanding language, various documents and conditions that come with financial services etc.,,

Usage of language: The banks were required to provide all the material related to opening accounts, disclosures etc., in the regional languages.

Use of technology: Finance service providers have been advised to make effective use of information& communication technology (ICT) to provide services through the BC model where the accounts can be operated by even illiterate customers by using bio metrics.

Problem with Target driven approach: Mostly, all financial service providers are looking at this approach, and it is mainly focused on capacity range customers/ players.

V. SUGGESTIONS

The present research clears that,

- Financial regulators& service providers come forward to set up literacy centers and guide their clients about features, benefits and risk of various financial products.
- Financial service providers may have to adopt a segmented approach specific to different categories (Male/Female) and segments (urban/rural), different approaches would be required. It is an important issue from the financial literacy perspective is that of content design and appropriate delivery medium and mechanism suitable to particular target group.



- Now, developing economies experimenting and innovating with new models of financial inclusion especially the use of mobile money.
- Lack of awareness is major obstacle to financial inclusion, it is necessary to give wide publicity to the financial services by effectively utilizing the various mass communication channels & leveraging IT.
- Promotional activities on financial literacy as a part of corporate social responsibility (CSR) by financial organizations.
- Create more financial awareness by the banks, MFI's and government institutions to lay a strong emphasis on advocating a programme to bring a large level of awareness and make it fund driven.

VI. CONCLUSION

21st century's modern India need to collectively strive to happen and broaden the agenda for inclusive development and to ensure that no individual community or region is denied the opportunity to participate in, and benefit from the development process. And it is possible with adequate financial literacy only. Financial literacy is the engine that will aid achieving comprehensive financial inclusion and hence financial freedom. Inclusive growth will act as a source of empowerment will act as a source of empowerment and allow people to participate more effectively in the economic & social process.

Inclusive growth – “Empower, Enable, and Enjoy”

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COMPARATIVE ANALYSIS OF INTERNATIONAL STOCK INDICIES: PRE & POST PERIOD DEVALUATION OF YUAN

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ABSTRACT

International capital markets have undergone tremendous changes since last 2 decades. Several countries, including India have adopted liberalization and globalization policies dismantling the trade barriers internationally. This transformation made local economies to integrate with the international economy in turn seeking information and their impact on other global markets. To quote one, recently China's Central Bank, The People's Bank of China announced a cut in its daily reference rate by a record 1.9% on 12th August 2015. The decision was made by the China to boost its economy and this move of China sent shock waves across the globe by giving the caution to China and the world countries that there is a slump in the market and "All is Not Well". In the light of the above, the current paper focuses on trend movements of Global and Asian Stock Market indices, including the correlation with each other markets, descriptive statistics, Kurtosis, and Skewness during Pre & Post period devaluation of Yuan.

I. INTRODUCTION

International capital markets have undergone tremendous changes since 90's. Several countries, including India have adopted liberalization and globalization policies dismantling the trade barriers internationally. This transformation geared up more since the new millennium i.e. from the year 2000 integrating the local economies with the international economy. With this reform process, the globe has in turn become a local market by integrating the world stock markets which by working round the clock continuously influence each other. To understand the integration of markets and how well they are correlated with each other a recent event has been considered i.e., China's Central Bank, The People's Bank of China announced a cut in its daily reference rate by a record 1.9% on 12th August 2015, the decision was made by the China with



decrease in exports in the month of July 2015 by 8.3% by giving the caution to China and the world countries that there is a slump in the market and “All is Not Well”. This move by China and these estimations have roiled global financial markets and Foreign exchange markets. With the above backdrop, the current paper focuses on giving empirical evidence on how devaluation has affected Shanghai Composite Index of China and its impact on S&P 500, FTSE 100, S&P BSE Sensex, HangSeng, Nikkie 225, and Bovespa indices across the globe. Therefore, the current paper focuses on analyzing the trends of Global and Asian Stock Market indices including the correlation with each other markets, descriptive statistics, kurtosis, and skewness during the period of pre and post devaluation.

II. NEED AND OBJECTIVE OF THE STUDY

With the integration of global markets it has become inevitable for every player of the stock market, to know not only the market where he is playing but also its counterparts which may have direct or indirect influencing relationship. As evidence, The People's Bank of China announced a cut in its daily reference rate by a record 1.9% on 12th August 2015. The decision was made by the China with decrease in exports in the month of July 2015 by 8.3% by giving the caution to China and the world countries. Hence, the present paper focuses on studying the comparative analysis of international stock market indices and tries to find out the impact of Chinese currency devaluation on its own and other major global indices mentioned above to know if any correlation exists between the markets.

III. SCOPE OF THE STUDY

This research covers about 7 selected global market indices data around pre and post devaluation. The analysis will be done for a period of 4 months.

The following table gives the country and the exchange with the name of its major indices.

Table1: Major Indices

| Country | Stock Exchange Name | Indices Name |
|----------------|----------------------------|---------------------|
| India | Bombay Stock Exchange | S&P BSE Sensex |
| USA | New York Stock Exchange | S&P 500 |



| | | |
|----------|--------------------------|--------------------|
| HongKong | HongKong Stock Exchange | HangSeng |
| China | Shanghai Stock Exchange | Shanghai Composite |
| Japan | Tokyo Stock Exchange | Nikkie 225 |
| UK | London Stock Exchange | FTSE 100 |
| Brazil | São Paulo Stock Exchange | Bovespa |

IV. DATA AND METHODOLOGY

The current study is purely based on secondary data. The data for the aforementioned stock indices is available at the corresponding stock exchanges used in the study. The methodology of the study primarily includes analyzing trend movements in addition to doing correlation, descriptive statistics, and finding kurtosis and skewness during the period of pre and post devaluation of Yuan.

V. DATA ANALYSIS

In the following section, the study looks at analyzing the response of global indices with respect to Shanghai Composite Index by using Descriptive statistics during pre and post devaluation of Yuan.

The following table summarizes the descriptive statistics of the concerned indices:

Table 2: Descriptive Statistics of Select Indices pre devaluation of Yuan

| Descriptive Statistics | Bovespa | FTSE 100 | HangSeng | S&P 500 | Sensex | Nikkie 225 | Shanghai Composite |
|------------------------|----------|----------|----------|----------|----------|------------|--------------------|
| Mean | 52036.77 | 6717.402 | 25792.23 | 2097.598 | 27670.79 | 20451.06 | 4240.364 |
| Standard Deviation | 1759.856 | 112.0421 | 1129.122 | 17.09757 | 616.7972 | 254.1254 | 528.2316 |
| Kurtosis | -1.15232 | 0.455625 | -1.53553 | -0.42047 | -0.59412 | -0.21652 | -1.30498 |
| Skewness | -0.6069 | -0.18923 | 0.217681 | -0.46318 | -0.75362 | -0.49407 | 0.559328 |



Looking at the above statistics, it is clearly evident that the S&P 500 index has resulted in balanced returns (2097) with less risk (17.09) surpassing all the counterparts. Further, FTSE 100 and Nikkie 225 proved to be next best indices ranking next to S&P 500.

The Kurtosis values of the concerned indices are saying that all are Platykurtic i.e. being less than 3 in value. The returns distribution of all these indices is less clustered around the mean. Hence, the Platykurtic returns will have fewer large fluctuations than the returns displaying normal or leptokurtic distributions.

In contrast, the S&P 500, Nikkie, Bovespa, FTSE 100 and Sensex are negatively skewed whereas, both the related indices, Shanghai Composite and HangSeng are positively skewed.

Table3: Descriptive Statistics of Select Indices post devaluation of Yuan

| Descriptive Statistics | Bovespa | FTSE 100 | HangSeng | S&P 500 | Sensex | Nikkie 225 | Shanghai Composite |
|-------------------------------|----------------|-----------------|-----------------|--------------------|---------------|-------------------|---------------------------|
| Mean | 46588.31 | 6241.497 | 22191.11 | 1997.957 | 26537.2 | 18660.09 | 3314.535 |
| Standard Deviation | 1054.055 | 181.6856 | 946.9356 | 68.96296 | 836.6673 | 928.4193 | 270.3637 |
| Kurtosis | 0.258643 | -0.82529 | -1.00145 | -1.14755 | -1.33234 | 0.085144 | 0.48826 |
| Skewness | -0.74594 | -0.00188 | 0.192457 | -0.04334 | 0.29455 | 0.681287 | 0.985201 |

Looking at the above statistics, it is clearly evident that all the indices are showing higher risk and lower return during post devaluation indicating how adversely the decision of China impacted the global markets making them highly Volatile. Further, Shanghai and Bovespa indices risk factor has been declined when compared to pre devaluation it does not mean that they are safe destinations in fact it is an indication that the economy is tumbling with low amount of investments when compared to other markets.

The Kurtosis values of the concerned indices are saying that all are Platykurtic i.e. being less than 3 in value. The returns distribution of all these indices is less clustered around the mean. Hence, the Platykurtic returns indicating the markets would not yield abnormal returns during this condition or situation.

In contrast, the Asian peers are positively skewed whereas the Global markets are negatively skewed.



From the data collected, a correlation analysis has been carried out for the select indices. A summary of the same is presented:

Table 4: Correlation Analysis of Select Indices during Pre Devaluation

| | Bovespa | FTSE | HangSeng | S&P | Sensex | Nikkie | Shanghai |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|
| Bovespa | 1 | | | | | | |
| FTSE | 0.456935 | 1 | | | | | |
| Hangseng | 0.810371 | 0.58235 | 1 | | | | |
| S&P | 0.27017 | 0.629928 | 0.229164 | 1 | | | |
| Sensex | -0.48269 | -0.27468 | -0.64138 | 0.043025 | 1 | | |
| Nikkie | -0.32347 | 0.295681 | -0.07554 | 0.350594 | 0.458219 | 1 | |
| Shanghai | 0.673681 | 0.553202 | 0.904248 | 0.195834 | -0.82856 | -0.19741 | 1 |

It is clearly evident from the above results that the Shanghai Composite index is showing high correlation with the Hang Seng (90%) followed by BSE Sensex (-82%), Bovespa (67%), FTSE 100 (55%) , S&P (19%) and Nikkie (-19%) viz. Shanghai is showing positive correlation with almost all its counterparts except Sensex & Nikkie indicating that the movement of one market index influence the other positively in the same direction where as Hang Seng is mostly influenced by Shanghai at around (90%).

Table 5: Correlation Analysis of Select Indices during Post Devaluation

| | Bovespa | FTSE | Hang Seng | S&P | Sensex | Nikkie | Shanghai |
|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|
| Bovespa | 1 | | | | | | |
| FTSE | 0.601992 | 1 | | | | | |
| Hang Seng | 0.53996 | 0.950997 | 1 | | | | |
| S&P | 0.584244 | 0.938228 | 0.896638 | 1 | | | |
| Sensex | 0.344519 | 0.850862 | 0.905145 | 0.809752 | 1 | | |
| Nikkie | 0.37702 | 0.754407 | 0.784373 | 0.71292 | 0.776381 | 1 | |
| Shanghai | 0.360468 | 0.835059 | 0.873422 | 0.772811 | 0.863548 | 0.892688 | 1 |



It is clearly evident from the above results that the Shanghai Composite index is showing high positive correlation with all the market indices Nikkie 225 (89%), Hang Seng (87%), BSE Sensex (86%), FTSE 100 (83%), S&P (77%), and Bovespa (36%) viz. Shanghai is showing high positive correlation with all its counterparts indicating that the movement of Shanghai market index during post devaluation has highly influenced the other markets. The markets across the globe have affected adversely during this period and across the globe the markets lost billions of dollars.

VI. CONCLUSIONS

- As the barrier of boundaries started dissolving with respect to investments, as the pattern of holdings of portfolio investment is also jumping between the counterparts by Foreign Institutional Investors (FIIs). Also, during the post devaluation of Yuan, all the markets started showing negative returns indicating the integration of markets and their connectivity.
- It is clearly evident from the above results that the Shanghai Composite index is showing high positive correlation with all the market indices Nikkie 225 (89%), Hang Seng (87%), BSE Sensex (86%), FTSE 100 (83%), S&P (77%), and Bovespa (36%) viz. Shanghai is showing high positive correlation with all its counterparts indicating that the movement of Shanghai market index during post devaluation has highly influenced the other markets. The markets across the globe have affected adversely during this period and across the globe the markets lost billions of dollars.
- Further, the descriptive statistics of S&P is indicating that it is yielding high return with less risk surpassing all the counterparts which gives an opportunity to the investor for diversifying his funds from high risk to low risk profile and from less return to high return portfolio pre devaluation but post devaluation all the market reacted adversely as expressed by their risk profile.
- The platykurtic returns of the indices will indicate one thing strongly that the selected markets are not giving any arbitrage opportunities to the player as they are highly integrated and there is no scope of any abnormal returns as they are not indicating the leptokurtic returns.
- All the indices during post devaluation are positively skewed. It gives an indication that markets are highly correlated during post devaluation with Shanghai and the change in their



returns and movements in indices was due to change in the movement of Shanghai Composite Index.

- Thus it is clearly evident that the select global market indices are integrated with each other, and more specifically Sensex is more integrated with other Asian exchanges. This can be very well noticed in the period of post devaluation which has affected the entire globe and sending strong indications that the markets are well Knitted by way of automation and they move in accordance with other markets and if one market affects adversely the ripples and waves will be sent to other markets.

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A STUDY ON THE INFLUENCE OF INTEREST RATE ON THE STOCK PRICES OF STATE BANK OF INDIA (SBI) & PUNJAB NATIONAL BANK (PNB)

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ABSTRACT

The Indian banking has come from a long way from being a sleepy business institution to a highly proactive and dynamic entity. This transformation has been largely brought about by the large dose of liberalization and economic reforms that allowed banks to explore new business opportunities rather than generating revenues from conventional streams (i.e. borrowing and lending). The banking in India is highly fragmented with 30 banking units contributing to almost 50% of deposits and 60% of advances. Indian nationalized banks (banks owned by the government) continue to be the major lenders in the economy due to their sheer size and penetrative networks which assures them high deposit mobilization. The Indian banking can be broadly categorized into nationalized, private banks and specialized banking institutions. The Reserve Bank of India act as a centralized body monitoring any discrepancies and shortcoming in the system. It is the foremost monitoring body in the Indian financial sector. The nationalized banks (i.e. government-owned banks) continue to dominate the Indian banking arena. Industry estimates indicate that out of 274 commercial banks operating in India, 223 banks are in the public sector and 51 are in the private sector. The research work is based on secondary data only.

Keywords: *Repo rates, Bank Index, Reverse repo, Forecasting, Correlation SBI share price, PNB share price.*

I. INTRODUCTION



The Indian banking can be broadly categorized into nationalized (government owned), private banks and specialized banking institutions. The Reserve Bank of India acts a centralized body monitoring any discrepancies and shortcoming in the system. Since the nationalization of banks in 1969, the public sector banks or the nationalized banks have acquired a place of prominence and has since then seen tremendous progress. The need to become highly customer focused has forced the slow-moving public sector banks to adopt a fast track approach. The unleashing of products and services through the net has galvanized players at all levels of the banking and financial institutions market grid to look anew at their existing portfolio offering Co-operative banks are nimble footed in approach and armed with efficient branch networks focus primarily on the ‘high revenue’ niche retail segments.

II. OBJECTIVES OF THE STUDY

- To know about effects of RBI rates on performance of State Bank of India and Punjab National Bank
- To Forecast the future value of SBI & PNB Share price.

III. LIMITATIONS

- This study and analysis does not includes all the participates in the Indian public sector banks
- This source of study is limited to 5 years.
- The study of State Bank of India and Punjab National Bank does not reflects the whole performance of Indian public sector banking firms.

IV. Research Methodology

1 TYPE OF RESEARCH

The article has been developed by implementing descriptive type of research. Since the research work has focused on the existing problem.

2 Secondary Data

The article is developed based on secondary data



3 Statistical Tool

Correlation and forecasting tool is applied to analyse the data.

V. DATA ANALYSIS AND INTERPRETATION

A. State Bank of India data analysis:

Table 1: showing the Correlation between Repo rate and State Bank of India share price.

| MONTHS | REPORATE | SHARE PRICE |
|-----------|----------|-------------|
| 19-Mar-10 | 5 | 2078.2 |
| 20-Apr-10 | 5.25 | 2300.7 |
| 2-Jul-10 | 5.5 | 2302 |
| 27-Jul-10 | 5.75 | 2502.9 |
| 16-Sep-10 | 6 | 2766.4 |
| 2-Nov-10 | 6.25 | 3150.6 |
| 25-Jan-11 | 6.5 | 2642.4 |
| 17-Mar-11 | 6.75 | 2765.3 |
| 3-May-11 | 7.25 | 2297.95 |
| 16-Jun-11 | 7.5 | 2404.65 |
| 26-Jul-11 | 8 | 2344.8 |
| 16-Sep-11 | 8.25 | 1911.05 |
| 25-Oct-11 | 8.5 | 1906.3 |
| 17-Apr-12 | 8 | 2138.1 |
| 29-Jan-13 | 7.75 | 2438 |
| 19-Mar-13 | 7.5 | 2072.75 |
| 3-May-13 | 7.25 | 2046.75 |
| 20-Sep-13 | 7.5 | 1614.9 |
| 29-Oct-13 | 7.75 | 1796.75 |
| 18-Dec-13 | 7.75 | 1766.5 |
| 28-Jan-14 | 8 | 1766.5 |
| 1-Apr-14 | 8 | 1523.85 |
| 3-Jun-14 | 8 | 2542.25 |
| 5-Aug-14 | 8 | 2439.25 |
| 30-Sep-14 | 8 | 2445.7 |

Hypothesis

Ho: the share price of State Bank of India is not related to Repo rate

Ha1: the share price of State Bank of India is positively related to Repo rate

Ha2: the share price of State Bank of India is negatively related to Repo rate

Correlation is -0.41414

Here Ha2 is accepted because the share price of State Bank of India is negatively related to Repo rate



Interpretation

There is moderate negative relationship between the RBI Repo rate and State Bank of India share value. This means, that whenever the Interest rate increases the share value decreases. The interest rate and the share value moves in opposite direction

Table 2: showing the Correlation between the Repo rate and Punjab National Bank share price.

| MONTHS | REPORATE | PNB SHARE PRICE |
|-----------|----------|-----------------|
| 19-Mar-10 | 5 | 1012.75 |
| 20-Apr-10 | 5.25 | 1039.5 |
| 2-Jul-10 | 5.5 | 1048.95 |
| 27-Jul-10 | 5.75 | 1070.45 |
| 16-Sep-10 | 6 | 1180.25 |
| 2-Nov-10 | 6.25 | 1290.8 |
| 25-Jan-11 | 6.5 | 1104.45 |
| 17-Mar-11 | 6.75 | 1212.7 |
| 3-May-11 | 7.25 | 1099.6 |
| 16-Jun-11 | 7.5 | 1089.25 |
| 26-Jul-11 | 8 | 1123.9 |
| 16-Sep-11 | 8.25 | 953 |
| 25-Oct-11 | 8.5 | 976.25 |
| 17-Apr-12 | 8 | 898.45 |
| 29-Jan-13 | 7.75 | 912.1 |
| 19-Mar-13 | 7.5 | 717.9 |
| 3-May-13 | 7.25 | 760.05 |
| 20-Sep-13 | 7.5 | 461.45 |
| 29-Oct-13 | 7.75 | 544.4 |
| 18-Dec-13 | 7.75 | 626.45 |
| 28-Jan-14 | 8 | 547.55 |
| 1-Apr-14 | 8 | 743.9 |
| 3-Jun-14 | 8 | 943.8 |
| 5-Aug-14 | 8 | 956.75 |
| 30-Sep-14 | 8 | 887.3 |

Hypothesis

Ho: the share price of Punjab National Bank is not related to Repo rate

Ha1: the share price of Punjab National Bank is positively related to Repo rate

Ha2: the share price of Punjab National Bank is negatively related to Repo rate

Correlation of Repo rate and PUNJAB NATIONAL BANK share price is -0.45782



Ha2 is accepted because the share price of Punjab National Bank is negatively related to Repo rate.

Interpretation

There is moderate negative relationship between the RBI Repo rate and Punjab National Bank share value. When share price increases, the repo rate decreases and vice-versa.

VI. FINDINGS

- State bank of India
 - The correlation between the RBI Repo rate and SBI share price is -0.414 which indicates that There is moderate negative relationship between the RBI Repo rate and Punjab National Bank share value.
 - The correlation between the Bank Nifty and SBI share price is 0.298 indicates that There is A weak positive relationship between the Bank Nifty rate and SBI share price.
 - The future share price of SBI is valued at 1950.8 if there is increase in RBI Repo rate to 9%. Which is currently at 2445.7 (Repo rate 8%). If Repo rate decrease to 7 then share price will be as follows $Y(\text{share price}) = -159.8 * 7 + 3389$ which is equals to 2270.4
- Punjab National Bank
 - The correlation between the RBI Repo rate and Punjab National Bank share price is -0.457 which indicates that There is moderate negative relationship between the RBI Repo rate and Punjab National Bank share value.
 - The correlation between the Bank Nifty and Punjab National Bank share price is 0.006 indicates that There is A no relationship between the Bank Nifty rate and Punjab National Bank share price.



- The future share price of SBI is valued at 750.16 if there is increase in RBI Repo rate to 9%. Which is currently at 887.3 (Repo rate 8%). If Repo rate decrease to 7 then share price will be as follows

$$= -98.76 \times 7 + 1639 \text{ which is } 947.68$$

VII. SUGGESTIONS

➤ State bank of India:

- The Repo rate influence on the share price cannot be ignored because of a $r = -0.414$. the investors should observe the Repo rate before investing
- As there is positive correlation between the State Bank of India share price and Bank Nifty investors are advised to observe even the Bank Nifty before investing.
- As per the forecasting analysis the share price will gain up to 2270.4 if the interest rate is 7%. The investors are advised to invest more when interest comes down.
- The investors are advised to stay away from the stock if the interest rate increases, because as per the forecasting analysis the stock value will be below 2000 when the interest rate is 9%.

➤ Punjab National Bank:

- The Repo rate influence on the share price of the Punjab National Bank cannot be ignored because of a $r = 0.45782$. The investors should observe the Repo rate before investing in the Punjab National Bank stock.
- As there is positive correlation between the Punjab National Bank share price and Bank Nifty investors are advised to observe even the Bank Nifty before investing.
- As per the forecasting analysis the share price will gain up to 947.6 if the interest rate is 7%. The investors are advised to invest more when interest comes down.
- The investors are advised to stay away from the stock of Punjab National Bank if the interest rate increases, because as per the forecasting analysis the stock value will be below 750.16 when the interest rate is 9%.



VIII. CONCLUSION

There exists a strong relationship between the repo rate as well as SBI and PNB share price. This can even be applied to all the banks in public sector and private sector. So to conclude, investors should observe the repo rate before investing in the bank stocks. Because of the influence of repo rate is very high on the bank stocks.

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ASSESSING THE IMPLICATIONS OF BUSINESS CYCLE APPROACH ON EQUITY INVESTORS' DECISION MAKING

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ABSTRACT

Business cycle is the collection of stages that an economy goes through as it expands, slows down and declines. These “cycles” repeat and investors who understand where the economy is situated within the business cycle can better position their portfolios by investing in securities that benefit from the unique characteristics of each stage.

Historical evidences had showed that certain companies in specific sectors exhibit relative outperformance at different times in the business cycle. In this context, the present paper is an attempt to evaluate the business cycle approach to sector investing and how it potentially can generate positive active returns over an intermediate time horizon. Such an analysis may also be used to avoid some of the risks of investing in shares, sectors funds and ETFs at times when they are less likely to perform well.

Key words: *Business cycle, Recession, Phase- wise analysis, Risk- return Characteristics.*

I. INTRODUCTION

Business cycle is the collection of stages that an economy goes through as it expands, slows down and declines. Every business cycle have certain patterns that tend to repeat themselves over time. Fluctuations in the business cycle are essentially distinct changes in the rate of growth in economic activity, particularly changes in three key cycles—the corporate profit cycle, the credit cycle and the inventory cycle as well as changes in the employment backdrop and monetary policy. While unforeseen macroeconomic events or shocks can sometimes disrupt a trend, changes in these key indicators historically have provided a relatively reliable guide to recognizing the different phases of an economic cycle.



II. NEED FOR THE STUDY

The business cycle, which encompasses the cyclical fluctuations in an economy over many months or a few years, can be a critical determinant of equity market returns and the performance of equity sectors. As every business cycle has differences, yet they share the common phase structure. Using a disciplined investment framework that incorporates knowledge about the different phases, investors may be able to identify at what point we are in the business cycle to improve the portfolio construction and asset allocation process and to use those signals in a better way to achieve active returns from sector allocation. By understanding how certain companies and sectors react to the business cycle, investors may be able to position their portfolio with securities or funds that have a strong probability of outperforming the rest of the market.

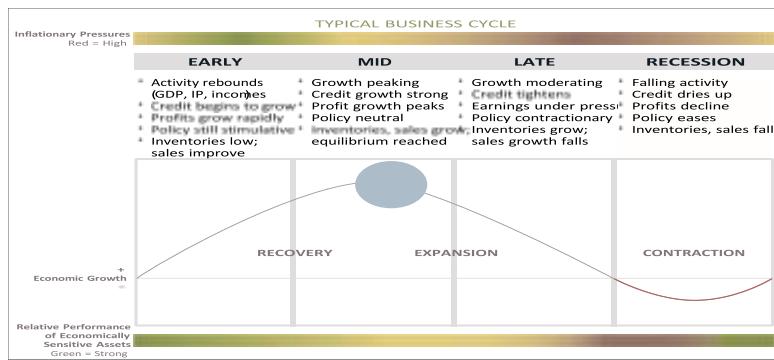
III. OBJECTIVE OF THE STUDY

1. To understand how the typical business cycle phases has implications on economy& how various asset class performance patterns across the phases of the business cycle.
2. To assess the implications of business cycle on equity sector performance& investor decision making.

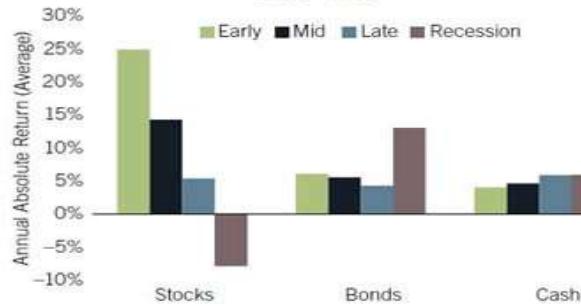
IV. THEORETICAL FRAMEWORK

Asset allocation decisions are engrained in relative asset class performance and there is significant potential to enhance portfolio performance by tilting exposures to the major asset classes based on shifts in the business cycle. Investors can implement the business cycle approach to asset allocation by overweighting asset classes that tend to outperform during a given business cycle phase, while underweighting those asset classes that tend to underperform.

The below chart shows: Typical business cycle phases& its implications on the economy:



ASSET CLASS PERFORMANCE ACROSS BUSINESS CYCLE PHASES 1950–2010



1. Early-cycle phase

Generally after a sharp recovery from recession, economy had marked a variation from negative to positive growth in economic activity (e.g., gross domestic product, industrial production) which leads to an accelerating growth rate. Liberalising the Credit conditions within the easy monetary policy can create a healthy environment for rapid margin expansion and profit growth. During this phase, business inventories are low, while sales growth improves significantly. Regarding the asset class performance, during the early phase of the business cycle, Stocks have typically benefited more than bonds and cash from the backdrop of low interest rates, the first signs of economic improvement and the rebound in corporate earnings. Relative to the long-term strategic allocation, stocks have exhibited the greatest out performance in the early cycle, while bonds and cash have experienced the deepest under performance.

2. Mid-cycle phase

The longest phase of the business cycle is the mid-cycle phase which have an average period of three years. This phase is characterized by a positive but more moderate rate of growth than that experienced during the early-cycle phase. During this phase, economic activity gathers momentum, credit growth becomes strong and profitability is healthy against an accommodative though increasingly neutral monetary policy backdrop. Both Inventories and sales grow leading to an equilibrium relative to each other. During this phase, stock market performance has tended to be fairly strong though not as robust as in the early-cycle phase, while bonds and cash have continued to post lower returns than equities in the mid-cycle.



3. Late-cycle phase

Late-cycle phase has an average duration of roughly a year and a half. As the recovery matures, inflationary pressures build, interest rates rise and investors start to shift away from economically sensitive areas. Economic growth rates slow to “stall speed” against a backdrop of restrictive monetary policy, tightening of credit availability and deteriorating corporate profit margins. During this phase, Inventories tend to build unexpectedly as sales growth declines. The rising interest rates that typically accompany this phase of the business cycle tend to weigh on the performance of longer-duration bonds, which lags the absolute returns to shorter-duration cash. Across the asset classes, the late cycle has the most mixed performance relative to the strategic allocation, the hit rates and relative performance are the lowest of the expansion phases. In general, stocks have exhibited somewhat better performance on some metrics during the late cycle and cash tends to outperform bonds.

4. Recession phase

The recession phase has historically been the shortest, lasting nine months on an average from 1950 to 2010. As economic growth stalls and contracts, assets that are more economically sensitive fall out of favour and those that are defensively oriented move to the front of the performance line. During this phase, corporate profits decline and credit is scarce for all economic factors. Monetary policy becomes more accommodative and inventories gradually fall despite low sales levels leads to setting up for the next recovery. The stock market has performed poorly during this phase. Cash has continued to play a defensive role, while the falling interest-rate environment typically seen during the recession can acts as a major tailwind for bonds.

V. BUSINESS CYCLE APPROACH & EQUITY SECTOR PERFORMANCE PATTERNS

Historical analysis of the cycles since 1962 shows that the relative performance of equity market sectors has tended to rotate as the overall economy shifts from one stage of the business cycle to the next, with different sectors assuming performance leadership in different economic phases. Due to structural shifts in the economy, technological innovation, varying regulatory backdrops and other factors, no one sector has behaved uniformly for every business cycle.



❖ Early-cycle phase & Sectorial performance

Since 1962, the stock market has produced an average total return of more than 20% per year during this phase and its average length has been roughly one year. On a relative basis, sectors that typically benefit most from a backdrop of low interest rates and the first signs of economic improvement have tended to lead the broader market's advance. Specifically, interest-rate-sensitive sectors—such as **consumer discretionary** and **financials**—historically have outperformed the broader market. These sectors have performed well, due in part to industries within the sectors that typically benefit from increased borrowing, including diversified financials and consumer-linked industries such as autos and household durables in consumer discretionary.

Economically sensitive sectors—such as **information technology** and **industrials**—have been boosted by shifts from recession to recovery. For example, the **industrials** sector has some industries—such as transportation—in which stock prices often have rallied in anticipation of economic recovery. Laggards of the early-cycle phase include **telecommunication services** and **utilities**, which generally are more defensive in nature due to fairly persistent demand across all stages of the cycle. **Energy** sector stocks also have lagged during the early phase, as inflationary pressure and thus energy prices tend to be lower during a recovery from recession.

❖ Mid-cycle phase & Sectorial performance

As the economy moves beyond its initial stage of recovery and as growth rates moderate, at this point in the cycle, economically sensitive sectors still have performed well, but a shift has often taken place toward some industries that saw a peak in demand for their products or services only after the expansion has become more firmly entrenched. Average annual stock market performance has tended to be fairly strong (roughly 15%), though not to the same degree as in the early-cycle phase.

Information technology has been the best performer of all the sectors during this phase, having certain industries such as software and hardware that typically pick up momentum once companies gain more confidence in the stability of an economic recovery and are more willing to make capital expenditures. The **industrials** sector has lacked consistent outperformance, but contains industries that are well suited for a mid-cycle expansion. For ex: capital goods producers tend to benefit from the pickup in demand in an environment of sustained and more

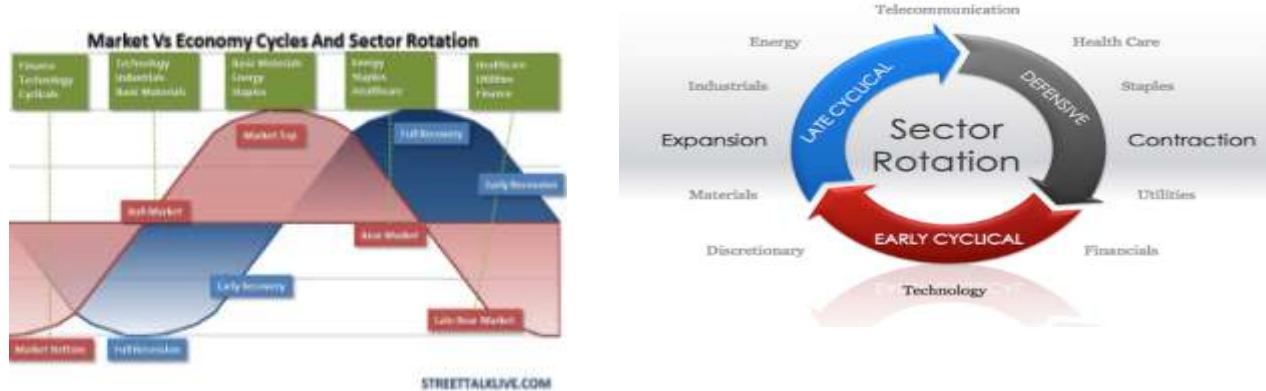


predictable economic growth. From an underperformance perspective, the **utilities** and **materials** sectors have lagged by the greatest magnitude.

❖ Late-cycle phase & Sectorial performance

The late-cycle phase had an average duration of roughly a year and a half and overall stock market performance has averaged a little over 5% on an annualized basis. As the economic recovery matures, the **energy** and **materials** sectors, whose fate is closely tied to the prices of raw materials, previously have done well as inflationary pressures build and the late-cycle economic expansion helps to maintain solid demand.

During the signs of an economic slowdown, defensive-oriented sectors—those in which revenues are tied more to basic needs and are less economically sensitive, particularly **health care**, but also **consumer staples** and **utilities**—generally have performed well.



❖ Recession phase & Sectorial performance

The recession phase has historically been the shortest, lasting slightly less than a year on average and the broader market has performed poorly during this phase. As economic growth stalls and contracts, sectors that are more economically sensitive fall out of favour and those that are defensively oriented move to the front of the performance line. These less economically sensitive sectors including **consumer staples**, **utilities**, **telecommunication services** and **health care** are dominated by industries that produce items such as toothpaste, electricity, phone service, and prescription drugs which consumers are less likely to cut back on during a recession. These sectors' profits are likely to be more stable than those in other sectors during a contracting economy. The **consumer staples** sector has a perfect track record of outperforming the broader market throughout the entire recession phase, while **utilities**, **telecommunications services** and



health care are frequent outperformers. High dividend yields provided by utility and telecom companies also have helped these two sectors to hold up relatively well during recessions. On the downside, economically and interest-rate-sensitive sectors such as **industrials, information technology, materials, and financials** are typically have underperformed the broader market during this phase.

VI. IMPLICATIONS OF BUSINESS CYCLE APPROACH ON INVESTMENT DECISIONS

Business cycle approach with additional strategies would enhance the ability to generate active returns from asset allocation over time. For instance, tactical shifts in portfolio positioning may be used to mitigate the risks or opportunities presented either by the threat of external shocks or by major market moves that may be unrelated to changes in the business cycle. However, by using a disciplined business cycle approach, it is possible to identify key phases in the economy's natural ebb and flow. These signals can provide the potential to generate incremental returns over the intermediate term, and they can be incorporated into an asset allocation framework that analyses underlying factors and trends across various time horizons. Understanding the business cycle approach would helpful to the investor to better position their portfolio with securities or funds that have a strong probability of outperforming the rest of the market. It can also be useful to the Investment practitioners to analyse the current stages of a firm's business cycle as it enables them to look at investment opportunities that have favourable risk-return characteristics.

VII. CONCLUSION

Business cycle which encompasses the cyclical fluctuations in an economy over many months or a few years, can be a critical determinant of equity market returns and the performance of equity sectors. As every business cycle has differences, yet they share the common phase structure. In this context, the present paper is an attempt to evaluate the business cycle approach to sector investing and how it potentially can generate positive active returns over an intermediate time horizon. Such an analysis may also be used to avoid some of the risks of investing in shares, sectors funds, and ETFs at times when they are less likely to perform well.



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IMPACT OF PRIVATE EQUITY ON INDIAN BUSINESSES: A STUDY

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ABSTRACT

The reforms, started nearly two decades ago have put the Indian economy in a growth trajectory. The opening up of economy and its integration with the world has created more business opportunities with more entrepreneurs entering into the business and industry with innovative ideas and ways of doing business. Expansion of the business activities has put more pressure on the scarce financial resources forcing entrepreneurs to look for alternative sources of finance. Private Equity is one such of finance which has recently occupied the center stage in the world of finance. Indian business houses in the pharmaceutical, media, technology and the manufacturing industries alike have, having access to the Private Equity, not only got them enlarged in terms of the magnitude of scale, and the scope and quality of the product and services but have also got them globally placed. This paper endeavours to analyze the trends and patterns of Private Equity in India and its contribution to the Indian industries. The regulatory mechanism of Private Equity in India has also been highlighted in this paper.

Key words: Contribution to Indian companies, Impact on Indian Economy, Private Equity, Trends and Patterns, Venture Capital, Regulations

I. INTRODUCTION

In the global scenario, Private Equity has been described as a driver of economic growth, for last few decades. However, in the Indian context, the concept is comparatively new but has added an extensive popularity among the financial network. Private Equity financing is becoming gradually popular route of foreign investment into India. Private Equity players are, recognized investment bankers and usually invest into proven or established businesses. PE funds are among the largest sources of funding for the enterprises that are quite secure with an established track record; require considerably large funds for expansion and growth.



The popularity of PE funding is owed to certain specific advantages that Private Equity offers over its other counterparts. Compared to the other funding options, Private Equity is very useful when it comes to raise a huge amount of fund. Bigger the amount, better are the scope of introducing Private Equity. Moreover, usually Private Equity investors show higher involvement in the growth of the business and thereby resulting in benefits for the organization. Additionally, as there is a lot of money involved, quite obviously a lot of borrowing and personal fund investment takes place in the process. So the Private Equity investors have more interest in assuring growth of the business.

II. LITERATURE REVIEWS

Jain and Manna (2009) have done the research on the impact of private equity in the business. Their research reveals that private equity facilitates the productive use of existing assets and resources by identifying companies with untapped potential and reorganizes their operations to increase the value.

Chokshi (2007) has analyzed the main factors which hamper the growth of leveraged buyouts in India. He concludes that the restrictions on foreign investments in India, underdeveloped corporate debt market, limited availability of professional management and the restrictions on bank lending are the main factors which restrict the growth of leveraged buyouts in India.

Chinchwadkar and Seth (2012) have done research on private equity exit options and have compared IPO and acquisition as exit routes. They find that the private equity investors and entrepreneurs face a decision of choice of exit between IPO and an acquisition.

Dossani Rafiq (2012) has strongly recommended the PE Investors working in India to be visionary and particular in understanding how to make returns from Indian market which is not as matured as the Western one. He expects, PE Investments to be low in India in upcoming years because of persistence of dominance of the “Family Run Firms” which are not efficient in dealing with PE Investments, operating difficulties in running large businesses.

III. OBJECTIVES

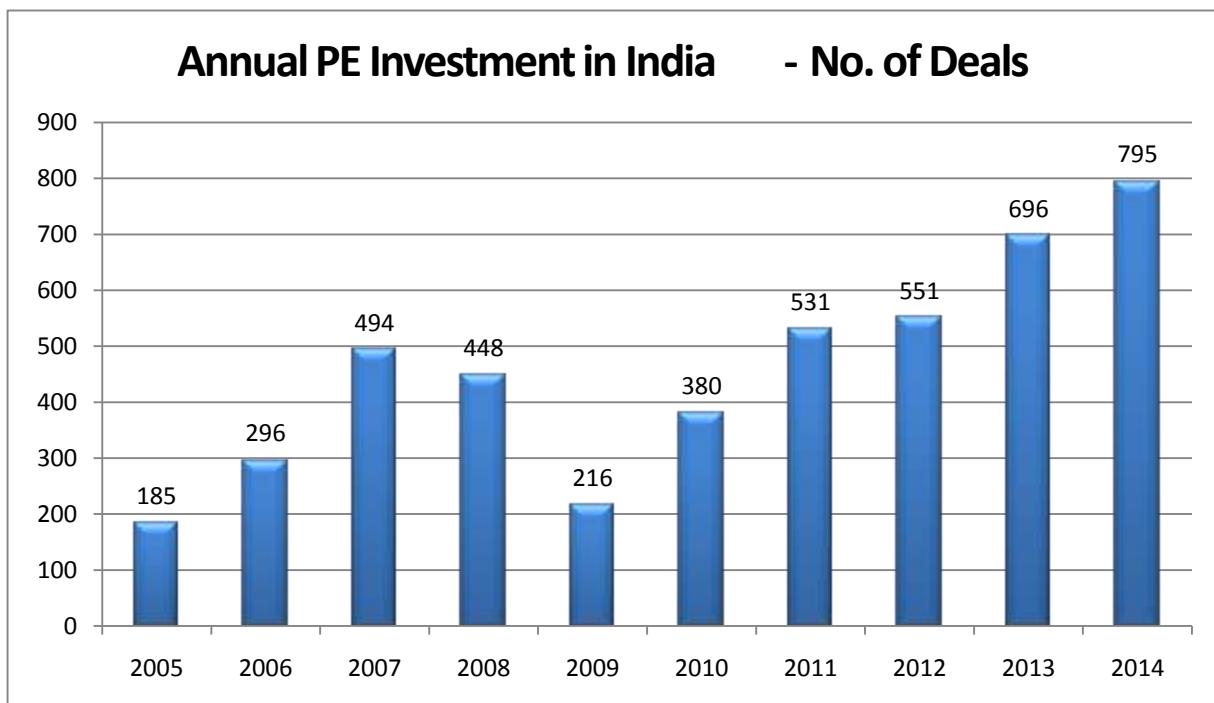
1. To study the PE investment trends in India in recent years.
2. To discuss the impact of PE investments on Indian entrepreneurs with incorporating few case studies.
3. To investigate the regulations concerning to Private Equity in India.



IV. ANALYSIS & DISCUSSION

1. PE Investment trends in India

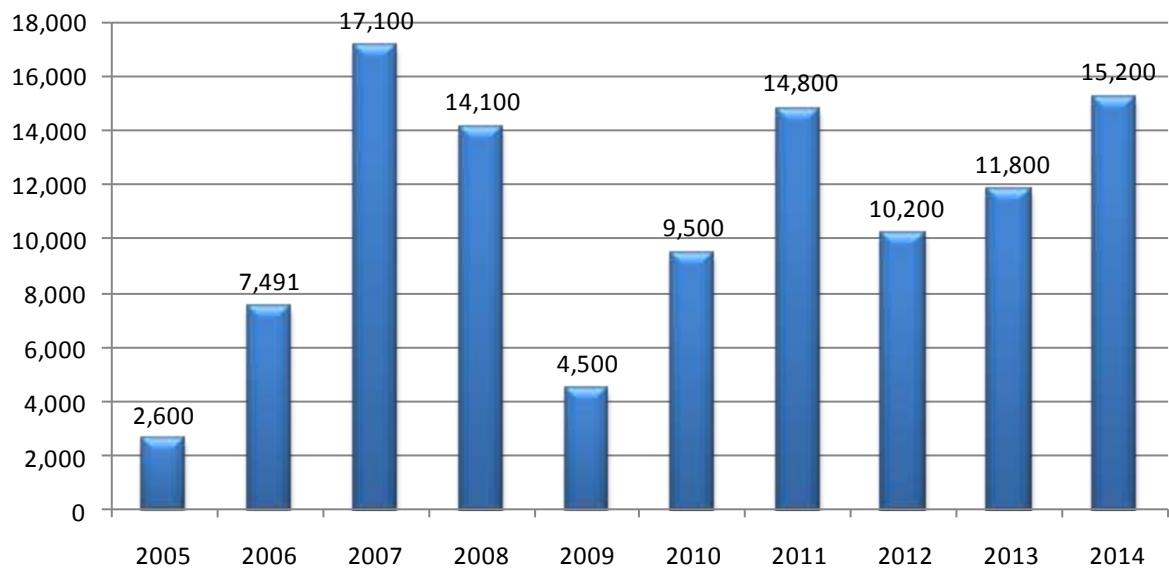
PE investments in India have seen a vigorous increase over last few years. The deal value has increased by 28% to \$15.2 billion which is closer to the peak level of \$17.1 billion in the year 2007. The overall deal volume in India grew by 14% with early and growth stage deals accounting for 80% of the total deals in 2014. The consumer technology sector led in deal value and volume, consisting 31% of the overall deal value and 35% of the overall deal volume.



Source: Bain India PE deal database- 2015



Annual PE Investment in India- Deal Volume (US\$m)



Note: Including real estate, infrastructure and small deals

Source: Bain India PE deal database- 2015

2. Impact of PE investment on Indian businesses

PE is, first and foremost, a financial transaction. If a company's management chooses to accept PE, this is because it determines that the company needs long term risk capital. Often, PE is chosen because long-term risk capital is not available elsewhere, due to underdeveloped equity markets. There is a common misconception that only large and well established companies benefit from PE capital. In fact, it is the contrary. There are some well established companies today; it is relevant that they were not in this position when they have received PE funding and without PE funding they may not have transformed. Let's discuss briefly, the case studies of some well-known companies in India which have benefited by PE.

2.1: Case Study: Manipal University Learning

Manipal University offers distance learning, vocational training and customized courses for corporate clients. The University also runs medical and engineering education campuses in Nepal, Malaysia, Dubai and Antigua.

When IDFCPE invested in MUL in 2006, it had only 50,000 students, which was a small part of the interested candidates. IDFCPE was well aware of the demand supply gap in higher education and the under developed nature of distance learning. IDFCPE had approached MUL in 2004 but



in 2006 the private equity firm decided to buy a stake along with co-investor Capital International.

With IDFCPE on board, MUL acquired a number of strategic businesses to diversify its portfolio at home and abroad. It includes, India's largest testing service Merit Trac, a leading Caribbean college named American University of Antigua, the Medical College of Melaka and Singapore based online MBA provider U21 Global. It has introduced Manipal to City & Guilds in the UK, the world's largest skills certification agency, which has resulted in a successful joint venture called India Skills.

MUL has approximately 220,000 students worldwide since 2006, revenues and EBITDA have increased four-fold, and the company went for an IPO in 2011. Like most businesses within the Manipal Group, MUL had built its reputation on quality and good governance, but IDFCPE helped MUL bring it to listed company standards.

2.2: Case Study: Naukri.com

Naukri originated in 1997 and by the year 2000-01, the company's revenue was only about USD 0.2 million. ICICI Ventures invested USD 2 million in 2000, just before the Internet bubble burst. The company achieved high growth rates subsequently, with revenue of USD 60 million for the financial year ended March 2009. As of March 2010, it employs 1200 persons. ICICI Ventures' investment was parallel to a venture capital investment rather than PE, given the early stage of the company.

However, the PE firm played a relatively passive role in operational decisions and focused its interventions on strategic decisions, particularly relating to corporate governance and financial discipline. ICICI Ventures remained as an investor till the IPO in 2007, when the company raised new capital of INR 1,703 million. During this time, it helped to raise a second round of private funding through secondary purchase by Sherpalo Ventures and Kleiner Perkins.

ICICI Ventures was a preferred investor for the founders of Naukri at a time when the Internet bubble was at its peak. The decision to go with ICICI Ventures turned out to be unexpected when stock markets declined sharply in the world over, including India. The management allocates its remarkable growth (from INR 0.25 million to INR 2,700 million in 11 years) to PE funding without which it probably would have been significantly smaller company (probably around INR 50 million). As a result, Naukri continues to dominate the market and is a profitable company.



2.3: Case Study: Bharti Airtel Limited

The management of the company feels that, the availability of funds at the right time has been crucial for the growth and success of Bharti Airtel. From just two mobile telecom circles in 1998, the company has rapidly extended its presence to four circles in 1999, six circles in 2001, and 23 circles in 2004.

Bharti Airtel had begun actively to look out for PE funding in 1998-99, when it decided to expand the business beyond its two circles i.e. Delhi and Himachal Pradesh. Beyond providing the capital to support its rapid growth, Warburg Pincus also helped Bharti Airtel with important strategic inputs and mentoring to its management team. WP's speed of decision making and faith in the management team played a key role in the partnership. This has been proved especially important as Bharti Airtel embarked on an aggressive growth path, which combined organic and inorganic strategies to expand its footprint across the country.

Another aspect of appreciation was, WP did not lose its calm when, post the company's January 2002 IPO, the stock price went lower than the IPO price (of Rs. 45 per share).

3. Private Equity regulations in India

There are no regulatory differences between venture capital and private equity firms in India. Domestic and foreign venture capital funds are regulated by SEBI (Venture Capital Funds) Regulations, 1996 and Foreign Venture Capital Regulations, 2000 respectively. The Securities and Exchange board of India has issued its regulations for Venture Capital in 1996 by establishing authority over the funds. Foreign venture capital funds have been permitted to operate in India since 1995. They may either hold their shares of unlisted companies directly or route their investments through domestic venture capital funds.

Between 1995 and 2000, new simplified regulations related to exit pricing and return procedures, were issued by SEBI for foreign investors. The Private Equity industry was regulated by Reserve Bank of India through the FDI regulation of the government, where there was a minimum restriction in exit pricing and return of capital.

In 2000, the Government has permitted equity funds with the condition that no tax is to be levied on the distributed or undistributed income of the funds. To avoid double taxation, a Private Equity funds income would be taxed only once. Based on Chandrasekhar committee on venture capital in January 2000, SEBI announced new guidelines which were amended in April 2004.



In 2012, the Government has approved the SEBI (Alternative Investment Funds) Regulations to bring unregulated funds under its purview, ensure systemic stability, increase market efficiency and enable the formation of new capital. These regulations were applicable to all pooled investment vehicles apart from Mutual Funds, Collective Investment Schemes, Family Trusts, Employee Welfare Trusts, holding companies, funds managed by Asset Reconstruction Companies, Securitization Trust or funds directly regulated by any other regulators in India. All the Alternative Investment Funds (AIFs), whether operating as Private Equity Funds, Real Estate Funds or Hedge Funds should be registered with SEBI.

V. FINDING & CONCLUSION

The experience of domestic companies from PE funds have been quite positive as they have benefited not only in terms of funds availability but also in attracting talent, developing new business models, fulfilling capital needs during the most critical phase of the business, expanding and building new markets, improving corporate governance, building world class capability, improving efficiency, increasing infrastructure capability etc. PE Investors have also contributed to several small and medium scale businesses and independent ventures. In a nutshell, it can be concluded that PE Investments are affecting positively not only the Indian companies but also the Indian Economy.

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EMERGING ROLE OF MICRO FINANCE IN POVERTY REDUCTION AND ITS RELATED CHALLENGES IN TELANGANA REGION

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ABSTRACT

Micro Finance is a term often used in relation to small-scale financial services. Micro finance is the provision of financial services such as loans, savings, insurance and training to people living in poverty. It aims at providing micro credit to the poor for purchase of productive assets and allowing them to repay in small installments. It is widely recognized as a just and sustainable solution in alleviating global poverty. The present paper attempts to understand the role of micro finance in poverty reduction. The paper is composed of three parts. The first part deals with the evolution and meaning of micro finance. The second is that of the viability of the micro finance institutions in reduction of poverty in Telangana region. Thirdly, the new challenges micro finance institutions are facing. Different from the existing published survey literature, the study focuses on the recent theoretical developments using secondary sources of data. It is found that micro finance made possible overall development of families and villages, but has yet to reach its full potential. Government should provide a regulatory framework which encourages the development of micro finance institutions.

Keywords: *Micro finance, Financial Services, Poverty reduction, Micro credit, Micro Finance Institutions (MFI's).*

I. INTRODUCTION

The eradication of poverty continues to be a central political issue in most developing countries. Despite serious efforts by local governments as well as other government and private organizations many people still suffer from poverty. According to the revised methodology, the world had 872.3 million people below the new poverty line, of which 179.6 million people lived in India. In other words, India with 17.5% of total world's population had 20.6% share of world's poorest in 2011(World Bank May 2014).



The Indian government puts emphasis on providing financial services to the poor and underprivileged since independence. Commercial Banks were unable to reach the goal due to their policy of lending against collateral securities which was a bottleneck for the poor. It was in this cheerless background that the Microfinance Revolution occurred worldwide.

Micro finance is a financial service which includes savings, credit, and insurance, leasing etc. that is, any type of financial service provided to customers to meet their normal financial needs. Micro Finance owes much to the Grameen Bank model, set up in Bangladesh by Nobel Laureate Dr. Mohammad Yunus. The present study is undertaken to examine the success of Micro Finance Institutions in Poverty reduction and challenges facing by Micro Finance Institutions through latest theoretical studies.

II. OBJECTIVES OF THE STUDY

- To study the role of Micro Finance in poverty reduction with reference to Telangana region.
- To know the challenges faced by Micro Finance Institutions and provide recommendations in this regard.

III. SCOPE OF THE STUDY

The scope of the study is confined to the Role of Micro finance Institutions working in Government Organizations' like SHG's in commercial Banks, Grameen Models etc in poverty reduction. Private Micro Finance Institutions are not taken into consideration.

IV. REVIEW OF LITERATURE

Microfinance, according to Otero (1999) is —the provision of financial services to low-income poor and very poor self-employed people||.

Schreiner and Colombet (2001) define microfinance as —the attempt to improve access to small deposits and small loans for poor households neglected by banks.||

From the foregoing therefore, it can be said that Microfinance is the term that has come to refer generally to such informal and formal arrangements offering financial services to the poor Brau and Woller (2004).



V. RESEARCH METHODOLOGY

Research methodology used is exploratory in nature based on published literature. Data and information for the research study were gathered and analyzed from secondary published sources viz.books,periodicals,journals,websites,researchstudies,etc.

VI. GROWTH OF MICRO FINANCE IN INDIA

Poverty alleviation has been one of the guiding principles of the planning process in India. The Indian government puts emphasis on providing financial services to the poor and underprivileged India's first Microfinance Institution 'Shri Mahila SEWA Sahkari Bank was set up as an urban co-operative bank, by the Self Employed Women's Association (SEWA) soon after the group (founder Ms. Ela Bhatt) was formed in 1974.. However, the institutionalization and spread of microfinance in India began when the National Bank of Agriculture and Rural Development (NABARD) started promoting the Self Help Group (SHG) model to deliver financial services to the poor. Microfinance in India started as a state-driven effort in the late eighties and subsequently private players saw it as a lucrative sector, where large amounts of profits could be made from an aggregate of small loans, and stepped in. Their participation greatly increased the size and scope of the sector and also slowly changed the operations of the industry.

VII. WAYS OF DELIVERY MICR FINANCE IN INDIA

The following are the major methodologies employed by the micro finance institutions for the delivery of financial services to low income clients.

Self help groups and SHG –Bank linkage Programme The SHG is the dominant form of micro finance in India. It consists of 15-20 member who join together for individual and group benefits. Another important state government initiative was a World Bank initiated program called Velugu in the beginning and now Indira Kranthi Pratham, to promote SHGs and livelihoods.

Individual Banking Program (IBP) IBPs entail the provision of financial services to individual clients by micro-finance institutions though they may sometimes be organized into joint liability groups, credit and savings cooperatives or even SHG s.



The Grameen Model This model was initially promoted by the well known Grameen Bank of Bangladesh. These undertake individual lending but all borrowers are members of 5 member joint liability group.

VIII. MICROFINANCE IN TELANGANA REGION (FORMERLY A.P)

Telangana is part of the region known as South India, which also includes states of Karnataka, Kerala and Tamil Nadu as well as the union territories of Lakshadweep and Puducherry. Originated and grown mostly in South India and Telangana (Formerly AP) is a key state.

IX. CRISIS ISSUE IN TELANGANA (FORMERLY A.P)

During 2005-10 Indian microfinance sector was one among the largest microfinance sector in the world and Andhra Pradesh occupies a special place. In 2010, out of the 30 million households majority of participants are from Telangana (Formerly AP). Sadly during 2010 there were continuous suicides in Telangana (formerly AP) with allegations on MFIs using unethical practices to recover the loans. To resolve this issue in December, 2010 Ordinance was enacted as Andhra Pradesh Microfinance Institutions (regulation of money lending) Act which had adverse effects on collection rates falling from 99% to 20%. To resolve this issue RBI appointed Malegam Committee in December 2010 who have recommended for New category of MFI's, stronger supervision and transparent interest rates.

X. REGULATION OF MICRO FINANCE INSTITUTIONS

Government of India has introduced Micro Finance Institutions (Development and Regulation) Bill 2012 on May 22, 2012 to establish a regulator under RBI to regulate and supervise NGO's and MFI's.

XI. CURRENT STATUS OF MICRO FINANCE MODELS IN TELANGANA REGIONS

The establishment of Micro Finance Development Council has brought a new turn to the MFIs in India. Government has played a major role in introducing various schemes and providing the financial assistance at low interest rates in the form of SHG's and JLPI's through Commercial



Banks, RRB's and Co-operatives. Telangana state (Formerly AP) is leading in the southern Region in establishment of SHG's and in generating large amount of savings (See Table.1.1).MFI's were successful in alleviating poverty to a greater extent which can be depicted by increase in the per capita Income and reduction of poverty rate from 37.2 in (2004-05) to 21.9 in (2011-12).(See Table 1.3)

Microfinance Market Outlook (2013) gave some hope of recovery for the Indian microfinance industry, as they expected it to expand by around 20% in 2013.

Micro finance market outlook 2015 According to the report, the global microfinance market is expected to grow by a further 15-20% in 2015 – with market volumes doubling again in the period from 2015 to 2019. The Asian microfinance market is displaying the strongest growth momentum. In India and Cambodia, portfolio growth is expected to exceed 30% next year.

**Progress under Microfinance - Savings of SHGs with Banks Region-wise/ State-wise/
Agency-wise position as on 31 March 2014 in Southern Region**
(Amount ` lakh)

Table No.1.1

| Sr. No | Region/Stat e | Commercial Banks | | Regional Rural Banks | | Cooperative Banks | | Total | |
|-----------|-------------------|------------------|-------------------|-------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| | | No. of SHGs | Savings Amount | No. of SHGs | Savings Amount | No. of SHGs | Savings Amount | No. of SHGs | Savings Amount |
| 1 | Andhra Pradesh | 987881 | 299537.6 9 | 405420 | 46368.1 9 | 25375 | 4056.30 | 141867 6 | 349962.18 |
| 2 | Karnataka | 375573 | 74864.89 | 116572 | 11101.4 0 | 217026 | 22791.00 | 709171 | 108757.29 |
| 3 | Kerala | 475851 | 49705.46 | 50416 | 4881.00 | 75058 | 2356.03 | 601325 | 56942.49 |
| 4 | Lakshadwe ep | 229 | 648.81 | 0 | 0.00 | 0 | 0.00 | 229 | 648.81 |
| 5 | Pondicherr y | 17690 | 1797.38 | 3553 | 363.17 | 3211 | 245.86 | 24454 | 2406.41 |
| 6 | Tamil Nadu | 706888 | 80337.89 | 66209 | 4680.37 | 169372 | 20126.95 | 942469 | 105145.21 |
| | Total | 2564112 2 | 506892.1 2 | 642170 | 67394.1 3 | 490042 | 49576.14 4 | 369632 4 | 623862.39 |



wise Grant support sanctioned to Joint Liability Group Promoting Institutions as on 31st(JLPIs) as on 31 March 2014 (Amount ` lakh)

Table No: 1.2

| Sr. No | Name of the State | Grant Sanctioned | Grant released | No.of JLGs to be promoted/ credit linked | No.of JLGs credit linked |
|--------|-------------------|------------------|----------------|--|--------------------------|
| 1 | Karnataka | 1183.80 | 109.88 | 53175 | 10410 |
| 2 | Andhra Pradesh | 228.73 | 116.00 | 15131 | 10847 |
| 3 | Tamil Nadu | 436.88 | 249.82 | 21844 | 15117 |
| 4 | Kerala | 854.98 | 195.34 | 42749 | 12030 |
| | Total | 2704.39 | 671.04 | 132899 | 48404 |

Source: NABARD Report on Status of Micro Finance in India 2013-14 (Pg.189 of 192)

Table 1.3: Poverty in India

| Year | Poverty Line (Rs)` per capita per month | | Number of poor (million) | | | Poverty ratio (%) | | |
|---------|--|--------|--------------------------|-------|-------|-------------------|-------|-------|
| | Rural | Urban | Rural | Urban | Total | Rural | Urban | Total |
| 2004-05 | 446.7 | 578.8 | 326.3 | 80.8 | 407.1 | 41.8 | 25.7 | 37.2 |
| 2011-12 | 816.0 | 1000.0 | 216.5 | 52.8 | 269.3 | 25.7 | 13.7 | 21.9 |

Table 1.3Source: NABARD Annual Report 2014-15

XII. CHALLENGES

However, due to the expansion of MFIs and the expansion of microfinance services, these organizations now face new challenges.

Quality of SHGs: Due to the fast growth of the SHG-Bank Linkage Programme, the quality of MFIs has come under stress.

Low Depth of Outreach: MFI's failed to fulfill sufficient financial needs of the poor.



Unregulated Microfinance Institutions: MFI's in India are regulated by multiple authorities which weakened their performance

Deserving Poor are Still not Reached: Though the MFI's programme is spreading rapidly, it has failed to reach the poor at the bottom level.

External Environment: Increased competition is also an issue that hinders the growth of MFI's

XIII. RECOMMENDATIONS

- Government should provide an enabling legal and regulatory framework which encourages the development of a range of institutions and allows them to operate as recognized financial intermediaries subject to simple supervisory and reporting requirements.
- Field supervision of MFI's is required periodically
- Government should Offer incentives to MFI's for opening branches in unbanked villages, to reach the poor at bottom level.
- Transparent and uniform pricing methods should be implemented.
- Regulation of MFI's should be bought under single supervision.

XIV. CONCLUSION

Microfinance is multifaceted and works in an integrated system. Micro Finance was successful in reaching majority number of people in alleviating their poverty lines .With passage of time new opportunities and new challenges are being felt in the field of microfinance. But through proper regulation they can be avoided. South India is where microfinance is seen to have started, and it is also the region with huge numbers of loans and clients especially in Telangana Region. Lending to the poor through microcredit is not the end of the problem but beginning of a new era. If effectively handled, it can create miracle in the field of poverty alleviation.

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A STUDY ON INVESTOR BEHAVIOR TOWARDS IT SHARES IN INDIA STOCK MARKET

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ABSTRACT

Indian Stock Market is a highly speculative market. Performance of any stock is subject to the act of individual and aggregate investors towards that stock in terms of their buying and selling behavior based on the fundamental and other information that they have. Particularly the IT sector is known for higher volatility caused by the dynamics of the sector domestically and globally. The main objective of the paper is to find out the performance of IT stocks in the market from the reflection of the Investors behavior towards Indian Stock Market. Where so many are interested to invest into different stocks but more investors are prefer IT industry shares. In this Paper I want to make a study why people prefer IT shares instead of Other Sectors. In my study I want to analyze behavior of investor towards the IT shares. I will analyze the IT shares performance in the past few years how the behavior of an investor if shares value is increasing or decreasing IT shares in the Indian stock Market. Weather IT sector share are Profitable for Investors in the past few years i.e., 5-years. This paper is an analytical study, which critically analyses the performance of selective IT companies stocks in the market and the causes of fluctuations of IT Shares in last 5 years. The study takes Top 5 IT companies as sample on the basis of market capitalization from NSE Sensex. This Paper makes an attempt to trace out the common psychological errors that investors make at various level of investment. As far as their investment decision is concerned as part of their Behavioral Finance.

Key words: *Indian Stock Market, Investor Behavior, IT Industry & IT Shares.*

I. INTRODUCTION

IT industry in India

The Information technology industry in India has gained a brand identity as a knowledge in Indian economy due to its IT and ITES sector. The IT-ITES industry has two major



components: IT Services and business process outsourcing (BPO). More people are interested to invest in the IT sector because its growth in the service sector in India has been led by the IT-ITES sector, contributing substantially to increase in GDP, employment, and exports. The sector has increased its contribution to India's GDP from 1.2% in FY1998 to 9.5% in FY2014. The investor getting the better returns/dividends comparing with other industries in India. According to NASSCOM, the IT-BPO sector in India aggregated revenues of US\$120 billion in FY2014, where export and domestic revenue stood at US\$69. 1 billion and US\$31.7 billion respectively, growing by over 9%. The major cities that account for about nearly 90% of this sectors exports are Bangalore, Chennai, Hyderabad, Delhi, Mumbai and Kolkata. Bangalore is considered to be the Silicon Valley of India because it is the leading IT exporter. Export dominate the IT-ITES industry, and constitute about 77% of the total industry revenue. Though the IT-ITES sector is export driven, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 28% in FY2014. According to Gartner, the "Top Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Tech Mahindra, Wipro and HCL Technologies.

This sector has also led to massive employment generation. The industry continues to be a net employment generator - expected to add 2, 80,000 jobs in FY2014, thus providing direct employment to about 2.8 million, and indirectly employing 8.9 million people. Generally dominant player in the global outsourcing sector. However, the sector continues to face challenges of competitiveness in the globalized and modern world, particularly from countries like China and Philippines. India's growing stature in the Information Age enabled it to form close ties with both the United States of America and the European Union. However, the recent global financial crisis has deeply impacted the Indian IT companies as well as global companies. As a result hiring has dropped sharply, and employees are looking at different sectors like the financial service, telecommunications, and manufacturing industries, which have been growing phenomenally over the last few years. India's IT Services industry was born in Mumbai in 1967 with the establishment of Tata Group in partnership with Burroughs. The first software export zone SEEPZ was set up here way back in 1973, the old avatar of the modern day IT Park. More than 80 percent of the country's software exports happened out of SEEPZ, Mumbai in 1980s.



II. OBJECTIVES OF THE STUDY

- Understanding the Investor behavior towards IT Industry in the stock market.
- To study what are the factors that influence for Purchasing & Selling shares in IT Companies shares.

III. SCOPE OF THE STUDY

This Study is confined to Hyderabad city & their Investors behavior towards IT industry shares. The Investors Behavior towards IT industry shares to purchase & Selling of shares. How the investor behaviors various situation's (Increases/decreases) in the stock market. What are the impacts' & factors that influence for buying & selling of IT shares in Indian stock market?

IV. RESEARCH METHODOLOGY

It is an analytical Study based on Primary and Secondary Data. Where Questionnaires are used for collect information from various investors to understand their behavior. The Sample Size is 100 investors from Hyderabad.

A. NSE.IT (CNXIT)

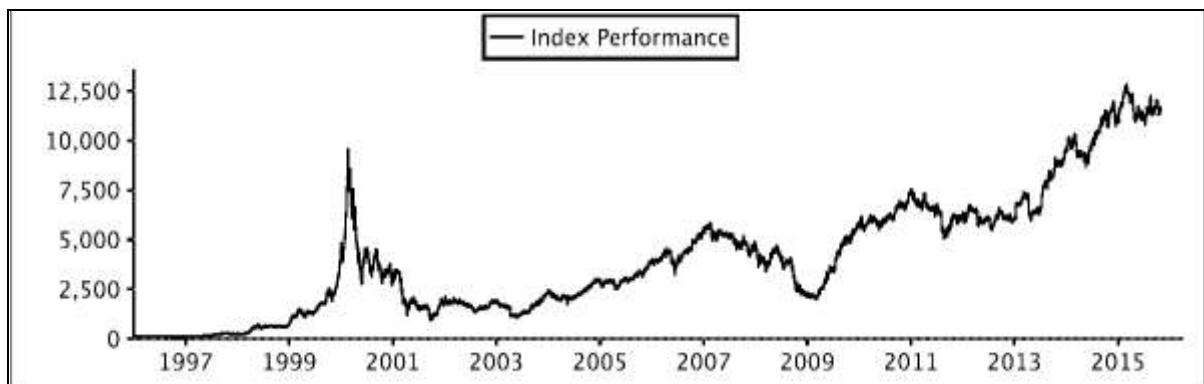
NSE.IT (www.nseit.com) was born as the IT department of National Stock Exchange way back in 1993-94 called as "System & Telecom", after successfully meeting a series of major challenges, NSE.IT was incorporated as a separate company in October 1999. NSE.IT Limited is a 100% subsidiary of the National Stock Exchange of India Limited (NSEIL) - the 3rd largest exchange in the world, as well as the most innovative stock exchange (NSE). NSE.IT strengthened its position by offering innovative products and services to the securities industry as a whole and not restricting it within the Exchange domain. NSE.IT is the turnkey provider in innovating Business solutions like introducing e-learning financial portal in the country, providing Integrated (CM + F&O) Internet trading solution, spot exchange, using Algo Studio TM and Strategy Studio TM to help brokers in algorithmic trading.

B. NSEIT Performance in Indian Stock market

The CNX IT index provides investors and market intermediaries with an appropriate benchmark that captures the performance of the Indian IT companies. The CNX IT Index comprises of 10 companies listed on the National Stock Exchange (NSE). The CNX IT index is computed using



free float market capitalization method with a base date of Jan 1, 1996 indexed to a base value of 1000 wherein the level of the index reflects total free float market value of all the stocks in the index relative to a particular base market capitalization value. The base value of the index was revised from 1000 to 100 with effect from May 28, 2004. Effective May 29, 2015, the index is computed with 10 companies and weights of each company in the index are capped at 25%. CNX IT Index can be used for a variety of purposes such as benchmarking fund portfolios, launching of index funds, ETF's and structured products



Source: India Index Services & Products Limited



Source: www.nse.com333

Table 1: Portfolio Characteristics:

| Methodology | Periodic Capped Free Float |
|--------------------|-----------------------------------|
| No.of Constituents | 10 |
| Base Date | January 01,1996 |
| Base Value | 100 |



| | |
|-----------------------|------------------|
| Calculation Frequency | Real- time Daily |
| Index Rebalancing | Semi- Annually |

Table 2: Statistics

| Particulars | QTD | YTD | 1 year | 5years | Since Inception |
|--------------------|------------|------------|---------------|---------------|------------------------|
| Returns (%) | -4.53 | 2.41 | 3.26 | 11.66 | 27.01 |

| Particulars | 1-year | 5-years | Since Inception | |
|--------------------|---------------|----------------|------------------------|--|
| Standard Deviation | 17.74 | 21.60 | 37.60 | |
| Beta(Nifty) | 0.64 | 0.67 | 1.00 | |
| Correlation(Nifty) | 0.58 | 0.53 | 0.67 | |

Table 3: Fundamentals

| P/E | P/B | Dividend Yield |
|------------|------------|-----------------------|
| 20.09 | 6.2 | 2.3 |

Table 4: Top 10 constituents by weight age

| Sl.no | Company Name | Weight (%) |
|--------------|--|-------------------|
| 1 | Infosys Ltd | 25.09 |
| 2 | Tata Consultancy Services Ltd | 24.03 |
| 3 | HCL Technologies | 16.77 |
| 4 | Wipro Ltd | 12.78 |
| 5 | Tech Mahindra Ltd | 11.40 |
| 6 | Mind Tree Ltd | 3.04 |
| 7 | Oracle Financial Services Software Ltd | 2.91 |
| 8 | Info Edge(India) Ltd | 1.78 |
| 9 | Cyient Ltd | 1.32 |
| 10 | Just Dial Ltd | 0.88 |

C. Investor Behavior towards Stock Market



Investor Behavior is the study that includes all the steps of the investment decision making process. Investment Behavior encompasses all the behaviors that the investor displays in searching for, purchasing, using, evaluating, and disposing of investment related products and services that they expect will satisfy their needs.

Investment behavior refers to the attitudes, perception and willingness of the individuals and institutions in placing their savings in various types of financial assets, more commonly known as securities. An investor is a person who sacrifices the present in order to reap the benefits for the future. The benefits may be in the form of capital appreciation, income in the form of dividends, bonus, retirement benefits & many other benefits. Generally an investor's objectives would be one among the following.

- To Minimize the Risk
- To Maximize the Profits/Returns
- To Hedge against Inflation
- Liquidity

D. Types of Investors:

Because the market's behavior is impacted and determined by how individuals perceive that behavior, investor psychology and sentiment are fundamental to whether market will rise or fall. Stock market performance and investor Psychology are mutually dependent.

1. Bull Investor 2. Bear Investor 3.Savers 4.Speculators 5. Specialists

Understanding Investor Behavior

When it comes to money and investing, we're not always as rational as we think we are - which is why there's a whole field of study that explains our sometimes-strange behavior. Where do you, as an investor, fit in? Insight into the theory and findings of behavioral finance may help you answer this question.

Theories of Behavioral Finance

- Prospect Theory
- Regret Theory



- Anchoring
- Over-And-Under Reaction

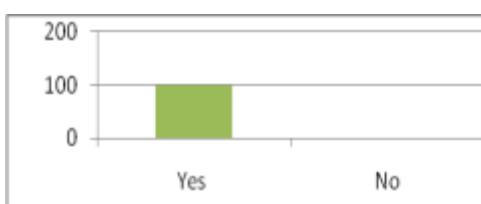
E. Behavioral Finance Related to Stock Market

A stock market or equity market is a public entity (a loose network of economic transactions, not a physical facility or discrete entity) for the trading of company stock (shares) and derivatives at an agreed price; these are securities listed on a stock exchange as well as those only traded privately. The size of the world stock market was estimated at about \$36.6 trillion at the beginning of October 2008. The total world derivatives market has been estimated at about \$791 trillion face or nominal value, 11 times the size of the entire world economy. The value of the derivatives market, because it is stated in terms of notional values, cannot be directly compared to a stock or a fixed income security, which traditionally refers to an actual value. Moreover, the vast majority of derivatives 'cancel' each other out (i.e., a derivative 'bet' on an event occurring is offset by a comparable derivative 'bet' on the event not occurring). Many such relatively illiquid securities are valued as marked to model, rather than an actual market price.

V. DATA ANALYSIS & INTERPRETATION

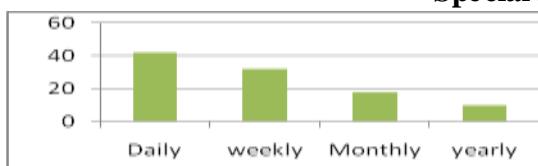
This study is intended to examine investors' behavior towards IT industry. This study analyses investors' opinion on various issues like: investment purpose, returns from IT companies, understanding the techniques of IT companies investment and proposal for future investments in IT industry. This survey is also useful to examine disparity in investment behavior among various incomes groups as well as gender disparity.

A. How many of you invest in IT shares.



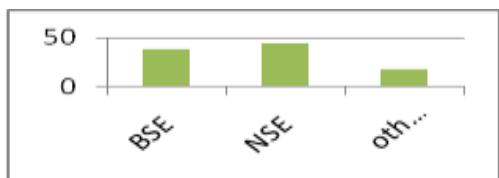
Interpretation: The selected sample 100 all are investor in IT industry in the Indian stock market.

B. At what Interval you will invest into the market.



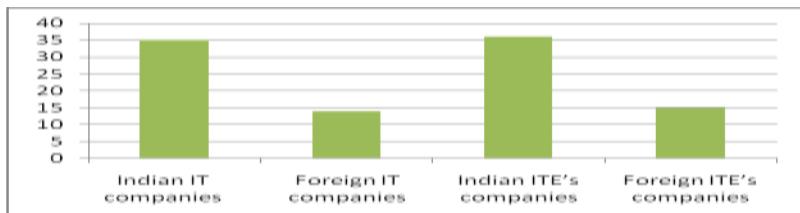
Interpretation: From the above Graph it describe the most of the investor first preference is to invest daily-42%, than after weekly- 32% & Monthly-18% at last Yearly-10%

C. In which stock exchange market you will prefer to invest.



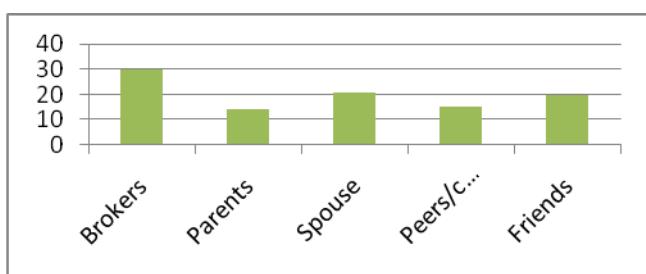
Interpretation: The most of investor like to invest in NSE & BSE in India. The investors prefer other exchanges like Bangalore, Hyderabad & Calcutta stock Exchanges etc.

D. Among the IT companies which Types of IT companies you select for the investment.



Interpretation: Most of the Investors like to invest in the Indian IT Companies. Few investors looking to invest in Foreign IT companies

E. To whom advice you will take for the investment decision.



Interpretation: Most of the investor take advice for investment they most preferable depends upon the Brokers, than after Friends & Spouse. If unmarried they prefer to advice from Parents.



F. To invest into IT shares what will be the preferences for the investment

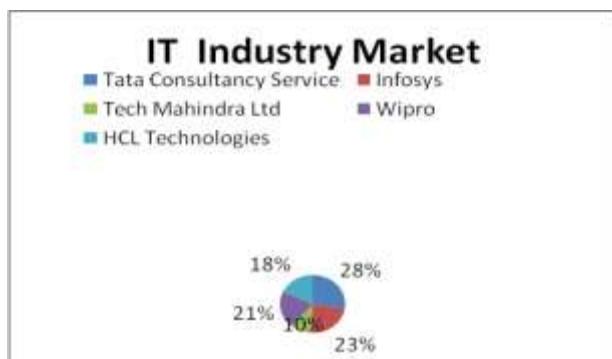
Interpretation: Most investors' opinion is low impact factor is Management Decisions (like Dividend & Bonus Shares) and medium impact of the news/Print media, Government & Internet information for the investment in the stock market. High impact factor stock performance in the stock market.

G. Choice of factors will be consider to before investing in the IT shares.



Interpretation: Most of the Investors are depends upon the Revenue or Profit of the firm. All the financial & Technical Analysis depends upon the profit of the organization. Few investors prefer to know the Earnings per share. Book value of the firm depends upon the Market, Government & External factors.

H. Rank the companies by investors.



Interpretation: From the investors point of view the Indian IT Industry market Top 5-companies are Tata consultancy Service-28%, Infosys -23%, Wipro -21%, HCL Technologies Ltd -18% & Tech Mahindra Ltd- 10%.



VI. CONCLUSION

One of the booming Industries in India is IT industry. Most of the investor prefers to invest in IT industry because from the past few years they are getting higher rate of dividends and returns comparing to Other Sectors. The investor behavior towards IT industry is positive & Most of the investor or interested to invest in the IT companies before investing they are considering so many factors like Financial, Technical Analysis of the companies. Still India investors not having so much knowledge about the stock market Government need to take initiative giving the public importance of investment. In my study I found that investor behavior before purchasing & selling of the share the factor which will impact is News/ Print Media, TV/ media anyaslis, Stock Brokers, share past performance & Earning per share. Most of the investor ranking for IT industry is TCS, Infosys, Wipro, HCL Technologies Ltd, & Tech Mahindra Ltd.

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<http://www.nasscom.in/indian-itbpo-sector-revenue-estimated-cross-usd-100-billion-mark>



A STUDY ON THE PROFITABILITY OF STREET VENDORS

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ABSTRACT

Informal workforce can be divided into two categories namely agricultural employment and non-agricultural employment. Further the activities in the informal sector can be categorized into self-employed and casual labour. A major section of the self-employed work as Street vendors. The Government of India has used the term urban vendor as inclusive of both traders and service providers, stationary as well as mobile. There are very few studies on street vendors as it is a part of the informal sector where official data is not available. Most of the studies focus on the problems faced by street vendors and consider them as a social issue. In this study we have conducted the research by portraying the street vendor as a businessman. Every entrepreneur aims at investing smaller amount and earning bigger profit i.e. return on investment. The previous studies were of the opinion that a street vendor is a poor, socially downtrodden person who takes up this profession due to helplessness and can't even earn a basic living due to the police threat and other threats from various sections of the community in power. This particular study aims at finding whether a street vendor is really the helpless businessman or he is enjoying a reasonable profit. The study focuses on calculating the income and profit earned by street vendors. It finds that they earn a reasonable profit considering the meagre investment made by them.

Keywords: Street hawkers, Investment, Profit, Return on Investment, Informal workforce, businessman, social issue.

I. INTRODUCTION



In the present study the profit earned by street hawkers has been presented. The profit is one of the important objectives of any business irrespective of size. Every entrepreneur aims at investing smaller amount and earning bigger profit i.e. return on investment. The Profitability depends upon the revenue and expenditure. In case of a business entity it is possible to estimate the expenditure, sales and profitability. All the possible care is taken either to minimize the cost or maximize the revenue in order to increase profit. By the nature of street business there is no basis to foresee the expenditure, sales and thereby profit. Since the street hawkers are operating in peculiar market conditions were mostly the customers are floating in nature, coming from different corners of the state, unawareness of the prices of goods and new customers every day, the street hawkers make use of this opportunity and convert it into profit.

II. ROLE OF THE INFORMAL ECONOMY IN INDIA

The data related to total employment, the composition of non-agricultural and agricultural employment to total employment, the share of formal and informal workforce to total employment and the share of informal and formal to total non-agricultural employment is presented in Table 1.1

Table 1.1

Composition of employment in the informal economy in India, 2006

| Particulars | Total |
|--|--------------|
| Total employment | 397,720,000 |
| Total non-agricultural employment | 159,897,000 |
| Total agricultural employment | 238,197,000 |
| Total informal employment | |
| Number of persons | 369,755,000 |
| Percentage of total employment | 93 |
| Non-agricultural informal employment3 | |
| Number of persons | 133,355,000 |
| Percentage of total employment | 34 |
| Percentage of non-agricultural employment | 83 |
| Percentage of total informal employment | 36 |
| Employment in informal enterprises | |
| Number of persons | 110,034,000 |



| | |
|--|-------------|
| Percentage of total employment | 28 |
| Percentage of non-agricultural employment | 69 |
| Percentage of total informal employment | 30 |
| Percentage of non-agricultural informal employment | 83 |
| "Residual" | |
| Number of persons | 23,321,000 |
| Percentage of total employment | 6 |
| Percentage of non-agricultural employment | 15 |
| Percentage of total informal employment | 6 |
| Percentage of non-agricultural informal employment | 17 |
| Agricultural informal employment | |
| Number of persons | 236,779,000 |
| Percentage of total employment | 60 |
| Percentage of agricultural employment | 99 |
| Percentage of total informal employment | 64 |

Source : Calculations prepared by Jeemol Unni from national census and survey data

The term total informal employment includes both agricultural and non-agricultural employment.

Table 1.1 reveals that the informal workforce in India is estimated as 370 million workers; nearly 93 per cent of the total workforce .The informal workforce consists of three important segments.

1) Informal employment in agriculture – comprised of the self-employed in small-scale farm units and of agricultural labour – which continues to be important in India, represents 60 per cent of total employment. 2) Employment in informal enterprises/sector outside of agriculture represents another 28 per cent of total informal employment. 3) Informal employment outside informal enterprises and outside of agriculture is an estimated 6 per cent of the total informal workforce (this is the Residual Category in table 1.1).

Total employment is 397 million workers. It is composed of total Non-Agricultural employment (159 million workers) and total Agricultural employment (238 million workers).Total informal employment which is a part of the total employment is 370 million workers, it includes the total agricultural employment (238 million) and a part of the Non-Agricultural employment (131 million). The remaining portion i.e. 28 million workers are employed in the formal sector. The



share of the Agricultural informal employment is 238 million workers whereas Non-Agricultural informal employment is 133 million workers and it is composed of employment in informal enterprises (110 million workers) and a residual component of 23 million workers. The 23 million workers in informal employment outside informal enterprises and outside of agriculture include outworkers or home workers who are sub-contracted by formal sector units and domestic workers engaged by households, such as maids, gardeners and security staff.

This category is determined by a residual method which estimates workers in informal jobs who are excluded from the official definition of the informal sector. It is likely that the residual method also identifies some workers who would fall under the informal sector definition but are incorrectly excluded – or missed – in informal sector statistics. For example, there is evidence that casual workers for informal firms, particularly in the construction industry, outworkers for informal firms, and barbers, tailors, or other service workers without a fixed place of work are not fully captured in statistics on informal enterprises. With no fixed place of work, these workers are often missed in data collection efforts. It is in this category street vendors fall into. According to the study conducted by Sharit K Bhowmik (2005) street vendors constitute approximately 2 percent of the population of a metropolis and 1 percent of the total country's population.

India is one of the largest urban populous country in the world. A high rate of population growth and migration is likely to see a further rise in the size of our towns, cities and metropolitan areas in the future. The reason for the huge migration is lack of employment opportunities in the formal sector as well as informal means of livelihood prevailing in the cities. In the era of globalization, the retail sector has been a fast growing emerging sector by providing huge employment. However, besides formal retail chain, small retailing including street vending has been one of the easiest ways to survive for working poor since ages and is wide spread in the urban informal sector. According to the study conducted by Debdulal Saha (2008), a large proportion of the urban population depends on 'the urban informal sector for its livelihood. This is seen from the fact that this sector constitutes up to 50 percent of the labour force in cities like Calcutta, Bombay and Madras. The urban informal sector comprises essentially the self-employed, who can be grouped into 3 broad categories:

- Home based producers like artisans and piece rate workers



- Petty vendors and hawkers selling fruits, vegetables, fish, household items and general items like socks, shoes, sofa covers and
- Those who sell their services, including their own manual labour like cart pullers, loaders and head loaders

According to the study conducted by Sharit K. Bhowmik (2002) Mumbai has the largest number of street vendors numbering around 250000 while Delhi has around 200000. Calcutta has more than 150000 street vendors and Ahmadabad has around 100000.

III. REVIEW OF LITERATURE

Northslna Hassan (2003)- Accommodating the Street Hawkers into Modern Urban Management in Kuala Lumpur. This paper traces the changing characteristics of the street hawker in Kaula Lumpur since the 1970's. It evaluates the current strategies of managing the street hawkers in Kaula Lumpur. It is identified that The majority of the residents (75%) wanted the hawkers to be relocated into a proper hawker centre, close to their place of residents. The majority of the hawkers were against (70%) the proposal of relocation due to the difficulty in finding a relatively large piece of land at strategic locations. Some hawkers would prefer to operate illegally and pay their fines periodically than move to legalized locations where they feel they cannot attract customers.

Anoop Singh (2009)-Informal markets for electricity: economics of lighting for hawkers in India. The purpose of this paper is to investigate the economics of supplying energy needs for illumination requirements by hawkers using alternative sources. It is found that the technology choice by hawkers is influenced by lack of initial capital and inconvenience associated with cheaper than overall economics of the alternative option is found.

Fiona Pang (2008)-Hawker food Industry: food safety/public health strategies in Malaysia-The purpose of this paper is to explore the socio-demographic factors affecting food safety strategies of hawkers in an urban and less urban setting of Malaysia. It is found that of all hawker types hawkers with higher educational levels and hawkers in an urban setting scored the highest on food safety knowledge. This study found inadequate guidelines for hawkers, ambiguities with licensing procedures, weaknesses in training programmes and significant complaints of designated sites by hawkers.



A.H.Subratty P.Beeharry, M.Chan Sun (2004)- A survey of hygiene practices among food vendors in rural areas in Mauritius. It was found that generally food vendors were quite aware of hygienic conditions. But majority of them were not implementing their knowledge into practice. They perceived that their products were of low risk to customers. It highlights the need for further health education of food vendors. Olufunmilayo I Fawole, Ademola J Ajuwon, Kayode, Olufemi C Faweya(2002)- Prevalence and nature of violence among young female hawkers in motor parks in South-western Nigeria. It concludes that violence is a major problem affecting YFH and recommends education programmes for men on both physical and sexual violence. Young female hawkers need to be empowered educationally and economically to enable them to resist violence.

Rina Agarwall (2009)- An economic sociology of informal work :the case of India. It provides an internationally comparative measure of India's informal workforce. It illustrates informal workers social conditions relative to those of formal workers. It highlights the expansion of the informal workforce since liberalization. It exposes political action strategies Indian Informal workers are launching against the state. Walter E Little(2002)- Selling strategies and social relations among mobile Maya handicrafts. It is found that mobile retailers that sell handicrafts to tourists are commonly found throughout the world. Aside from the chance to make a significant amount of money, the social networks and social relations practiced by female ambulantes can have a positive effect on their lives. Dabir-Alai(2004), A study on "Street trading in urban areas" , Delhi, India. It was found that bullying is the most vulnerable element of vendors. Most of the street vendors use self-financing for their business.

IV. OBJECTIVE OF THE STUDY

To study and understand the informal sector (street vendors) in India and to assess the profit earned by street vendors in their business operations.

V. RESEARCH METHODOLOGY

The research design for the study is exploratory, descriptive and analytical. It attempts to present the comprehensive performance of street hawking and tries to analyze the problems of street vendors. It explores the strategic issues of street vendors. It describes the profile of street



vendors. It analyzes the profits of street vendors. Data was collected from both primary and secondary sources. Primary sources include administering questionnaire among the street vendors, personal observation and interview with street vendors. For more representativeness 1000 street vendors spread across the twin cities of Hyderabad were selected. Further, the responses on problems, prospects, crucial factors of success and failure were gathered through discussion. Secondary sources of data include research articles published in journals, research reports of various institutions like NASVI, SIDA, ILO, WIEGO, UGC, World Bank. Government bodies like Govt. of India, Govt. of Canada and Govt. of Sri Lanka.

VI. DATA ANALYSIS AND INTERPRETATION

A. Statistics on Sales per day of Street Vendors

The data related to Sales per day is analyzed by computing mean, median, mode, standard deviation, variance, range, minimum and maximum is presented in table 5.2. It is attempted to understand the distribution in terms of the average sales per day i.e. mean, most frequently occurring value i.e. mode and the middle value i.e. median. Further the deviation of the distribution is assessed in terms of standard deviation, variance, range, minimum and maximum values

Table 2: Statistics on Sales per day in rupees

| Particulars | Sales per day in rupees |
|--------------------|--------------------------------|
| Valid | 606 |
| Missing | 104 |
| Mean | 1991.75 |
| Median | 1000.00 |
| Mode | 1000 |
| Std. Deviation | 1312.768 |
| Variance | 1723358.851 |
| Range | 7400 |
| Minimum | 100 |
| Maximum | 7500 |

Source: Compiled from primary source



Table 2 exhibits that the average sales per day is nearly 2000. The median or middle value of the observation is Rupees 1000. The mode or most frequently occurring value is also 1000. The sales per day is ranging from 100 to 7500. The minimum sales made is 100 and maximum sales made is 7500. This shows that street vendors are making a good business with minimum investment and risk.

B. Investment per day of Street Vendors

The frequency distribution of Investment per day is presented in table 5.3. The Investment per day of the Street Vendor is taken and analyzed using descriptive statistics like frequency distribution.

Table 3: Investment per day in rupees of Street Vendors

| Investment/day | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|------------------|----------------|----------------------|---------------------------|
| 100-500 rupees | 258 | 36.4 | 42.6 | 42.7 |
| 501-1000 rupees | 126 | 17.7 | 20.9 | 63.6 |
| 1001-2000 rupees | 128 | 18.2 | 21.2 | 84.8 |
| 2001-5000 rupees | 68 | 9.6 | 11.2 | 96.0 |
| 5001-20000 rupees | 24 | 3.4 | 3.9 | 100.0 |
| Total | 604 | 85.1 | 100.0 | |
| Missing | 106 | 14.9 | | |
| Total | 710 | 100.0 | | |

Source: Compiled from primary source

Table 3 portrays that the highest percentage of investment per day corresponds to 100 to 500 rupees (36.4) the next highest number of respondents corresponds to 501 to 1000 rupees per day (17.7) and 1001 to 2000 rupees per day is represented by 18.2 percent. The percentage of respondents investing more than 2000 rupees per day is a meager of 13 percent. This shows that most of the street vendors are earning above 1000 rupees and spending around 500 rupees.

Note: However unlike in the sales category where the distribution is concentrated only around two values namely 1000 and 3000, in the case of investment it is observed that the distribution is widespread across 100 rupees to 5000 rupees almost evenly.



C. Statistical justification of Investment per day

The data related to Investment per day is analyzed by calculating mean, median, mode, standard deviation, variance, minimum, maximum and range. The intention is to understand how the data is distributed, where it is focused. The results are presented in table 4

Table 4: Statistics on Investment per day in rupees

| Particulars | Investment / day in Rupees |
|--------------------|-----------------------------------|
| N- Valid | 604 |
| Missing | 106 |
| Mean | 1457.25 |
| Median | 750.00 |
| Mode | 500 |
| Standard deviation | 2046.162 |
| Variance | 4186779.465 |
| Range | 19900 |
| Minimum | 100 |
| Maximum | 20000 |

Source: Compiled from primary source

Table 4 shows that the average Investment per day is almost 1500 rupees. The median or middle value of the distribution is 750 rupees. The mode or most frequently occurring value is 500 rupees. The standard deviation is 2046 and the variance is 4186779. The data is ranging from 100 to 20000. The minimum invite per day is 100 rupees and the maximum investment per day is 20000 rupees. A comparison of the means, medians and modes of sales and investment per day shows that there is a difference of 400 to 500 between these values. Similarly the standard deviation and variance of investment per day are much more than that of sales per day, this shows that the frequency distribution of investment per day is more towards a skewed distribution whereas the frequency distribution of sales per day is tending towards a normal distribution.

D. Profit per day



The data related to the frequency distribution of profit per day calculated from Sales and Investment per day is presented in table 5.5. Profit per day is calculated by deducting Investment per day from sales per day

Table 5: Profit per day based on Sales and Investment per day

| Profit/day (rupees) | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| -12500 to -1000 | 96 | 13.8 | 15.8 | 15.8 |
| -999 to 0 | 48 | 6.7 | 7.9 | 23.8 |
| 100 to 500 | 100 | 14 | 16.6 | 40.3 |
| 501 to 1000 | 178 | 25.1 | 29.4 | 69.6 |
| 1001 to 2000 | 76 | 10.8 | 12.6 | 82.2 |
| 2001 to 2500 | 62 | 8.7 | 10.1 | 92.4 |
| 2501 to 7000 | 46 | 6.7 | 7.5 | 100.0 |
| Total | 606 | 85.4 | 100.0 | |
| Missing | 104 | 14.6 | | |
| Total | 710 | 100.0 | | |

Source: Compiled from primary source

Table 5 shows that there are some street vendors who are making a loss who contribute to 22 percent of the total ,About 60 percent of the respondents are earning a profit of 100 rupees to 2000 rupees per day. About 20 percent of street vendors are earning a profit of 2000 to 7000 rupees per day. It can be concluded that street vending is giving profits to majority of the respondents.

E. Statistical Justification of Profit per day

Statistics corresponding to Profit per day computed from Sales per day and Investment per day is presented in table 6

Table 6

Statistics on Profit per day in rupees

| | Particulars | Profit /day rupees | |
|--|-------------|--------------------|--|
| | | | |



| | | | |
|--|----------------|-------------|--|
| | N Valid | 606 | |
| | Missing | 104 | |
| | Mean | 539.31 | |
| | Median | 700.00 | |
| | Mode | 500 | |
| | Std. Deviation | 2028.085 | |
| | Variance | 4113127.002 | |
| | Range | 19500 | |
| | Minimum | -12500 | |
| | Maximum | 7000 | |

Source: Compiled from primary source

Table 6 reveals that the average profit per day computed from sales per day and investment per day is 540 rupees. The median or middle value is 700 rupees, whereas the mode or most frequently occurring value is 500 rupees. The standard deviation is 2028 and the variance is 4113127. The data is ranging from -12500 to 7000. The minimum profit per day is -12500 rupees and the maximum profit per day is 7000 rupees. It can be seen that the values of mean, median and mode are very near to each other showing that the distribution is tending towards normality.

This is in contrast to the findings of the study conducted by the Brihanmumbai Municipal Corporation (BMC) commissioned by Youth for Voluntary Action and Unity (YUVA), in 2001, SNDT Women's University in collaboration with International Labour Organisation conducted a study on street vendors. An interesting aspect of these studies is that they found street vendors' earnings vary between Rs 50 and Rs 80 per day³. The NASVI study found that about 20 percent of their earnings are taken as rent by the authorities. In Mumbai the annual collection of rent is around Rs 400 crore⁴. A study by Manushi in Delhi shows that the authorities rake in Rs 50 crore a day from street vendors and cycle rickshaw drivers. If 20 percent is 50 crores than the total income will be 250 crores. It is estimated by Nasvi study (2001) that the number of street vendors in Delhi are 200000. From this data it can be found that the income to each street vendor in Delhi would be 12000 rupees per day.



However a study conducted by V. Usha Rani (May 2009) for Institute of Cultural Geography University of Freiburg, Germany and Sannihita, Centre for Women and Girl Children, Hyderabad found that 68.5% vendors earn Rs 100-500 per day, about 10% earn Rs. 500-1,000, and only 3.75% earn Rs. 1,000 - 1,500 per day⁷

F. Testing the Profit of Street Vendors

The Profit calculated from Sales and Investment per day data is tested using T-test to find the statistical significance of the values arrived at.

Hypothesis testing: We evaluate the accuracy of hypothesis by determining the statistical likelihood that the data reveal true differences. The objective is to identify if mean profit value is statistically significant or not.

Hypothesis: H_0 -Street vendor is not able to make a profit

H_1 - Street vendor is able to make a profit

VII. RESULTS OF T-TEST

| One-Sample Statistics | | | | | |
|-----------------------|----------------|--------|-----------------|-----------------|---|
| | N | Mean | Std. Deviation | Std. Error Mean | |
| ProfitperdaySI | 606 | 539.31 | 2028.085 | 116.510 | |
| One-Sample Test | | | | | |
| | Test Value = 0 | | | | |
| | t | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference |
| profitperdaySI | 4.629 | 605 | .000 | 539.307 | 310.03 |

Significance level: Let $\alpha = 0.05$, Calculated value= 4.629, d.f= 605, Critical test value= 1.96



Interpretation: The calculated value is greater than the critical value, the null hypothesis is rejected. That means we accept the alternate hypothesis which states that street vendors are able to make a profit, we can judge that the values are statistically significant.

VIII. RETURN ON INVESTMENT

Return On Investment is a performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio. Return on investment is a very popular metric because of its versatility and simplicity. That is, if an investment does not have a positive ROI, or if there are other opportunities with a higher ROI, then the investment should not be undertaken. From the statistics computed ROI is calculated for mean, median, mode, minimum and maximum values of Sales per day and Investment per day

Table 7: Return on Investment for Different Values of Sales and Investment

| S.NO | Particulars | Sales Per Day | Investment per Day | ROI |
|---------|-------------|---------------|--------------------|-------|
| Mean | 1991 | 1457 | 534/1457 | 37 % |
| Median | 1000 | 750 | 250/750 | 33 % |
| Mode | 1000 | 500 | 500/500 | 100 % |
| Minimum | 100 | 100 | 0/100 | 0 % |
| Maximum | 7500 | 5000 | 2500/5000 | 50 % |

Source: Primary data

Table 7 shows that street vendors are earning a minimum of 33 percent as Return on Investment per day. This is a very good percentage of profit. Thus street vending can be considered not only as a profitable avenue for the poor but also in contributing positively to the economy.



IX. CONCLUSION

Street vending is a part of the informal economy. It is a growing share of the informal workforce in developed and developing countries. Street vendors include all those selling goods or services in public spaces with a temporary built up structure. In developing countries millions of people depend on street vendors for their daily requirement as the goods are more economical than those available in the formal sector. It is difficult to estimate the exact number of people employed as street vendors, due to their high mobility and the marked seasonal variation in work. Recent study by the official labor force statistics states that there are about 10 million street vendors. Street vendors are playing a significant role in the informal sector, they through their means making a reasonable profit and leading a honest living. Till now the studies on street vendors have focussed on the problems faced by them and highlighted it as a social issue whereas in the present study we have focussed on the revenue generated by street vendors and have analysed it from the business point of view.

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**ANALYSIS OF NONPERFORMING ASSETS WITH SPECIAL
REFERENCE TO SBI**

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ABSTRACT

Indian Banking system has undergone significant transformation financial sector reforms adopting international best practices with a vision to strengthen banking sector in India different committees was appointed several prudential norms introduced i.e. income recognition, asset classification and provisioning in banking sector, managing Nonperforming Assets(NPA) has emerged as one of the major challenges facing by Indian banks, and banks to improve efficiency and trim down NPA's to improve the financial strength in the banking system. In this background this paper tries to concentrate the state of affair of the NPA's of the Stat Bank of India (SBI). The data was collected from secondary sources, retrieved from reports of Reserve Bank of India. The scope of the study is limited to analysis of NPA's of the SBI. NPA's depending to only for the period (i.e. Ten years) from 2005-06 to2014-15

Keywords: NPA, Income recognition, Gross NPA^S and Net NPA^S

I. INTRODUCTION

Banking in India originated in the last decade of 18th century The Imperial Bank of India came into existence on 27 January 1921 by J.M. Keynes. When the three Presidency Banks of colonial India, were reorganized and amalgamated to form a single banking entity. The three Presidency banks were the Bank of Bengal, established on 2 June 1806, the Bank of Bombay (incorporated on 15 April 1840) and the Bank of Madras (incorporated on 1843) and was subsequently transformed into State Bank of India in 1955.Commercial banks play a major role of the banking in India. They are the oldest form of banking institution having a large volume of operation over a vast area. They are having very good net of branches even in rural and semi urban and urban areas. Now they are not only engaged on their activities traditional business of the accepting and lending money, but have diversified their activities into new fields of operations like merchant



banking, leasing, housing finance, mutual funds and venture capital. They have introduced a no of innovative schemes of mobilizing deposits. In addition to the above they are providing valuable services of their customers, issuing drafts, traveler cheques, gift cheques, accepting valuables of safe custody and modern banking facilities. Since the process of liberalization and reforms of this financial sector were set in motion in 1991. Banking has undergone significant changes. The objectives have been to make the system more competitive, efficient and profitable. A strong banking sector is an important for flourishing economy. The failure of the banking sector may have been an adverse impact on other sectors. Nonperforming assets (NPA^S) is one of the major concerns for banks in India. NPA^S reflect the performance of banks. A high level of NPA^S suggests high profitability of a large number of credit defaults that affect profitability and net worth of banks and also erodes the value of the asset. The NPA growth involves the necessity of the provision, which reduces the profits and shareholders' value.

NPAs which generate periodic income are called as performing assets. Assets which do not generate periodical income are called as non performing assets. In India the definition of NPA^S has changed overtime. According to the Narasimham committee report (1991), those assets (advances, bills discounted, overdrafts, cash credits, etc) for which the interest remains due for a period of four quarters (180) days should be considered as NPS^S subsequently, this period has reduced and from march 1995 onwards the assets for which the interest has remained unpaid for 90 days were considered as NPA^S

II. OBJECTIVES OF THE STUDY

The specific objectives of the study are follows

- To understand the consequences of NPA^S
- To identify the gross NPA^S and net NPA^S of SBI
- To give/provide solutions for reducing NPA^S

III. RESEARCH METHODOLOGY

The present study concentrated on SBI only for this purpose secondary data have been collected. The data are collected from annual reports of RBI publications including trend and progress of banking in India, statistical tables relating to banks in India, articles and papers relating to NPA^S published in different journals and magazines were studied and data available on interest and other sources have also been used.



IV. REVIEW OF LITERATURE

Samal (2002) in his article stated that it is not possible to eliminate totally then on-performing assets in the banking business but can only be minimized. It is always wise to follow the proper policy appraisal, supervision and follow-up of advances to avoid NPAs. For reduction of NPAs, though there is a greater need of political threat and effective enactment of laws to recover NPAs, the bank should also take advantage of Debt Recovery Tribunals, Lok Adalat, the legislations enacted by the State Government and one-time settlement schemes. The banks should not only take steps for reducing Present NPAs, but necessary precaution should also be taken to avoid future NPAs.

Go pal Singh and Manjula Tyagi (2003) argued that NPAs can be better avoided at the initial stage of credit sanction by putting in place rigorous and appropriate credit Appraisal mechanism. In this context, the mind-set of the borrowers needs to change so That a culture of proper utilization of credit and its timely repayment is developed. One of The main reasons for corporate default is diversion of funds.

Parekh (2004) on investing in NPAs will investors bite, Stated that the SARFAESI Act is an appropriate first step for driving in investments in NPAs. Going forward, an appropriate set of Consequential financial sector regulation clarity, including Changes in tax laws has become an imperative. This will enable the banking system to get rid of their NPAs and investors can capitalize on the attractive investment opportunity.

Kausik Chaudhari (2008) has conducted a study on the “Non-Performing Assets in Indian Banking”. The observations of the study are the impact of priority sector Lending on NPA levels is ambiguous while rural branching is associated with higher NPAs. Later banks exhibit better credit risk management demonstrated by lower NPAs and more profitable banks also have lower NPAs. The study advised that while the Policies that have been implemented to address the NPA problem may have been largely successful, there are further steps that can be taken by the RBI as well as by the banks themselves to tackle the problem of NPAs.

V. TYPES OF NPA

- **Gross NPA:** Gross NPAs are the sum total of all loan assets that are classified as NPAs as per RBI guidelines as on Balance Sheet date. Gross NPA reflects the quality of the loans made



by banks. It consists of all the nonstandard assets like as sub-standard, doubtful, and loss assets. It can be calculated with the help of following ratio:

$$\text{Gross NPAs Ratio} = \text{Gross NPAs} / \text{Gross Advances}$$

- **Net NPA:** Net NPAs are those type of NPAs in which the bank has deducted the provision regarding NPAs. Net NPA shows the actual burden of banks. Since in India, bank balance sheets contain a huge amount of NPAs and the process of recovery and write off of loans is very time consuming, the provisions the banks have to make against the NPAs according to the central bank guidelines, are quite significant. That is why the difference between gross and net NPA is quite high. It can be calculated by following:

$$\text{Net NPAs} = \text{Gross NPAs} - \text{Provisions} / \text{Gross Advances} - \text{Provision}$$

VI. CLASSIFICATION OF LOAN/LEASE ASSETS

NPA^S are classified into standard assets, sub-standard, doubtful, and loss assets based on criteria stipulated by RBI. The RBI guidelines regarding classification of assets and its provisioning with effect from March 31, 2005 are as follows.

- **Standard assets:** Standard assets generate continuous income and repayments as and when they fall due. So a standard asset is a performing asset. Such assets carry a nominal risk and are not NPA^S in the real sense. Hence no special provisions are required for standard assets
- **Sub-Standard Assets:** An asset which has some credit weaknesses, which, if not rectified may jeopardize the recovery of the debt in the long term.
 - a. An NPA account can continue to be classified as sub-standard for a period not exceeding 18 months.
 - b. A sub-standard asset wherein the terms of the loan agreement regarding payment of, Interest and principal have been renegotiated or rescheduled after commencement of Production will remain as sub-standard asset till one year of satisfactory performance.
- **Doubtful assets:** These assets which are considered as non-performing for a period of more than 12 months are called as doubtful assets.
- **Loss assets:** A loss asset is one where loss has been identified by bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly in other words, such an asset is considered uncollectable and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.



VII. DATA INTERPRETATION

Table 1: Comparative Analysis Of Npa Management Performance: (Rs In Cores)

| Financial Year | FY 05-06 | FY 06-07 | FY 07-08 | FY 08-09 | FY 09-10 | FY 10-11 | FY 11-12 | FY 12-13 | FY 13-14 | FY 14-15 |
|----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Gross NPAs | - | - | 12,837 | 15,589 | 19,535 | 25,326 | 39,676 | 51,189 | 61605 | 56,725 |
| Gross NPA% | - | - | 3.04 | 2.84 | 3.05 | 3.28 | 4.44 | 4.75 | 4.95 | 4.25 |
| Net NPA | - | - | 7,424 | 9,552 | 10,870 | 12,346 | 15,818 | 21,956 | 31,096 | 27,590 |
| Net NPA% | - | - | 1.01 | 1.04 | 0.88 | 1.63 | 1.82 | 2.10 | 2.57 | 2.12 |

Source: <http://www.moneycontrol.com/financials/statebankindia/results/yearly/SBI>

Figure 1: Comparative Analysis Of Gross Npa's

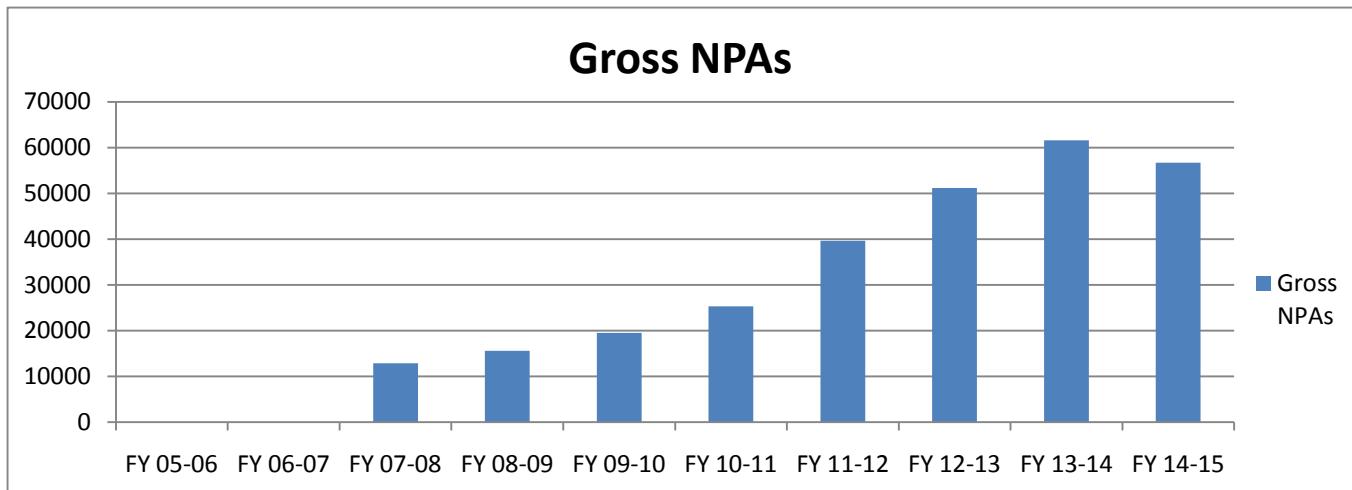


Figure 2: Comparative Analysis Of Net Npa's

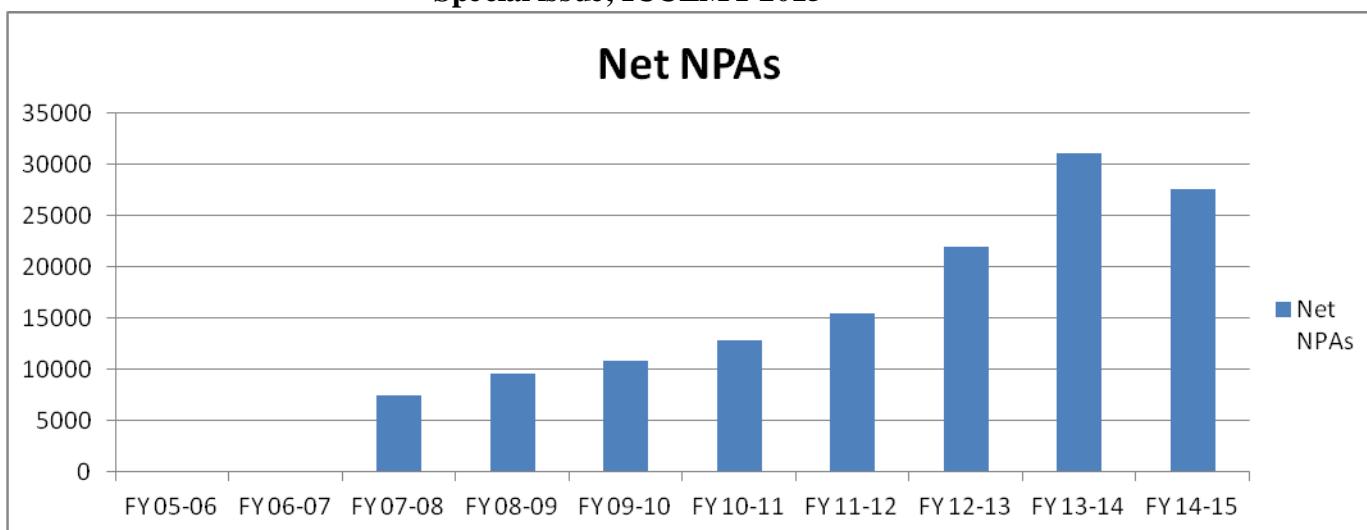
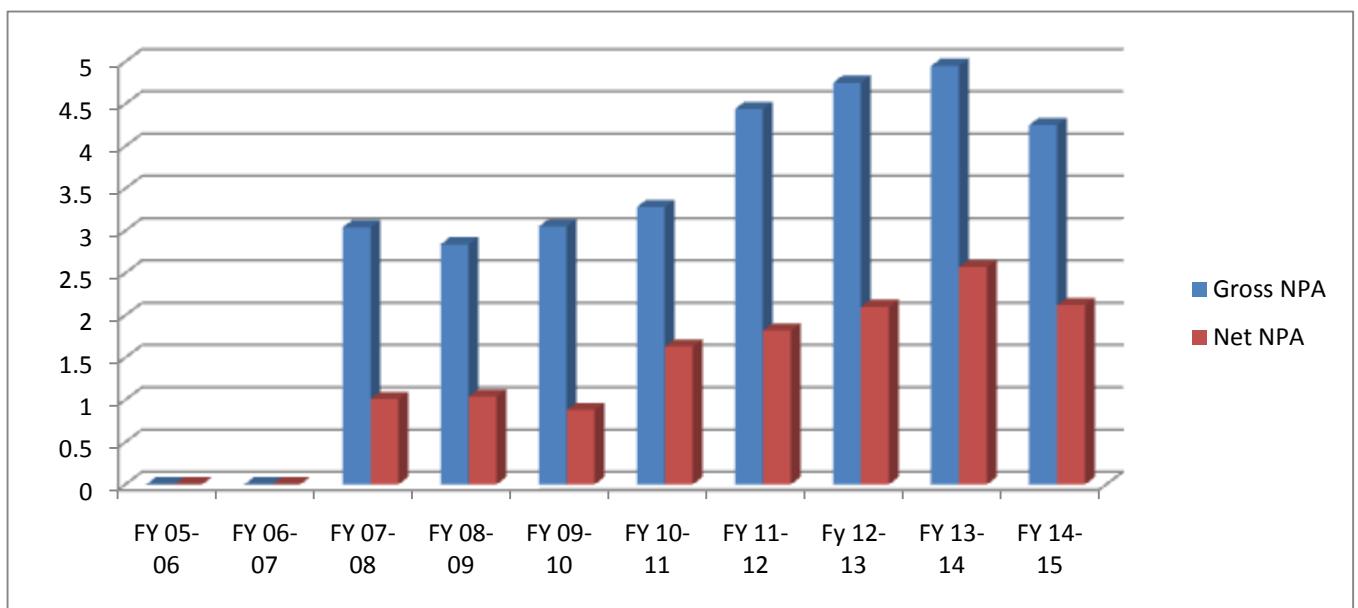


Figure 3 Comparative Analysis Of Gross Npa's %& Net Npa's%



VIII. INTERPRETATION

- Gross NPA's of SBI increased from 2007-08 to 2013-14 and it is decreased in 2014-15 with observed growth of 29% in gross NPAs. It is also observed that gross NPA's increased drastically from 2010-11 to 2011-12.



- Net NPAs of SBI increased from 2007-08 to 2013-14 and it is decreased in 2014-15 with observed growth increased 14% in Net NPA^S and also net NPA's considerably changed from 2009-10 to 2010-2011.

IX. FINDINGS

- Gross NPA^S are declining from the year 2013 to 2015.
- Net NPA^S are increased up to 2013-14 after that falling like gross NPA^S.
- Political influence also one of the main cause for increasing the NPA^S
- Willful defaulters are also one of the main causes to increase the NPA^S.

X. SUGGESTIONS

- Banks have to take steps against willful defaulters.
- Straightly follow Compromise settlement schemes between the borrowers and banks. It will be more useful than legal measures.
- Individual banks have to come out with their own restructuring schemes for settlement of NPA accounts.

XI. CONCLUSION

Banking system plays vital role in any countries financial system and it is conduit for financial growth. Present research study stressed on NPA^S and it reveals that, all the individual banks motivate borrowers to recover their loans with playing their own and suitable strategies and focuses on willful defaulters.

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THE FUTURE OF INTEGRATED REPORTING IN INDIA

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ABSTRACT

Reporting plays a vital role in any organization. Accounting Reporting is a statement which shows the financial position of a business for a particular period & time based on the business transactions. Integrated Reporting improves the quality of decision-making and reports their business in a systematic manner. It provides greater transparency and helps the management to improve their access to capital and manage their operations including risk. Organizations need Integrated Reporting for growth & development of business i.e., to compete with the competitors, to protect capital, to develop business strategies and finally helps to increase the value of the firm. It provides suitable information for required areas for reporting in both financial and non-financial aspects. It helps to reach the management expectations for future. This study examines the understanding of integrated reporting usage behavior among corporate and it also examines the changes to internal systems & processes on adoption of integrated reporting and finally this study consists of four main categories. The four main categories are- (i) History of integrated reporting, (ii) Growth and development of integrated reporting, (iii) Current status and (iv) Future of integrated reporting in India.

Keywords: *Financial data, Non-Financial data, Integrated Reporting, Stakeholders, Organization System*

I. INTRODUCTION

“As the world begins a long shift towards a higher share of market-based financing, effective disclosure will become even more important. In the future, Integrated Reporting may well play a bigger role.” – David Wright, Director-General, International organization of Securities Commission (IOSCO).

Every business organizations daily involved in so many activities and they are recorded all that information for making reports, usually a year. The need of the reports is to know the financial performance of the business. Earlier the Annual Reports includes only the financial data but now



the trend has changed. Even the organizations they want to include the non-financial data for better decision-making for future. The Annual Report is a publication issued by companies to shareholders and other interested people who want to know the companies information and financial performance.

Financial Data: It is a set of information related to the business activities. This set of information helps to analyze the business performance. This financial data is most importance to internal management and stakeholders.

Stakeholders: A person which is concern in something, especially a business. These persons include Creditors, Directors, Employees, Government, Shareholders, Suppliers and Unions.

Non-Financial Data: It also plays an important role in any business. Apart from the financial data what is the other information involved in any business i.e., outside the scope of financial statements.

II. INTEGRATED REPORTING

Integrated Reporting indicates the financial and non-financial performance of a company in a single report. By maintaining the single report it helps to a company makes proper decisions and improves its overall performance. The main decisions includes minimizing the costs by analyzing the financial and non-financial metrics together, increases assurance with internal and external stakeholders through balanced reporting, increases internal co-ordination between different departments and it gives a systematic approach to improve the overall organizational performance. Integrated Reporting will helps to analyze the companies level of control and influence on various forms of capital and whether its activities serve to increase or decrease the stock of various forms of capital. The various forms of capital would include Intellectual capital, Natural capital, financial capital, Human capital, manufactured capital and Social capital. Integrated Reporting builds to manage the operations, risk for the long-term sustainability of the business. Integrated Reporting focuses on the long-term direction where both financial stability and sustainable development of the business. It helps to reduce the gap between aspiration and reality. Integrated Reporting framework helps to the auditors to evaluate the reliability of control of financial and non-financial data.



III. OBJECTIVES & RESEARCH METHODOLOGY

The purpose of this paper is to examine the financial and non-financial aspects of an organization. The main objectives are:

1. Understanding of Integrated Reporting usage behavior among corporate.
2. Changes to internal systems and processes on adoption of Integrated Reporting.
3. Management Expectations with Integrated Reporting for future.

This study was based on secondary information collected from websites, published papers, Annual reports, News.

IV. HISTORY OF INTEGRATED REPORTING

Released at the end of 2013 by International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standards setters, the accounting profession and Non-Governmental organizations (NGOs), the integrated reporting framework has been robustly tested and piloted in 25 countries. The IIRC announced a new multi-stakeholder Integrated Reporting Lab in India brought about through a collaboration of the IIRC and the CII (Confederation of Indian Industry). It is chaired by Koushik Chatterjee, CFO of Tata Steel and includes CFOs of leading Indian companies, academics and regulators. Over 20 leaders from business, academia and regulators met in Mumbai on 19th Aug 2014 to launch the Indian Integrated Reporting Lab. This Lab facilitates to ensure businesses and investors have access to a pool of expertise to share knowledge and experiences of companies adopting Integrated Reporting in other markets. Indian companies have been reporting on integration since 2001.

Paul Druckman, CEO, IIRC, said, "The Indian Integrated Reporting Lab could not have a better leader than Koushik Chatterjee, one of the most respected businessmen in India. In addition, the energy and commitment of the CII has been pivotal in getting this initiative off the ground. National networks are a key part of the IIRC's strategy to engage local market participants, providing them with the practical support to start their Integrated Reporting journey, and ensuring the IIRC understands the factors that are driving adoption in every part of the world."

V. GROWTH AND DEVELOPMENT

The traditional reporting model also continues to play a valuable role with respect to financial data. Traditional reporting is isolated and it focuses on financial capital and it considers past data



which is applicable for short-term mainly. There are so many causes which were affected the recent financial crisis. Some of the main causes were Social, Environmental and Economic problems. The Integrated Reporting will help to measure these causes and gives the positive strength to the organizations and society. According to the nature of the business they are using variety of resources for running the business operations. Integrated Reporting helps for the proper utilization of resources for the organizational success. Competitiveness and Sustainable growth are the two main fundamentals of the organizations and society. Business opportunities are defined by taking into account the multiple capitals that could be leveraged by the operations and risks are evaluated considering all possible impacts that could be generated.

Reporting : Moving Towards Integration

Evolution of Corporate Reporting

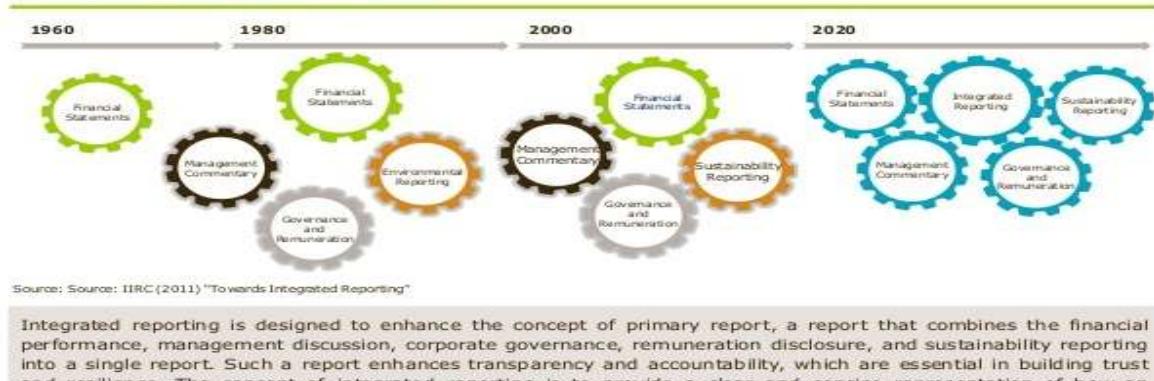


Figure 1: clearly shows the traditional reporting towards the Integrated Reporting.

VI. CURRENT STATUS

Some countries have introduced regulations which mandate the adoption of Integrated Reporting by companies of certain size such as Denmark, South Africa, France, UK, Germany, Spain, Brazil, the Netherlands, Australia and Finland. Researchers found that Integrated Reporting provides significant benefits to the various categories of the organization. Investors use enhanced information like economic analysis, industry analysis, company's strategy and valuation. Investors need the non-financial data for hedging the risk, maximizing the returns and make better informed decisions. Integrated Reporting also helps to identify asset categories that are not found in the current reporting. Our Indian Economy has recognized the benefits and opportunities of organizational transparency with an Integrated Reporting system. An Integrated



Reporting is therefore an important step for managing change towards a sustainable global economy.

VII. FUTURE OF INTEGRATED REPORTING

In the future, Integrated Reporting could replace existing corporate reports. For the development of Integrated Reporting in future the following steps are required:

1. Encourage companies to introduce the Integrated Reporting.
2. Raise awareness of Integrated Reporting to investors, stakeholders, organizations and society.
3. Explore the benefits and opportunities for competitiveness and sustainable growth of the organizations.
4. Frame suitable methodologies and practices to support the organizational system.

Finally Integrated Reporting reaches management expectations for future. Understanding of integrated reporting usage behavior among corporate and it also shows the changes to internal systems & processes on adoption of integrated reporting

VIII. CONCLUSION

Integrated Reporting shows conciseness, reliability of information and materiality of reporting to the organizations. As investors & stakeholders start to see the benefits of Integrated Reporting so it leads to increase the pressure on adoption of more integrated approach in near future.

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BANK – CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Ever since their inception banks' share in the growth of world economy has been increasing considerably. This has been the economic point of view of banking. But, how about the social point of view of banking? Do banks share any social responsibility? yes. This is because the basic idea behind their inception is to provide financial assistance to the needy and enable them to utilize the finance and improve their business activity, which improves the scope of economic activity, which, in turn helps in improving the standard of living of people and society on the whole. Corporate governance is nothing but the set processes and rules that govern an institution or company and includes (i) the relationships among many stakeholders involved with it; (ii) the goals towards which the company is directed. Corporate Social Responsibility (CSR), on the other hand, is a combination of corporate governance and social responsibility. It is nothing but a self-governing mechanism of a corporate which signifies that it satisfies all the ethical as well as legal norms while carrying on its business activity. Its aspect of study includes environment, consumers, employees, communities, shareholders and other members of the public sphere. It has become a vital element in corporate decision-making process. Accordingly, since banks have key role to play in the upliftment of economy and society and enjoy corporate status, they are not exempted from the obligation to act for the benefit of society and have to comply with corporate governance norms as well. They are also bestowed with the responsibility to include certain aspects relating to environment, consumers, stakeholders and employees in their decision-making processes to comply with CSR practices.

Keywords: Economic Responsibility, Social Responsibility, Corporate Governance, Corporate Social Responsibility, Ethics, Stakeholders.

I. RESEARCH METHODOLOGY

The study has been undertaken based on Observations and Secondary Data.



II. PAPER

Quite often, it is seen that the term ‘Corporate Social Responsibility’ (CSR) has been in use to judge the performance of a corporate. What is the reason? Well, to trace the answer for this query first we need to understand the meaning of CSR. It is nothing but the accountability of a corporate entity towards society by means of practicing certain governing norms. Good corporate governance is a *prima facie* for prudent CSR practices.

To understand the concept of CSR we need to understand the concepts of corporate governance and social responsibility.

- i. Corporate Governance:** It is nothing but a set of rules and procedures that govern an institution or a corporate. Its sphere includes (a) the relationships among many stakeholders involved with it; (b) the goals towards which the company is directed.
- ii. Social Responsibility:** It connotes the responsibility of a corporate towards the society.

By looking at the meaning of these concepts we can say that a corporate, by practicing corporate governance norms, delivers its social responsibilities.

Bank has been referred as a ‘banking company’ that undertakes the business of banking by Banking Regulation Act, 1949, in India and other banking laws around the globe, hence, it enjoys corporate status, and thus, it has been obligated to practice corporate governance and corporate social responsibility norms.

The business of banking refers to accepting various kinds of deposits and lending various types of loans. By practicing such transactions banks create money in the economy and hence form the core element of financial sector.

III. BANK AND CORPORATE GOVERNANCE

A bank cannot be viewed as any corporate entity whose major aim is profit maximization. The business of a bank is entirely different from rest of the corporate entities. The very purpose of establishing a banking company is to provide financial assistance to the needy. Hence, profit earning and profit maximization are not the sole objectives of carrying banking business. Then, what is the need for setting corporate governance norms in banking sector? Definitely, banking



companies must be guided by corporate governance norms because, though, they provide finance to the needy, but, still, they aspire to earn profits as well as maximize them within the cost constraints set by respective regulatory bodies in order to use it as a source of finance.

As we have seen, corporate governance determines the relationships among the stakeholders involved with a corporate/bank. Stakeholders may be shareholders, employees, customers, government and other people of public sphere.

- i. Bank, as a financial intermediary, go for public subscription for generating finance to run its business. Thus, only equity capital is used as a means of financing a bank. Hence, banks owe responsibility towards their *shareholders* in sharing financial information. Corporate governance strives to define the risk taking capacity a bank.
- ii. *Employees* play vital role in the functioning of a bank. Their importance is not only felt in the operations of a bank, but also in the financial structure as some of them may subscribe the share capital. Thus, there is a need to maintain transparency in financial disclosure by bank. This not only satisfies employees' self-esteem as shareholders, but also makes them perform better, thus helps to maintain better work environment. This also encourages employees to participate in policy-making and decision-making processes.
- iii. *Customers* have a crucial role to play in the success of a bank. In fact, the banking business is meant for them. Hence, their well-being should be taken care of.

Let us see the Indian scenario in this context. Right from the beginning of account opening the customer should be informed of all details of his transactions; he must be made aware of the type of account he is opening and the related details, viz., the personalized savings account or a salary based savings account-if it is a savings deposits account and the rate of interest applicable; if it is a term deposit account – the tenure of deposit, the rate of interest, the nomination details, etc. The Know Your Customer (KYC) norms form the basis for Customer Relationship Management (CRM) strategies of banks. The marketing strategy of a bank should not be aggressive and force its customers to subscribe for its products, like, Systematic Investment Plans (SIPs), mutual funds, insurance, etc. The bank has to take utmost care even while lending loans. It has to cautiously determine the creditworthiness of customer, the type of loan the customer is granted and the related rate of interest should be informed of, the methodology of



charging interest should be communicated; eg: in India customers are lent loans based on Base Rate method; it has been made mandatory by Reserve Bank of India (RBI) that every bank must issue loans based on Base Rate method after June, 2011. The methodology of charging interest differs from bank to bank, symbolizing its independent status. The various innovations in banking sector like the internet banking, mobile banking, etc., are more customer centric and require greater amount of security for preserving customer's details and transactions. Thus, many banks are concentrating on implementing Customer Relationship Management (CRM) practices and information technology has been aiding them in delivering their best through various banking software like Oracle's Flexcube solutions, Polaris software solutions, etc.

- iv. *Government* has the ultimate control over the monetary and economic situation in the country. Bank, as a major financial provider shares a close relationship with government that acts as a supervisor and has to abide by its regulations. But, sheer practice of government regulations does not encourage bank to face different kinds of pressures posed by different environments in which it is functioning. Corporate governance provides flexibility to bank in making decisions as to what type of and how much of the regulations need to be implemented by a bank. It initiates banks to cope up with various developments taking place in the industry and in the economy on the whole.

Table 1 : Indian Scenario: RBI and Corporate Governance

Reserve Bank of India (RBI) has taken various steps furthering corporate governance in the Indian Banking System. These can broadly be classified into the following three categories: a) Transparency b) Off-site surveillance c) Prompt corrective action

- a) Transparency and disclosure standards are also important constituents of a sound corporate governance mechanism. Transparency and accounting standards in India have been enhanced to align with international best practices. However, there are many gaps in the disclosures in India vis-à-vis the international standards, particularly in the area of risk management strategies and risk parameters, risk concentrations, performance measures, component of capital structure, etc. Hence, the disclosure standards need to be further broad-based in consonance with improvements in the capability



of market players to analyse the information objectively.

- b) The off-site surveillance mechanism is also active in monitoring the movement of assets, its impact on capital adequacy and overall efficiency and adequacy of managerial practices in banks. RBI also brings out the periodic data on “Peer Group Comparison” on critical ratios to maintain peer pressure for better performance and governance.
- c) Prompt corrective action has been adopted by RBI as a part of core principles for effective banking supervision. As against a single trigger point based on capital adequacy normally adopted by many countries, Reserve Bank in keeping with Indian conditions have set two more trigger points namely Non-Performing Assets (NPA) and Return on Assets (ROA) as proxies for asset quality and profitability. These trigger points will enable the intervention of regulator through a set of mandatory action to stem further deterioration in the health of banks showing signs of weakness.

Source: Extract from paper on Corporate Governance in Banks written by

IV. LEELADHAR

A. Bank and Social Responsibility

Bank may also invest in other businesses that are permitted by their respective governing bodies/law. The very recent phenomenon in India shows that RBI has directed all the banks to curtail their equity investments in non-financial services to 10% of their paid-up capital or 10% of the investees paid-up capital, whichever is lower. This has been proposed to restrict banks from making any indirect profits from activities, not permitted by Banking Regulation Act, 1949. However, banks can make investment to the tune of 20% if the investment is coupled with investing in subsidiaries engaged in financial services, eg: setting up of independent Information Technology (IT) companies, introducing non-banking financial services, etc. Thus, bank must make a public disclosure of its financial position. This attempt attracts new customers and old customers are encouraged to keep up their faith in the functioning of a bank. It also aids in



creating and accelerating goodwill among *general public*. Thus, bank has got *social responsibility* and is regarded as a social agent.

While acting as a social agent bank gets influenced by the *environment* in which it is functioning. The environment may be internal or external to bank. An intelligent banker always tries to achieve balance between these two environments. Good corporate governance of a bank aids it in delivering coherent social responsibilities.

B. Bank and Corporate Social Responsibility (CSR)

When the bank is guided by corporate governance, it, as a corporate, also has an obligation to oblige corporate social responsibility norms. Corporate Social Responsibility (CSR) ensures that bank has observed all the ethical and legal norms in its operations. It is a combination of corporate governance and social responsibility.

It has been defined by World Bank's group as “the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development.”

CSR strives to include general public in the decision-making processes of a bank. This is done through Triple Bottom Line (TBL) accounting that measures bank's success in terms of society and environment based on three parameters, viz., people, planet and profit. Its scope is not restricted to general public but has been enhanced by environment, consumers, employees, communities, and shareholders. Thus, CSR enables all the stakeholders to participate in the decision-making processes of a bank.

CSR is gaining significance after the global crisis that has occurred due to Lehman Brothers' bankruptcy, a USA based investment bank in September, 2008. This particular bankruptcy has been the result of non-compliance with transparency and disclosure norms that has created a massive recession in world's economy leading to shareholders distrust in banks' functioning, declining employment opportunities and decreasing productivity in the economy, resulting in declining GDP. Hence, to survive in the market many banks proceeded to discharge their CSR obligations to attain a sustainable development that balances the needs of employment and



economy on the whole. This will help in regaining the shareholder confidence. The New Companies Act, 2013 recognized the need and significance of CSR even.

Even the changing environmental conditions are also necessitating prudent CSR practices for banks. With the advent of global warming many changes are taking place in the business environment around the globe. The proportion of carbon footprint is also increasing because of these developments. Hence, the risk factor for banks' functioning in the economy has shown rising trend. The only remedy that is left for banks in such a scenario is to implement CSR norms to integrate their business with changing environment.

Thus, the importance of CSR is increasing worldwide and reference to above situations is only a gist to signify its importance.

V. CONCLUSION

'Corporate social responsibility acts as a means of self-governance for banks'. This self-governing mechanism cannot be successful without prudent corporate governance practices. Thus, from 2007 RBI has made it mandatory that every commercial bank has to maintain 1% of their profits for CSR practices in India.

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TALLY - MANAGERIAL APPLICATIONS

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ABSTRACT

Any business owner understands the importance of maintaining proper books of accounts. This practice ensures that finance of the company is always in order and correct at given point of time. Earlier most of the businesses were employing manual practice in maintaining books of accounts. However with the advent of technology, this task can be performed by Accounting Software. Tally is one such powerful accounting software, which is driven by a technology called Concurrent Multi-lingual Accelerated Technology Engine. Tally provides comprehensive solutions around accounting principles, inventory & data integrity. It also has features encompassing global businesses. The technology employed by tally makes data reliable and secure. On this basis, we can know the great features of tally. Tally is a complete Enterprise Resource Planning system with an excellent grip in accounting features. Although it has many core features that a business requires, its hold in accounting is truly commendable. It is simple to use and easy to set up. Tally software supports all the major types of File Transfer Protocols, which helps in connecting files across multiple office locations. It is also capable of understanding financial analysis in the form of Ratio Analysis that helps us to make quick decisions and financial management in the form of Cash Flows, Interest Payment & Payroll Management System.

Thus, Tally Software is flexible, reliable, secure, easy to use & affordable. In addition to the above features, there are certain Operational Advantages of Tally which are supported by its different versions such as Tally 4.5, Tally 5.4, Tally 6.3, Tally7.2, Tally 8.1, Tally 9.0, Tally ERP (Enterprise Resource Planning).

The detailed applications of Tally in Managerial Streams can be further discussed

Key Words: Accounting software, Concurrent Multi-lingual Accelerated Technology Engine, Enterprise Resource Planning, File Transfer Protocol, Cash Flows, Interest Payment & Payroll Management System.



TALLY MANAGERIAL APPLICATIONS

I. INTRODUCTION

Most of the businesses were employing manual practice in maintaining books of accounts. However with the advent in modern technology, this task can be performed by accounting software. Tally is one such accounting software which is massive and versatile package. It is used by various types of trades and industries.

Tally solutions software business formally called as “PATRONICS private limited” based in Bangalore. It was started with a simple reason which was absence of readily available accounting package. Thus the company commenced and developed work on accounting package in BASIC in the year 1986, that could handle the financial accounts for the business.

BHARAT GOENKAR is the original architect and programmer of the Tally accounting system. Tally is a globally recognized name with millions of users across 90 countries experiencing the “power of simplicity”. This value is reflected in innovative, uncomplicated and customer centric approach.

Let us a look on the features of Tally:

Tally is a complete enterprise resource planning system with the excellent grip in accounts. Features of Tally can be studied in general view and in accounts view.

II. RESEARCH METHODOLOGY

Primary Data : Observations

Secondary Data : Case studies, Internet.

III. GENERAL FEATURES OF TALLY ARE AS FOLLOWS

- Data Directory in the company creation screen will allow us to have the back up of company accounts in drives.
- Tally lock storage device is used to share the information quickly
- Tally vault is used to keep the accounts data in encrypted format that ensures the confidentiality of accounts of the company.



- All the profitability reports –Invoice wise reports, item wise reports are summarized easily in Tally.
- Using Tally we can customize the user friendly environment to the organization.
- Tally is available on Windows 95, 98, XP, 2000 and LUNIX with web enabled browsing.

IV. ACCOUNTING FEATURES OF TALLY ARE AS FOLLOWS

Comprehensive accounting system with different types of vouchers like payments, receipts, sales and purchases etc, Tally also provides complete bill wise information of accounts receivables. Classification of Accounts can be easily done in Tally which offers 28 predefined Groups. Further if the user wants he can create groups as per his requirements.

Tally follows the concept of single ledger system, which includes both personal and nominal accounts. Reports are extracted based on transaction and date rather than the date of actual entry hence ensures the accuracy of entries.

Tally allows users to Drill Down from any report to the lower level of reports till vouchers, any changes then made is reflected simultaneously at all the levels. Bank reconciliation can be done in Tally providing the users with the transactions that are not yet cleared by the bank with (F5).

V. BENEFITS OF TALLY

- Tally provides comprehensive solutions around accounting principles, inventory management data integrity.
- Tally software comes with easy to use interface thus making it operationally simple.
- Tally makes data reliable and secured; it supports all the major types of file transfer protocols which help in connecting files across the multiple office locations.
- It is easy to set up and simple to use, a single connection can support multiple users.
- Tally is capable of understanding financial analysis and financial management.

Thus Tally software is flexible, reliable, secure, easy to use and affordable.

VI. VERSIONS OF TALLY

Every improvement in the software is referred as version. Let us understand about versions of Tally at a glance.



1. **TALLY 4.5** : This version is operated on MS-DOS in which the accounting activities such as ledger classification, voucher entry, simple final reports and Bill wise Analysis.
2. **TALLY 5.0** : It is the upgraded version of Tally 4.5 and works with Windows providing integrated accounting and inventory records.
3. **TALLY 5.4** : This version is capable of converting earlier data into current data format with facility of import of data option.
4. **TALLY 6.3** : This version can interact with other system through (Open Data Base Connectivity) and E-mail your final reports from Tally.
5. **TALLY 7.2** : It is upgraded with the integrated enterprise system like VAT(Value Added Tax),TDS (Tax deducted at source), and CST (Central Sales Tax).
6. **TALLY 8.1** : This version is upgraded with multi-lingual support software with 10 languages like Telugu, Hindi and Tamil etc,
7. **TALLY 9.0** : This version supports 13 languages, payroll management.

Finally Tally ERP (a) version has been launched with the series (a) as initial release in the year 2009.

VII. TALLY AS ERP

Enterprise resource planning ensures deployment of resources takes place and the company can monitor them on the real time basis. Tally ERP includes support for inventory management which is used for stock maintenance, payroll for salary and wages calculations with multi-lingual options.

A. Features of Tally ERP

Integrates accounts with inventory which enables the closing balances automatically appear in the balance sheet and profit and loss accounts. We can also use income and expenditure account instead of profit and loss account .It also allows the multi-currency options.

ERP also helps in maintaining the bill wise details and activates interest calculations besides maintaining the cost centers .It allows invoicing which is useful for calculations of tax and duties.

Uses debit and credit notes that records the purchase and sales returns and maintains Budgets and controls



VIII. TALLY-REVOLUTION IN MANAGERIAL CONTROL

Till now the Tally has been discussed in terms of ease of maintaining the accounts of the company but it also provides much more managerial control with **Financial Analysis, Financial Management , Payroll , Tally Audit:**

A. Tally in financial Analysis

Tally undertakes the financial Analysis by providing the information about receivables turnover, cash flow statement, Ratio Analysis. This option is not used by many people because they are not in analyzing the financial statements of the company. But in reality companies need to analyze their financial statements which reveal the financial position and performance of a company. Further this analysis would also assist the businesses in their planning.

Evaluation of company's balance sheet, income statements and cash flow statement interprets trends and identifies strengths and weakness which would help the companies to make investment decisions or recommendations based on sound reasoning.

Concurrent open companies option where in we can create several companies so that we can view reports of any company which we have created.

B. Tally in financial management

Financial Management is also made simpler under Tally software. It helps us in planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds.

Party payment performance can also be traced very easily in tally so that we can know the average time taken by the debtors to back their debts in two ways: receivables formula and actual bill clearance data.

Budgeting and control is done easily in tally which provides excellent options to get and reach the prescribed goals, so that we can compare actual performance with the budgeted figures and also get a variance report.



Cost centre and cost category-cost centers give additional dimension to the transaction; it may be any unit to which cost can be allotted. Eg: Branches, Departments, Products, Persons and so on. Cost Categories allow many parallel sets of cost centers for allocation.

C. Tally in payroll management

Tally allow management of finance by providing payroll system, we can maintain the payroll in Tally. There are functions like employee categories, employee groups, attendance, pay heads that enable us in doing the complex payroll calculations automatically.

D. Tally Audit

Apart from the above Tally Audit features provides the user with the administrator rights, capabilities to audit for the correctness of entries made by the authorized user and alter them if needed. If the entries are altered Tally will display all the altered entries along with the name of the user date and time of alteration.

IX. CONCLUSION

Accounting software Tally has often shown to be more effective and powerful compared to other accounting software that sells at more expensive prices. It is designed to give us complete control over our inventory, accounting and statutory process. It was designed to suit small and big businesses especially growing business. Its flexibility is quite remarkable in many respects and is certainly one of the best long term investments that a business can make. Accounting software is expected to provide the right numbers at the right time and that is what Tally does for us at a fraction of ordinary cost.

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**ANALYSIS OF INFLOWS OF FOREIGN DIRECT INVESTMENT: IMPACT ON AN
INDIAN MARKET**

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ABSTRACT

With the initiation of LPG act by Prime Minister P. V. Narasimha Rao and starting in the early 1990s; India began to liberalize the economic policies and started opening the Indian markets to foreign investments. Foreign Direct Investment (FDI) started flowing into India. The idea behind of FDI is create new source of demand and to exploit monopolistic advantage, to maintain stability of political and business environment. With a view to infuse globally acceptable best practices, modern management skills and latest technology, it has been decided to allow foreign investment in India. The objective of the present study is to provide a skeleton on foreign direct investment with the scene of different sectors. It also point out the sector-wise distribution of FDI inflow to know about which has concerned with the chief share.

Key Terms- *LPG, FDI, Monopolistic Advantage.*

I. INTRODUCTION

Foreign Direct Investment (FDI) has been regarded as an important component of capital flows to supplement investible resources, to access advanced technologies for importing production know-how and for promoting exports. Being the more stable component of capital flows compared to Foreign Institutional Investor (FII) portfolio investment and external commercial borrowings, it is admittedly the preferred means to finance the current account deficit. India's approach towards foreign investment with its liberalised policy through the 1990's reflects this policy paradigm. Consequently, India grants wider access to different sectors of the economy, national treatment of foreign businesses set up in India, repatriation of dividend and profits, and relaxation of the norms for owning equity. Though progressive liberalization coupled with improvement in macro-economic growth, India has encouraged sizable FDI flows which increased nearly fivefold during the first decade of this century. Significantly, the annual average



FDI flow during the last ten years of the present Government was higher than the total FDI that flowed into India during the six years of the previous Government.

1.1 Liberalized Policy Framework

At the close of 20th century India initiated economic liberalisation and reforms as a conscious choice to remove restrictions on investment projects and encourage increased access to foreign technology and investment. A slew of measures were pushed through in the 1990s towards liberalizing foreign investment:

1. Introduction of a dual route of approval of the FDI – Reserve Bank of India's (RBI's) automatic route and the Government's approval.
2. Automatic permission for technology agreements in high priority industries and removal of restriction of FDI in low technology areas as well as liberalisation of technology imports.
3. Permission to Non-resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) to invest up to 100 per cent in high priorities sectors.
4. Hike in the foreign equity participation limits to 51 per cent for existing companies and liberalisation of the use of foreign 'brands name'.
5. Signing the Convention of Multilateral Investment Guarantee Agency (MIGA) for protection of foreign investments.

These efforts were boosted by the enactment of the Foreign Exchange Management Act (FEMA), 1999 [that replaced the Foreign Exchange Regulation Act (FERA), 1973] which was less stringent. This along with the sequential financial sector reforms paved the way for greater capital account liberalisation in India. Investment proposals falling under the automatic route and matters related to FEMA are dealt with by RBI, while the Government handles investment through the approval route and issues that relate to FDI policy through its three institutions, viz., the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA) and the Foreign Investment Implementation Authority (FIIA).

II. REVIEW OF LITERATURE

Prerna and Dr. Seema Dhawan (2013) stated in their article ‘Foreign Direct Investment (FDI): A challenge to Indian marketing”, that Foreign Direct Investment has a major role to play in the economic development of the country. Most of the countries have been making use of foreign



investment and foreign technology to accelerate the place of their economic growth. FDI ensures a huge amount of domestic capital, production level and employment opportunities in the developing countries, which a major step towards the economic growth of the country.

Babar N.S.Dr.B V Khandare(2012)," Structure of Foreign Direct Investment in India during globalisation period" The study is done through analysis of benefit of FDI for economic growth, its been done through sectoral analysis of FDI participation, as well as country wise flow of FDI in India till 2010.the study is mainly focused on changing structure and direction of india's FDI during globalisation period.

Rizvi and Nishat (2009), "Study of the impact of FDI on employment opportunities in India, China and Pakistan", by stating that it would not suffice to expect FDI to create a direct impact on employment opportunities in the above mentioned countries. They also suggest that in addition to FDI enhancement policies, other measures to boost employment growth should be generated.

Balasubramanyam and Sapsford (2007) stated in their article "Does India need a lot more FDI" compared the levels of FDI inflows in India and China, and found that FDI in India is one tenth of that of china. The paper also concluded that India may not require increased FDI because of the structure and composition of India's manufacturing, service sectors and her endowments of human capital and the country is in a position to unbundle the FDI package effectively and rely on sources other than FDI for its capital requirements.

Bajpai and Jeffrey (2006) stated attempted the paper on "Foreign Direct Investment in India: Issues and Problems", to identify the issues and problems associated with India's current FDI regimes, and also the other associated factors responsible for India's unattractiveness as an investment location. Despite India offering a large domestic market, rule of law, low labour costs, and a well working democracy, performance in attracting FDI flows have been far from satisfactory. The conclusion of the study is that a restricted FDI regime, high import tariffs, exit barriers for firms, stringent labour laws, poor quality infrastructure, centralized decision making processes, and a very limited scale of export processing zones make India an unattractive investment location.

III. OBJECTIVES

- To analyse the flow of investment from various countries to India.
- To evaluate the impact of FDI inflows on various sectors.



IV. ANALYSIS OF FDI INFLOWS IN INDIA

| Financial Years 2000-01 to 2014-15 (up to March, 2015) | | Amount of FDI Inflows | | % growth over previous year (in terms of USD) |
|--|------------------------------|-----------------------|----------------|---|
| Sl. No | Financial year (April-March) | In Rs crores | In USD million | |
| 1. | 2000-01 | 10,733 | 2,463 | - |
| 2. | 2001-02 | 18,654 | 4,065 | (+)65% |
| 3. | 2002-03 | 12,871 | 2,705 | (-)33% |
| 4. | 2003-04 | 10,064 | 2,188 | (-)19% |
| 5. | 2004-05 | 14,653 | 3,219 | (+)47% |
| 6. | 2005-06 | 24,584 | 5,540 | (+)72% |
| 7. | 2006-07 | 56,390 | 12,492 | (+)125 % |
| 8. | 2007-08 | 98,642 | 24,575 | (+) 97 % |
| 9. | 2008-09 | 142,829 | 31,396 | (+) 28 % |
| 10. | 2009-10 | 123,120 | 25,834 | (-) 18 % |
| 11. | 2010-11 | 97,320 | 21,383 | (-) 17 % |
| 12. | 2011-12 | 165,146 | 35,121 | (+) 64 % |
| 13. | 2012-13 | 121,907 | 22,423 | (-) 36 % |
| 14. | 2013-14 | 147,518 | 24,299 | (+) 8% |
| 15. | 2014-15 | 189,107 | 30,931 | (+) 27% |

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, March 2015.

The economic development witnessed during the past two decades in India rests to a great extent on Foreign Direct Investment (FDI). FDI in India is done across a wide range of industries and its relentless influx reflects the tremendous scope, faith and trust that foreign investors have in the Indian economy. The table states that India had showed a large amount of FDI inflow. It showed that FDI inflow has been increased by more than 210 times. The introduction of New Economic Policy in July, 1991 has resulted in attraction of greater FDI inflows into India. The liberalization of foreign investment policy has resulted in an upward trend in FDI inflows. The highest amount of FDI was received in the year 2011-12, amounting to USD 35,121 million. India's liberalised its FDI policy in 2005, allowing up to a 100% FDI stake in ventures. Industrial policy reforms have substantially reduced industrial licensing requirements, removed restrictions on expansion and facilitated easy access to foreign technology and foreign direct investment. So growth rate of FDI inflow is highest in the year 2006-07 i.e., 125 percent. After



reaching highest percentage FDI inflows in the year 2011-12, it reached USD 30,931 in 2014-15, a decline of 27%.

Table 1 :Country-Wise FDI Equity Inflows From April, 2000 To March, 2015

| <i>Amount in USD in million</i> | | | |
|---------------------------------|----------------|--|--|
| <i>Ranks</i> | <i>Country</i> | <i>FDI Inflows(April '00 -March '15)</i> | <i>%Age To Total Inflows (In Terms Of US \$)</i> |
| 1. | MAURITIUS | 87,555 | 35 % |
| 2. | SINGAPORE | 32,188 | 13 % |
| 3. | U.K. | 22,210 | 9 % |
| 4. | JAPAN | 18,352 | 7 % |
| 5. | NETHERLANDS | 14,671 | 6 % |
| 6. | U.S.A. | 13,751 | 6 % |
| 7. | CYPRUS | 8,044 | 3 % |
| 8. | GERMANY | 7,644 | 3 % |
| 9 | FRANCE | 4,513 | 2 % |
| 10. | UAE | 3,045 | 1 % |

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, March 2015.

Experience of FDI flows into Emerging Market Economies (EME), points to a number of factors which act as determinants of FDI flows, like, market size, openness, growth prospects, macroeconomic stability, regulatory regime and institutions of governance, and FDI climate in a particular country. The World Bank in a 2009 survey identified four indicators namely ‘Investing across Borders,’ ‘Starting a Foreign Business,’ ‘Accessing Industrial Land,’ and ‘Arbitrating Commercial Disputes’ to assess the ‘FDI climate’ in a particular country. The investing across borders indicator measures the degree to which domestic laws allow foreign companies to establish or acquire local firms. Due to these reasons many foreign companies are interested to invest in India likely Mauritius emerged as the most dominant source of inflows with a contribution of USD 87,555 million (35 %), followed by Singapore with a contribution of USD 32,188 million (13%) and UK with a contribution of USD 22,210 million (9%) during the period from 2000-01 to 2014- 15. One possible explanation for the dominance of Mauritius in FDI is that India has a Double Taxation Avoidance Agreement (DTAA) with this country, under which investors from Mauritius are protected from taxation in India.



Table 2: Sector-Wise FDI Equity Inflows From April, 2000 TO March, 2015

Amount in USD in million

| <i>Ranks</i> | <i>Sector</i> | <i>FDI Inflows(April '00- March, 2015)</i> | <i>% Age To Total Inflows (In Terms Of US\$)</i> |
|--------------|---|--|--|
| 1. | SERVICES SECTOR | 42,713 | 17 % |
| 2. | CONSTRUCTION DEVELOPMENT: Townships, Housing, Built-Up Infrastructure | 24,064 | 10 % |
| 3. | TELECOMMUNICATIONS(Radio Paging, Cellular Mobile, Basic Telephone Services) | 17,058 | 7 % |
| 4. | COMPUTER SOFTWARE & HARDWARE | 15,017 | 6 % |
| 5. | DRUGS & PHARMACEUTICALS | 13,121 | 5 % |
| 6. | AUTOMOBILE INDUSTRY | 12,383 | 5 % |
| 7. | CHEMICALS (OTHER THAN FERTILIZERS) | 10,337 | 4 % |
| 8. | POWER | 9,557 | 4 % |
| 9. | METALLURGICAL INDUSTRIES | 8,547 | 3 % |
| 10 | TRADING | 8,060 | 3 % |

Source: FDI Statistics, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, March 2015.

The United Nations Conference on Trade and Development (UNCTAD) in its World Investment Report 2013 has published the finding that India today is one of the most attractive investment destinations as it has one of the largest markets even though growth has slowed down to 5% per annum. It has a pool of talented manpower and favourable demographics. An expanding middle class with rising urban and rural incomes are a key factor in attracting foreign investment. In March 2005, the government amended the rules to allow 100% FDI in the construction sector, including built-up infrastructure and construction development projects comprising housing, commercial premises, hospitals, educational institutions, recreational facilities, and city- and regional-level infrastructure. Over 2012-14, India extended these reforms to defence, telecom, oil, retail, aviation and a number of other sectors. Services sector took a major share in 2014-15 accounting for about 17% of total FDI inflows. It was followed by Construction 10%, Telecommunications 7%, Computer Software and Hardware 6%, Drugs and Pharmaceuticals 5%, Automobile 5%, Chemicals 4%, Power 4%, Metallurgical 3%, And Trading 3%.

V. STEPS TAKEN BY GOVERNMENT TO PROMOTE FDI

The Indian Government has taken a number of steps to show its willingness to allow more foreign direct investment in the country. In the infrastructure development sector, it has relaxed



the norms pertaining to area restriction, the laws regarding gaining a comfortable exit from a particular project and the requirements relating to minimum capitalization. In the insurance sector too, the government has increased the upper limit of FDI from 26 % to 49 %. It is an amalgamation of different areas of investment such as:

- Foreign portfolio investment
- Foreign venture capital investment
- Foreign institutional investment
- Non-resident investment
- Qualified foreign investment

The Indian Ministry of Finance has also proposed that 100 percent FDI will be allowed in railways-related infrastructure. However, this does not include the operational aspects. While it is true that the foreign investors will not be allowed to intervene in railway operations, they will be able to provide for high-speed trains, such as bullet train, and enhance the overall network in the process.

VI. FUTURE OUTLOOK

The ruling NDA government in the centre has announced a lot of relaxations for FDI and the business done under the FDI umbrella in India. The composite cap has replaced the concept of individual cap; for instance, there is now a composite cap of 49 percent foreign investors allowed in the insurance sector.

During the next three years, hundred percent FDI into the health sector will be allowed by the Department of Industrial Policy and Promotion (DIPP) to enable indigenous manufacturing and reduce imports of medical devices. The equity investment in the real estate is expected to go twofold as the Indian government has allowed 100 percent FDI into the construction sector. As per the real estate experts' beliefs, the demand from foreign property buyers will rise.

It is expected that at the current rate and as far as the future implications are concerned, FDI may be doubled and reach a mark in excess of US\$ 60 billion during the 2015-16 fiscal year. The experts believe that the foreign investors are displaying immense faith in the 'Make in India' drive of the Narendra Modi government and that may propel the FDI influx into India. Further advancement and up gradation of the infrastructure in various sectors is also expected as it has been noticed that various sectors like telecommunications, automobiles, computer software and hardware and construction development had registered huge FDI inflow. It has been estimated



that in the ongoing Twelfth Five Year Plan, which continues till 2017, India will need almost a trillion US dollars in FDI. This money will be used to develop infrastructure such as highways, airways and ports.

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FINANCIAL INCLUSION TOWARDS ECONOMIC DEVELOPMENT

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ABSTRACT

The Sustainable Socio-Economic development can be achieved when we overcome the poverty. Overcoming poverty is the protection of a fundamental human right, the right to dignity and a decent life. In the process of achieving a progressive economic development of this under privileged, The Government of India collaborating with Reserve Bank of India has been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Financial inclusion is the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as poor sections and low income groups, and small businesses at an affordable cost, so that their financial condition could improve which will ultimately contribute to India's economic growth. On the other hand, India, Asia's third largest economy having around 1.27 billion people, facing the unemployment problem. Along with, financial inclusion plans such as basic bank accounts with zero balance, Insurance Penetration as a social security initiatives under PMJDY, Payment Banks, Small Finance Banks etc., in up lifting the down-trodden people, the GOI & RBI is been taking the initiatives in supporting the small enterprises also. As Micro Small Medium Enterprises (MSME) will create a massive employment, it can contribute to the considerable economic development of under privileged. Furthermore, in addressing this daunting unemployment issue, we should have a strong manufacturing base. The most recent initiatives like Make in India, Stand up India and Start up India along with National Skill Development Program, may culminate a decent standard of living and economic stability in coming years, posing a progressive change in the face of the economy.

Key words: *Financial Inclusion, PMJDY, PMJJBY and PMSBY Payment Banks, Malaysia Reforms, MSME, SIDBI, SMILE*

I. INTRODUCTION



In the process of providing a dignified standard of living to the economically poor people or underprivileged segment of the nation, the Govt of India has initiated a policy reform known as Financial Inclusion. Financial Inclusion is a process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. The scheme is aimed at providing a bank account for the people who do not have access to bank their monetary transactions, ensuring that the beneficiaries do get their pension or wage or any claim from the government on time, of being able to withdraw money conveniently, of being informed when money is deposited in one's bank account. It also means providing services like ATMs and Internet banking and so on. Ironically, we are still very, very far from that in most parts of India, or at least half of the Indian population lives in rural areas which have inadequate banking infrastructure. The other side, the state is confronting the various shortcomings in delivering subsidies to the beneficiaries; direct transfers using technology have been thought of. Hence the beneficiary needs to have the access to at least one bank account to bank upon.

II. RESEARCH METHODOLOGY

The information for the study has been collected from secondary sources. The study was descriptive and casual in nature. Graphical presentation has been made for better understanding. The period of study has been confined to August 2014 to 18th Nov 2015, as the research area is a recent origin.

Why financial inclusion

As per NSSO 59th Round Survey Results, of the total farmer households, only 27% access formal sources of credit; one third of this group also borrowed from non-formal sources. Overall, 73% of farmer households have no access to formal sources of credit. As per census 2011, only 58.7% of households are availing banking services in the country. In order to provide the weaker sections with better prospects for economic growth, increased participation of people in the rural development programmes, greater access to credit are needed along with decentralization of planning, better enforcement of land reforms. Other instruments tried out include priority sector lending, lead bank scheme, branch expansion, self-help groups and regional rural banks. The thrust towards financial inclusion started with the nationalization of 14 commercial banks in July



1969, involving six more commercial banks 1980. For instance, the DIR loan scheme provided small ticket loans to those below poverty line at concessional interest of 4%.

III. FINANCIAL INCLUSION – A CONCEPTUAL UNDERSTANDING

Dr. Raghuram Rajan, the RBI Governor outlined, in conceptual terms, about the inclusion as “Simplicity and reliability in financial inclusion in India, though not a cure all, can be a way of liberating the poor from dependence on indifferently delivered public services and from venal politicians,” he said. Further, “in order to draw in the poor, the products should address their needs a safe place to save, a reliable way to send and receive money, a quick way to borrow in times of need or to escape the clutches of the money lender, easy to understand life and health insurance and an avenue to engage in savings for the old age.”

IV. SCHEMES UNDER FINANCIAL INCLUSION

The Government is pushing financial inclusion through four schemes – Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY).

V. PMJDY

It is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance cover of ₹ 1 lakh.

The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries' accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. Mobile transactions through telecom operators and their established centres as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme.

Table 1: Pradhan Mantri Jan - Dhan Yojana (Accounts Opened as on 11.11.2015 (figures in Crores)

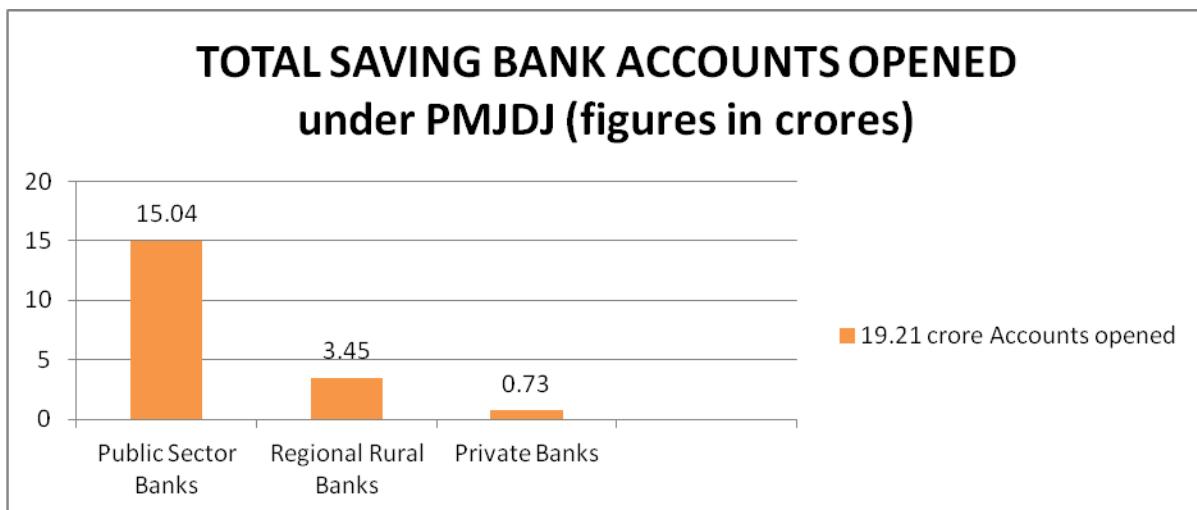


| Bank Name | Rural | Urban | TOTAL | No of RuPay Cards | Aadhar Seeded | Balance in Accounts | % of Zero Balance Accounts |
|-----------|-------|-------|-------|-------------------|---------------|---------------------|----------------------------|
| PSB | 8.3 | 6.73 | 15.04 | 13.4 | 6.95 | 21,078.29 | 36.37 |
| RRB | 2.95 | 0.49 | 3.45 | 2.47 | 0.95 | 4,592.95 | 36.23 |
| PB | 0.44 | 0.29 | 0.73 | 0.64 | 0.23 | 1,148.12 | 41.1 |
| Total | 11.69 | 7.52 | 19.21 | 16.51 | 8.12 | 26,819.36 | 36.49 |

Source: www.pmjdy.gov.in

According to Finance Ministry data, banks had opened 19.21 crore basic savings bank deposit accounts under the PMJDY, which was launched in August 2014, up to 11, Nov 2015. The outstanding balance in these accounts aggregated ₹26,819.36crore. About 36.49 per cent of these accounts have zero balance. PMJDY's benefits include a RuPay debit card, ₹1 lakh accident insurance cover, and an additional ₹30,000 life insurance cover. It is a platform for Direct Benefits Transfer (DBT) which, in turn, will help plug leakages in subsidies.

Figure 1: Number of accounts provided by PSB, RRB, and PB under PMJDY scheme



Over Draft (OD) Facility: Now, the focus of PMJDY has moved from account opening to the provision of cash-out facilities at an approachable distance to reap the real benefits of the



scheme. Banks have been directed to disburse overdraft facility upto 5000 under the scheme and Aadhaar number is mandatory for this. Also, limit for cash withdrawl at POS (for debit cards & open system prepaid cards issued by Banks in India) has been doubled to 2000 per day in Tier II to Tier VI centres. *As on 30.10.2015*, the finance Ministry said that 43.31 lacs accounts were offered overdraft facility (OD). Out of these, 22.43 lacs accounts were sanctioned OD and nearly 8.37 lacs of these have availed overdraft facility.

VI. APY, PMJJBY, and PMSBY

Table 2: Gross Enrolment Reported by Banks, subject to verification of Eligibility of Applicants as per Rules, and Availability of Funds for Auto Debit of Premium etc

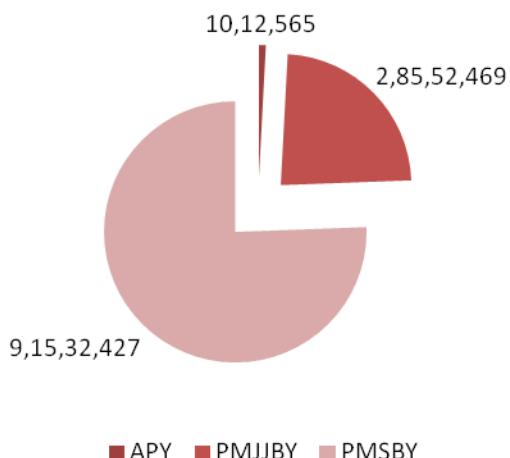
| SCHEME NAME | Rural- Male | Rural- Female | Urban- Male | Urban- Female | GRAND TOTAL |
|--------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| APY | 223456 | 133826 | 387,871 | 267,412 | 1,012,565 |
| PMJJBY | 8,955,311 | 5,534,560 | 8,984,234 | 5,078,364 | 28,552,469 |
| PMSBY | 28,682,509 | 19,105,900 | 27,580,391 | 16,163,627 | 91,532,427 |
| GRAND TOTAL | 37,861,276 | 24,774,286 | 36,952,496 | 21,509,403 | 121,097,461 |

(Source: Ministry of Finance, www.jansuraksha.gov.in/Files/Reports/18.11.2015.pdf)

Figure No: 2 Enrolment of beneficiaries under different social security schemes



Gross enrolment of applicants under different social security schemes



The gross enrolment under the PMJJBY, which offers life insurance coverage of ₹2 lakh for savings bank holders in the age group of 18-50 years on payment of ₹330 a year, stood at 2.85 crore as on 18, Nov 2015. The gross enrolment under the PMSBY, which provides insurance coverage of ₹2 lacs on payment of ₹12 per annum, was at 9.15 crore. The gross enrolment under the APY, which will provide a fixed minimum pension ₹1,000 - ₹5,000 a month (depending on the monthly contribution) beginning from the age of 60, was at about 10 lacs. With a view to economically mainstreaming rural areas, the Reserve Bank of India is giving out differentiated banking licenses; they are Payments Banks and Small Finance Banks.

VII. PAYMENT BANKS

The move of in-principle to 11 'payments banks' by the RBI's own admission is seen as a major step in pushing financial inclusion in the country. New stripped-down type of banks is expected to reach customers mainly through their mobile phones rather than traditional bank branches. It's a step to redefine banking in India. The Reserve Bank expects payment banks to target India's migrant labours, low-income households and small businesses, offering savings accounts and remittance services with a low transaction cost.

VIII. SMALL FINANCE BANKS



Recently, Reserve Bank of India has shortlisted 10 micro lenders to set up small banks to advance loans primarily to the unbanked, small businesses and farmers, micro and small industries and unorganized sector entities which do not have access to finance from the larger banks.

IX. CONCLUSION

India has absorbed the gains of the 1991 reforms as well as policy changes made by the Atal Bihari Vaj-payee government for economic development. The subsequent decade saw little focus on reforms, partly because the economy was growing rapidly on its own, and partly because of the policy references of the UPA. However, we need a new wave of reforms to make the most of it. The productivity gains from one wave of reforms eventually begin to disappear. A country then needs another reforms push to take its economy to the next level. That is what allowed countries such as Malaysia to push ahead over many decades through. Malaysia with its four wave reforms such as raise rural productivity, instituted radical trade reforms, opening – up its capital market and pushing towards for better environment for business regulation, the fourth wave began in 2010, focusing on areas such as innovation, new technology, and high-quality infrastructure, creating a pool of highly-skilled labour and enhancing social protection through higher minimum wages. The important things in that each successive wave of reforms paid off in terms of higher productivity. A sustainable economic development is possible through the creation of massive employment along with Financial Inclusion. MSMEs play a critical role in generating millions of jobs, especially at the low-skill level. MSME sector employs close to 40 percent of India's workforce and contributing 45 percent to country's manufacturing output and 40% of the exports from the country. Therefore, policy reforms like *India Aspiration Fund (IAF)*, *SIDBI Make in India Soft Loan Fund for Micro, Small & Medium Enterprises (SMILE)*, and *Make in India Fund* also could help in bolstering the economic development of the nation.

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INTELLECTUAL CAPITAL: MEANS OF GAINING COMPETITIVE ADVANTAGE

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ABSTRACT

Globalization dominates the competitive horizon and entails new markets, new products, new mindsets, new competencies and new ways of thinking about business. A major challenge for any organization in this era of international competition seems to be ‘survival and sustainability’ amidst cut-throat competition. Many organizations are competing on technical front, market expansion strategies, investing huge financial resources etc. Ultimately it was realized that success of any strategy depends upon the intellectuality of people involved in developing and implementation of such strategy. This resulted into the momentum of intellectual capital emerging as a means of gaining competitive advantage. Even though many organizations are using the term intellectual capital, most of the organizations are not clear about the concept and approach of managing IC. It is still in infancy stage. Hence the researcher felt there is a need for the present research work. This study tries to explore the concept of intellectual capital in detail along with its components. It throws light on how to manage intellectual capital effectively and what management has to do for the development of intellectual capital in the organization. In the present study researcher made an attempt to find out the practices and efforts of Indian companies towards managing, developing, retaining and utilizing intellectual capital to gain competitive advantage. The study is based on secondary data and it is descriptive in nature. The researcher aims to study the practices of various Indian organizations in developing and retaining their intellectual capital and the significance they are giving for the same.

Key words: intellectual capital, competitive advantage, human capital, structural capital, Indian organizations.

I. INTRODUCTION



In the era of economic reforms, Indian organizations are looking for new markets, new products, new mindsets, new competencies and new ways of thinking about business. .A major challenge for any organization in this era of international competition seems to be ‘survival and sustainability’ amidst cut-throat competition. It is increasingly argued that the organizations, best able to meet the challenges will be those that can acquire and utilize valuable, scarce and inimitable resources (Barney, 1991). Human resources can fall into this category, particularly, if they are effectively deployed through appropriate human resource practices and management of organizational culture (Barney and Wright, 1998).

A study conducted by The Economics Institute of Washington on intellectual capital¹, stated that “The economic value of the nation’s productivity depends more upon employee skills and knowledge and business problem solving aptitude than it does upon the market value of the firm’s commercial output.”

In the past organizations used to compete on financial or technical grounds, but changing circumstances and the increasing competition compelled organization to search for new ways to gain competitive advantage. Knowledge is now acknowledged as the most promising means of gaining competitive advantage. In the present day context success depends on how well organizations capture, develop and utilize knowledge. The term intellectual capital in its broad sense covers all models, methodologies, strategies etc.

II. MEANING AND DEFINITIONS

The term ‘intellectual capital’ consists of skills, knowledge, experience of employees, processes, innovations, creative ideas, new paradigm of interpersonal relations, values, culture, competitive working climate etc.

Stewart (1997) defined intellectual capital as “the aggregation of all knowledge and competences of employees that can bring about competitive advantage for companies”.

Another definition which broadens the scope of intellectual capital is of Malone (1997). According to him intellectual capital is possession of knowledge, applied experience, organizational technology, customer relations and professional skills that provide a company with a competitive edge in market.

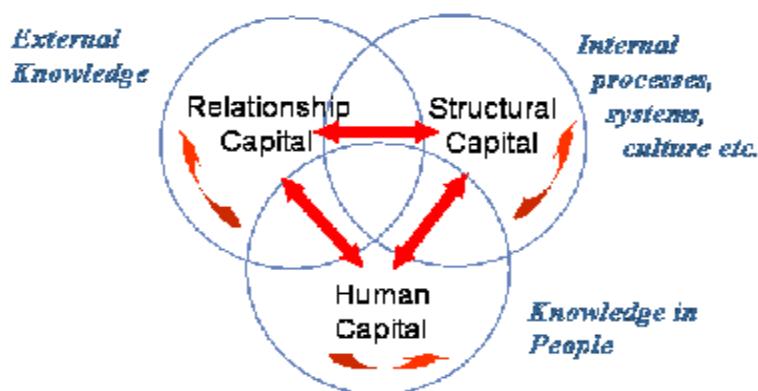


III. COMPONENTS OF INTELLECTUAL CAPITAL

Hubert Saint, Edvinsson (1990's) built on the earlier work of Karl – Erik to develop a new model which divided intellectual capital into three categories: Human Capital, Structural Capital and Customer (Relationship) Capital. Following figure 1.1 explains the relationship and interdependency of each component.

1. Di Stefano Paul J, Kalbaugh G. Edward, *Intellectual Capital, Rough Notes*, 142 (7), Jul. 1999, p. 94-95

Figure 1.1 Components of intellectual capital



Source: <http://www.skyrme.com/kmbasics/ic.htm>

IV. Human Capital

Human capital is the sum total of skills, knowledge, experience, abilities, and capabilities of all employees in the organization at a given point of time. Such capital becomes the base of employee efficiency and in turn contributes for organizational efficiency. Intellectual capital can be increased by increasing the capacity of each worker. The main subcomponents of human capital are implicit knowledge, skills and attitude.

1. Implicit Knowledge: The knowledge which help employees to meet contingencies and knowledge which is difficult to format or transfer from one to another is known as Implicit knowledge.

2. Skills: They refer to



3. Attitude: it refers to a psychological *tendency* that is expressed by *evaluating* a particular entity with some degree of favor or disfavor

Structural capital

Structural capital refers to sum total of new concepts, new methodologies, new models that lead the organization to get more number of patents, trademarks etc which were developed by its employees using their creativity and knowledge. Usually they are owned by the organization. Thus it all depends upon the ability of the organization to develop suitable systems, develop structures and policies that support employees and their quest for the best intellectual performance. In brief structural capital consists of:

1. **Systems** – It is how an organization works with relate to production, communication and decision making that results into outputs (Goods/Services)
2. **Structure** – It provides info about the arrangement of various positions and their relationship with in an organization.
3. **Strategy** – It refers to the long term goals of the organization and the unique approach applied to achieve them.
4. **Culture** - It can be described as the sum of individual opinions, shared mindsets, values, and norms which makeup an organization.

Relationship Capital

Relationship capital refers to the ability to maintain organization's external relationships i.e. with customers, suppliers, government agencies, social bodies which will help the organization to get valuable information that can be used in developing strategies, development of new products/services or improvement of present products/ services to gain competitive advantage. It is measured in terms of satisfaction and loyalty of these stakeholders for the organization, the longevity of relationship etc. Thus external capital is made up of:

1. **Customer capital** – it refers to the loyalty exhibited by valuable customers of the organization.
2. **Supplier capital** – It refers to the confidence, commitment, and satisfaction of key suppliers.
3. **Alliance capital** – It refers to number of reliable and beneficial partners.



4. **Community capital** – It refers to the goodwill enjoyed by the organization in its surrounding community.
5. **Regulatory capital** – It refers to knowledge of various laws and regulations related to their business as well as lobbying skills.
6. **Competitor capital** – It refers to the critical understanding and knowledge about competitor's strategies, moves, strengths and weaknesses etc.

V. REVIEW OF LITERATURE

Aniruddha Limaye in his study on “Building a high performance workforce” identified that in order to develop, nurture and retain human capital, majority of organizations are turning towards creative, unconventional and intrinsic approaches to formulate their rewards and recognition practices. **Dr. Nixon Kamukarna** in his article on “Competitive advantage: Mediator of intellectual capital and performance” found that Competitive advantage is a significant mediator in the association between intellectual capital and financial performance and boosts the relationship between the two by 22.4 percent in Ugandan microfinance institutions. **Ali talip akpinar** in his article on “Intellectual Capital” Leveraging intellectual capital - the sum of a company's intangible assets - requires an organization to become knowledge-based and to revise its performance measures accordingly.

VI. ORGANIZATIONAL PRACTICES

One can see the major transformation in the Indian economy over a decade. Organizations are the primary bodies that got affected by transformation other than public and government. The Indian economy stated facing competition at global front due to economic reforms introduced in 1991. Since then completion level intensified not only in terms of number but also on technical and other grounds. This has compelled organizations to search for new means to gain competitive advantage. As a result following two new trends emerged.

- 1) Focus shifted from production-based economies to service and knowledge-based businesses;
- 2) The notion of “the invisible balance sheet”.

Intellectual capital is of immense value for any organization than its physical assets. Knowledge has been recognized as a valuable resource by researchers also.



Table 1.1 Table showing the list of top 10 companies in India by Employee Costs – BSE as on 13th Nov. 2015

| Sr | Company | Last Price | Change | % Chg | Employee Costs | % of Net Sales |
|----|----------------------|------------|--------|-------|----------------|----------------|
| 1 | <u>TCS</u> | 2,397.30 | -73.25 | -2.96 | 27,368.32 | 37.2 |
| 2 | <u>Infosys</u> | 1,100.45 | -8.7 | -0.78 | 25,115.00 | 53.1 |
| 3 | <u>SBI</u> | 240.2 | -3.05 | -1.25 | 23,537.07 | 15.44 |
| 4 | <u>Wipro</u> | 551.5 | -5.85 | -1.05 | 19,726.30 | 47.87 |
| 5 | <u>SAIL</u> | 44.75 | -0.95 | -2.08 | 9,736.33 | 21.3 |
| 6 | <u>ONGC</u> | 228.8 | -7.7 | -3.26 | 8,629.89 | 10.41 |
| 7 | <u>PNB</u> | 136.85 | 2.5 | 1.86 | 7,336.91 | 15.84 |
| 8 | <u>Tech Mahindra</u> | 519.45 | -6.15 | -1.17 | 7,201.20 | 37.58 |
| 9 | <u>IOC</u> | 407.5 | -1.05 | -0.26 | 7,104.78 | 1.62 |
| 10 | <u>BHEL</u> | 177.85 | -2.7 | -1.5 | 5,450.00 | 18.06 |

Source: <http://www.moneycontrol.com/stocks/marketinfo/emc/bse/index.html>

From the above table it is evident that TCS is in the first position among the Indian organizations with respect to the total amount spent for the employee development, retention etc. Infosys is in the second position. The above table lists out the top 10 companies investing huge amounts on employees.

Table 1.2 Table showing the list of top 10 companies in India by Employee Costs in terms of percentage to sales – BSE as on 13th Nov. 2015

| Serial no. | Company | Last Price | Change | % Chg | Employee costs | % of Net sales |
|------------|-----------------|------------|--------|-------|----------------|----------------|
| 1 | Polaris Consult | 200.05 | -2.5 | -1.23 | 1,336.20 | 79.62 |
| 2 | MTNL | 17.55 | -0.15 | -0.85 | 2,653.19 | 78.03 |
| 3 | Hinduja Global | 464.7 | -7.1 | -1.5 | 664.61 | 62.09 |
| 4 | Mindtree | 1,511.45 | 8.15 | 0.54 | 2,064.60 | 58.2 |
| 5 | NIIT Tech | 564.6 | -16.15 | -2.78 | 723.51 | 53.75 |



| | | | | | | |
|----|-----------------|----------|-------|-------|-----------|-------|
| 6 | Infosys | 1,100.45 | -8.7 | -0.78 | 25,115.00 | 53.1 |
| 7 | Mphasis | 484.8 | 4.3 | 0.89 | 1,455.79 | 48.1 |
| 8 | Wipro | 551.5 | -5.85 | -1.05 | 19,726.30 | 47.87 |
| 9 | Oracle Fin Serv | 3,882.90 | -80.2 | -2.02 | 1,597.37 | 47.81 |
| 10 | Tech Mahindra | 519.45 | -6.15 | -1.17 | 7,201.20 | 37.58 |

Source: <http://www.moneycontrol.com/stocks/marketinfo/emc/bse/index.html>

Above table provides information about the top 10 companies in India which are incurring major proportion of their sales towards employees cost. This indicates that companies like Polaris and MTNL are incurring nearly 79% of their net sales towards employees, which highlights the significance they are giving for intellectual capital and its development.

In order to use intellectual capital as a means of competitive advantage many companies are using different means such as recognizing and rewarding intellectuality, providing challenging tasks to motivate intellectual people etc. some of the practices followed in few organizations are:

CLAP (Champions League Appreciation Program): It is a tool to recognize employees of Inter Globe enterprises which is in Air Transport business, for living the values of the organization namely Integrity, Customer Orientation and Future Mindedness. CLAP Awardees are recognized as 'Champions'. The award consists of a Certificate signed by Business Head.

K.I.T.E. Awards: Keep Improving To Excel is a one of a kind competition at Philips which aims at promoting Lean and Six sigma. The program consists of workshops on Lean and Six sigma initiatives. Post the training workshops, the employees who are able to sustain results are given projects. These projects become part of the business improvement competition which is judged by the India management team.

Overseas Incentive Scheme: Successful teams travel for 3 nights/4days on a leisure trip in Mahindra intertrade organization. The organization takes pride in seeing the delight in the eyes of employees, most of whom are from tier-II and tier-III cities and many of these were on their maiden overseas trip, courtesy the overseas incentive scheme. In fact significant number of employees applied for a passport as they were eligible for a company sponsored overseas incentive trip.



VII. CONCLUSION

Every organization in the present scenario is striving for gaining competitive edge over competitors and it is compelling organizations to probe into new methods, techniques, and new ways of attracting, motivating and retaining talented people. Ultimately every organizations strives to strengthen its off balance sheet capital to the maximum extent possible. This is going to bring drastic changes in the approach of managing people in new era.

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CIVIC CROWDFUNDING – ALTERNATIVE FINANCING OPTION FOR COMMUNITY DEVELOPMENT PROJECTS

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ABSTRACT

As the mankind progresses and the urbanization happens at a rapid pace, the need for more and more civic amenities emerge. Projects like building parks and gardens or education and skill development training programs would require the attention of both the citizens and Governments. The development of civic facilities or for that matter development of any kind requires huge funding at both inception stage and maintenance stage. The role of government is predominant in creating sustainable civic amenities. The major problem that haunts many of these projects is the procurement of funds on time. In the present day context the power of ‘Crowdfunding’ is giving a great hope for these type of civic or community development projects. The crowdfunding approach can be used for variety of purposes such as disaster relief, supporting artists etc. in the same way the use of crowd funding for civic project is also gaining importance. Statue of Liberty itself is a standing example of crowd funding during 1880s itself. The funding of Statue of Liberty if done in today’s world would be classic example of crowdfunding. In India itself, ‘Fund for Unity’ is the first civic crowd funding platform that facilitates public funding and participation of public in community development projects. The platform has been opened to public on October 31st, 2015. In this backdrop, the present paper aims at advocating the relevance of crowd funding for civic projects. The concept being at infancy stage requires exploratory method of research.

Key Words: Civic Projects, Funding and Crowd Funding.

I. INTRODUCTION

Statue of Liberty is a famous iconic symbols of America but the not so famous fact about the statue is that the funding of this Statue can be considered as the first civic crowdfunding



campaigns in modern history¹. Crowdfunding has allowed many astonishing projects to take place that may otherwise would not have been feasible. In the very recent past, the Government of Andhra Pradesh is contemplating to launch crowdfunding initiative to develop the capital city ‘Amaravathi’. The power of groups or crowds joining for common can be originally seen in the concept of ‘Crowdsourcing’² The point that is being elaborated is that the Governments and Municipal bodies not in a position to fund many of the civic projects are resorting to innovative way of funding these projects. One of the option that is being explored is the crowdfunding for civic projects which is now popularly being referred as ‘Civic Crowdfunding’³. For some of the regulators and society leaders the civic crowdfunding is an ideal antidote to ever reducing government budgets for social projects. The involvement of public in the community development has gained importance and is considered as one of the model through which public participation can be solicited is the concept of civic crowdfunding⁴.

The civic crowdfunding can be referred as a sub-type of conventional crowdfunding through which the citizens in collaboration with municipal or government authorities would fund the community related projects. Presently, lot of research is being conducted on the benefits and limitations of funding civic projects through crowdfunding. Some view that civic crowdfunding is a better option on the other hand some view that this approach of funding civic amenities would not be sustainable. Whatsoever, the approach is gaining importance globally. Being innovative in nature, the concept of civic crowdfunding do not have much literature existing such that some inferences could be drawn on the pros and cons of the concept. However, the following paras would review few relevant studies that deal with the concept.

¹Joseph Pulitzer' publisher of the New York World started a fundraising campaign that attracted 120,000 people, most of them giving the campaign less than a dollar. It resulted in \$100,000 (\$2.3M in today's dollars) that were used to make the pedestal that would later on receive Lady Liberty in 1885.

²Crowdsourcing is the online gathering of a group of people to share knowledge and wisdom to build a better product. Crowdsourcing first gained prominence in the world of programming in what was called open source. Open-sourced programming was a way for companies to leverage the collective coding power of essentially freelance programmers so that they could deliver a great product (code). Over a period of time the concept of crowdsourcing has made ways into finance.

³Stanford-based researcher Rodrigo Davies published a [paper](#) on the development and potential of civic crowdfunding and crowd-based community finance. He refers to civic crowdfunding as the “the use of crowdfunding for projects that produce community or quasi-public assets”, and calls it the “digital” version of what Nobel Prize winner Elinor Ostrom described as “public entrepreneurship”.

⁴ Brabham (2009) shows that “the crowdsourcing model ... is an appropriate model for enabling the citizen participation process in public planning projects.”



II. LITERATURE REVIEW

The civic crowdfunding being the sub-set of conventional crowdfunding requires some fundamental understanding of the definition of crowdfunding itself. According to Belleflamme & Lambert (2013) “With crowdfunding, an entrepreneur raises external financing from a large audience (the “Crowd”), in which each individual provides a very small amount, instead of soliciting a small group of sophisticated investors”. Using networks is the critical element of crowdfunding. Daves & Anderson (2003) have stated that civic crowdfunding would blend the public and private sectors for community development. According to them, Civic crowdfunding can incorporate both public and private funding sources, and fits within a discussion of “sector-bending” whereby elements from both public and private sectors are borrowed. Similar view was expressed by Brinkerhoff & Brinkerhoff (2011) by stating that research on the advantages and challenges of public-private partnerships is highly relevant to a deeper understanding of civic crowdfunding as it addresses combining public, government, and for-profit entities.

For understanding the concept of civic crowdfunding it would be appropriate to appreciate the evolution of the concept. Davies (2014) and Hussey (2012) state that Civic crowdfunding is not a new practice. Iconic structures such as the New York’s Statue of Liberty and the London’s Royal Albert Hall have been funded, wholly or in part, through incremental citizen donations consistent with what is now known as civic crowdfunding. Howe (2006) mentions that Civic crowdfunding has emerged from the tradition of crowdsourcing, a practice rallying an unspecified “crowd” to provide incremental contributions toward a final project, product, or service. The reasons for growing importance of the concept is given by Hollow (2013) by stating that the civic crowdfunding responds to ongoing funding cuts and tightening of government budgets. The view strengthens the view expressed by Gerber et al, (2012) which states that crowdfunding is a viable alternative to funding from banking and venture capital, both areas experiencing economic constriction.

Civic crowdfunding involves lot of public participation in community development. Few studies have focused on the evolution of public participation and community development. The study of Blom (2010) defines three generations of public participation: 1st - legal right for public participation, 2nd - interactive policy making and the 3rd - facilitating public initiatives. So, in the past fifty years the role of the government has changed “from a prescribing and nurturing to a



connecting and facilitating” government. Nicis (2008) has introduced “Fourth Generation” of public participation. In addition to the three generations of Blom (2010), this fourth generation is characterized by the fact that public participation is seen as a fully accepted policy instrument. Correia de Freitas & Amado (2013) state that in the recent decades, local governments seem to integrate tool that enable civil participation in the urban planning frameworks. By using these tools, the relationship between citizens and their urban environment seems to be more direct.

Few studies have deliberated on the ‘Risks’ of using civic crowdfunding in community development. Zuckerman (2012) states that the civic crowdfunding may form a “Social Wedge” by disproportionately favoring projects in wealthy, wired neighborhoods. Additionally, civic crowdfunding projects on the scale of parks and structures need ongoing funding. As such, civic crowd-funding, as currently structured, may not be appropriate for the support of projects requiring, among other things, the coordination of planning committees and ongoing maintenance.

Sizeable amount of research has been conducted on the conventional crowdfunding. However, civic crowdfunding has not yet received considerable amount of attention from the community of researchers. The civic crowdfunding may be considered as the future for community development and requires a focused probing on the pros and cons of using crowd money for funding public utility projects. Apart from the benefits and limitations of civic crowdfunding, the research initiatives should also be taken up for understanding the suitable model of civic crowdfunding for emerging economies. The extent of municipalities or civic authority’s role should also be analyzed critically. The following paras would focus on the process and sustainability of civic crowdfunding.

III. OBJECTIVE AND METHODOLOGY OF THE STUDY

The study is exploratory and descriptive in nature. The study majorly focuses on highlighting the growing importance of new Financing Avenue.

IV. DISCUSSION

The advocates of crowdfunding in general and civic crowdfunding in specific narrate the importance of ‘Democratizing Business Finance’. The belief of these advocates and supporters



of crowdfunding is that the pooling of ideas and money by large group of diversified people would always lead to selection and implementation of projects that have common good. The most popular and established type of civic crowdfunding, is where citizens identify the projects they would like to seek funding for and seek to raise the full amount from a crowd of independent backers. The role of local bodies or municipalities in envisaging and going ahead with these type of crowdfunded civic projects varies. In some cases the local bodies are involved fully and on the other hand in some cases they act as only facilitators. Now-a-days, hybrid models of civic crowdfunding are emerging. Public institutions have experimented with matching public money with contributions from the crowd. The match funding model provides an interesting evolution of the civic crowdfunding model, combining the ideas and small donations from citizens with institutional funding from public institutions to get more and potentially larger projects off the ground. Similarly, unsuccessful campaigns can be a good indication of what projects hold little value to people. In hybrid model, the architects of civic crowdfunding campaigns use the money raised online (crowdfunding platform) as a proof to showcase the importance of the developmental project and then bargain for more funds either from the government or private foundations. The private foundations or the state authorities see the initial success of a project on crowdfunding platform as evidence of community backing for the project.

Some crowdfunding platforms have been setup with a specific focus on launching civic projects. Spacehive in the UK is a platform dedicated to helping launch anything in a public space – or somewhere the community can freely access, have pioneered much of the work in this area. The role of public services in these projects is in many cases minimal and often reduced to allowing the crowdfunded projects to go ahead in public spaces. In contrast to Spacehive, US based Citizinvestor requires a sizeable role for the municipal authorities. Citizinvestor requires that any project on the platform comes directly from cities or official city partners. This is based on a ‘back-and-forth model’ which allows for citizens to begin petitions for a civic project that they would like the city to initiate. Once a project has been vetted by representatives from the city, the project can begin its crowdfunding campaign on Citizinvestor.

Because most civic crowdfunding projects involve public space or public services, local governments do have a role. Traditionally the municipality functions as a gatekeeper towards civic projects. It



decides who gets permission and funding and thus can realize a project. Civic crowdfunding is radically changing this relationship between local governments and civic initiatives. Citizens just walk past the gate and take matters into their own hands, raise funding and organize visible support.

The broader framework of civic crowdfunding process is similar to conventional crowdfunding. However, a brief about the process in civic crowdfunding is discussed herein: in general either the citizens, community organizations (NGOs) or the social entrepreneurs initiate the civic projects that are focused towards the improvement of the civic amenities or for a common cause. Once the specifics of the projects are finalized the initiators would go in for launching civic crowdfunding campaign. To understand the process thoroughly it would be better to understand the major actors in the civic crowdfunding campaign. According to Bellefamme, Lambert et al. (2010), Ordanini, Miceli et al. (2011), Agrawal, Catalini et al. (2013a), Kuppuswamy and Bayus (2014) in the crowdfunding process, the major actors are (citizens, private actors and public actors) and these actors hold three different positions such as a) Initiators: The project owner who has a specific goal b) Funders: Individuals who want to invest money or in-kind in a project c) Platforms⁵: The online market place which acts as intermediary between the initiator and the funder. As per the study of Davies (2014) apart from the above stated three actors, the civic crowdfunding also has two more possible positions that have been tried with some success in the US and invoke engagement of the authorities: curator and facilitator. In the role of curator, the local authority can select initiatives that seem viable with regard to their policy goals. This is often done in collaboration with existing platforms or by launching own public platform. In the role of facilitator the local authority supports the actors, initiators and platforms who want to use crowdfunding to fund their projects by providing training and expertise. The benefit of this approach, Davies argues, is that it enables a larger pool of individuals to use civic crowdfunding although the responsibility still is with the initiator.

The argument for and against the civic crowdfunding vis-à-vis conventional funding of community development project is alive and on-going. In this context the study conducted by Hol & Daamen (2014) is noteworthy. In the study they have argued that crowdfunding cannot

⁵The landscape of Civic Crowd funding is dominated by platforms launched either in USA or UK. The three famous US-based civic crowd funding platforms are a) Citizinvestor, ioby and Neighbor.ly and the UK-based platform is Spacehive. Apart from these, Indiegogo and Kickstarter are also popular worldwide. Ioby stands for “In-Your-Backyard” is the one of the non-profit civic crowdfunding platform and others generally take a small commission from funds raised – usually 5 percent or less.



replace the conventional financing of real-estate and urban area development projects and realize public works that otherwise would be paid by local authorities. The instrument (crowdfunding) can however be used to providing a strategic contribution to this conventional financing, for example to fund small scale projects they show that a role is reserved for local authorities in order to facilitate crowdfunding. At this moment local authorities do not support sufficiently for civic crowdfunding.

Not all-is-well with civic crowdfunding. The industry experts who work with civic crowdfunding technologies argue that all the community development campaigns would not be successful. The research done on many of the popular civic crowdfunding platforms has revealed that, some of the campaigns have failed and some did not fare well. Building successful crowd funding campaigns requires meticulous planning and very careful implementation. Many state that civic crowd funding should be treated as a ‘Campaign Instrument’ rather than ‘Funding Instrument’⁶.

V. CONCLUSION

Civic crowdfunding is a development to track in the bigger movement of alternative financing. According to some of the thought leaders the civic crowdfunding is going stay here and would be a solace for the problems of community development. On the other hand, the critics of the new concept have started questioning the sustainability part of using crowdfunding for long-term civic or community development projects. Some thought leaders also have gone to an extent of quoting that the growth in the projects funded by crowd would mean that the ‘Inefficiency’ of the government and municipalities is exposed at large and the basis of collecting municipal taxes would also be questioned. Writers have also expressed that the social development or community development or the urban development may be skewed if the rise in civic crowdfunding is continuing and the reason being given is that the access to civic crowdfunding platforms may be equal for all the citizens. Few argue that the civic crowdfunding would also start competing with the donations of philanthropists and family foundations. It should also be noted that even the crowdfunding in general and civic crowdfunding in specific require a very transparent legal structure to govern. Already many countries have started putting in place the required legal

⁶Campaign Instrument means promoting the idea among the general public or citizens such that pressure is built up on the local authorities or government to look into and take up the much needed community project.



structures. In India, SEBI has realized 'Consultation Paper' on crowdfunding in 2014. Whatever may be the debate the trend is innovative and if explored properly is going to yield social dividends?

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ROLE OF INSTITUTIONAL FINANCE FOR AGRICULTURAL AND RURAL DEVELOPMENT

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ABSTRACT

This paper demonstrates that institutional finance must play a multi-functional role to fulfill its three-fold objectives of promoting (a) growth, (b) better equity, and (c) its own viability/profitability for agricultural and rural sector. It is further argued that sound and relevant institutional finance of this nature does not necessarily create major conflict in achieving these objectives. Both of these are elucidated in what follows by organizing the paper into three sections, namely, rationale for (section II), functions of (section III), and role of institutional finance (section IV). Final section briefly outlines policy support required for promoting multi-functional role.

Key words:-Institutional Finance, Agriculture, Rural Development & Economic Development

I. INTRODUCTION

In India, rural institutional finance is extended not only to the agricultural production sub-system but for selective purposes also to the agricultural inputs sub-system and the agricultural produce marketing and processing sub-system. While this innovative policy has earned some dividends, there are some lacunae in it as well as in the intermediation instruments of rural financial institutions. Desai identifies these lacunae and discusses how they may be overcome to achieve the objectives of high rural growth, better equity, and viability of institutional finance

II. OBJECTIVES

The three main objectives of institutional finance for the agricultural and rural sector are

- (a) Promoting growth,
- (b) Ensuring better equity, and



(c) Making financial operations viable.

III. RESEARCH METHODOLOGY

This study is descriptive in nature. The study is based on secondary data which has been taken from case studies, books, journals, News papers & on line data bases & web-sites of RBI (Reserve Bank Of India) & FICCI Federation of Indian Chambers Of Commerce & Industry. The main focus of the study is to highlight emerging role of institutional finance for agriculture & rural development.

IV. RATIONALE FOR INSTITUTIONAL FINANCE

In the pre-independence period, institutional finance for the agricultural and rural sector was necessary to overcome the sector's problems resulting from weather instability and low incomes (Singh and Asokan, 1988). While these are important reasons, there are several others common to early as well as later stages of agricultural development (Mellor, 1966), such as:

- lack of simultaneity between the realization of income and the act of expenditure
- weaknesses of informal lenders such as their resources being limited and ill-suited to modernize the rural sector, and perhaps the lenders' exploitative nature
- increasing extent of monetization

While the last two reasons are obvious, the first needs some elaboration. There is relatively a longer operating cycle for a farm enterprise because of:

- (a) lag in the production cycle though the consumption cycle is more or less continuous, and
- (b) indivisibility of fixed capital which cannot be purchased in bits and pieces though expenditure on it must be incurred at the time of purchase (wells, pumpsets, farm implements, bullocks, soil and moisture improvement works, tractors, etc.)

(Mellor, 1966). To illustrate: a field-crop farmer harvests his crop once or twice a year while his consumption is continuous. For a dairy-farmer, the interval between the realization of his income and the act of expenditure is shorter; his income is more or less continuous (provided he has two milk animals and access to marketing facilities). For a tree-crop farmer, there is a vast gap between the time of expenditure and Vol. 14, No. 2, April-June 1989 25 income generation. Thus, there are periods of deficits and surpluses for most enterprises. Differences on this point among farm enterprises, cottage industries, and other industries are of degree rather than kind. This difference is rather unfavorable to all categories of farmers except the rich and other rural people. The need for institutional finance for modernizing their productive assets is greater as it may be the only way to improve productivity of their land and/or labour. Modern financial



institutions can, therefore, identify opportunities to lend, recover loans, and mobilize deposits even in the case of such entrepreneurial farmers, besides others. These institutions can thus facilitate integration of financial markets across seasons, agri-entrepreneurs, and regions, and thereby achieve their three earlier mentioned goals

V. ROLE OF INSTITUTIONAL FINANCE

While the above-mentioned functions of financial institutions are conventionally accepted, agricultural and rural development would require performing certain new functions like better access to extension, inputs, and marketing services as a result of technological changes in this sector. These new functions are widely recognized to institutionalize rural credit. However, commercial banks, regional rural banks (RRBs), and to some extent cooperative banks are not sure as to 'how' and 'by whom' can these functions be performed. These doubts are somewhat unwarranted. It may be stated here that rural financial institutions (RFIs) can promote access to inputs, marketing, and processing services by serving the agricultural inputs sub-system (AIS) and the agricultural produce marketing and processing sub-system (AMPS) besides the agricultural production sub-system (APS)*. Such an access is indeed the rationale behind direct and indirect rural credit policies. ** * Separate credit, instead of APS credit linked through AIS and AMPS, is needed because periods of deficits and surpluses and the quantity of stocks held in each sub-system differ, besides the fact that each sub-system has its own comparative advantage in its economic activities. It is precisely on this last factor that Mellor seems to have considered coordination rather than integration as a more important issue in institutional rural credit (Mellor, 1966). * * Direct rural credit is extended to APS, while a large part of indirect rural credit is extended to AIS and AMPS. Backward and Forward Linkages Institutional finance for APS generates demand for inputs, farm assets, and services and thereby influences backward linkage of APS with AIS. This linkage is facilitated through institutional finance for AIS; this sub-system is encouraged to stock and supply inputs and therefore can forge its forward linkage with APS. Institutional finance for APS also creates demand for services from AMPS and results in forward linkage of APS with AMPS. Similarly, institutional finance for AMPS forges its backward linkage with APS. These linkages are shown below: Backward Linkage Backward Linkage These linkages are critical for increasing agricultural productivity, production, and value added. The resultant agricultural progress would, in turn, improve the viability of rural financial institutions through:

- larger scale economies
- loan and deposit portfolios with "high" and "low"



interest rates • higher loan recoveries and consequent higher recycling of funds. Unfortunately, there is a dearth of valid data to support these propositions. This is because the above conceptualization of role of institutional finance is new. Nonetheless, three types of evidence from recent literature are discussed: a cross-sectional study of ten states in India (Desai, Gupta, and Singh, 1988), a study of one selected primary agricultural cooperative society (PACS) in a backward taluka in Gujarat (Desai, Gupta, and Tripathi, 1989), and a review of literature on rural institutional finance systems in various countries (Desai and Mellor, 1989).

VI. CROSS-SECTIONAL STUDY

The study of institutional credit for ten different green revolution areas under semi-arid tropics in India has shown that that the degree of agricultural progress is positively associated with the share of: 26 Vikalpa Forward Linkage AIS APS w AMPS Forward Linkage • agricultural inputs marketing sub-system (AIS) credit in total institutional credit • agricultural production sub-system (APS) credit for current production growth and stability (CPGS)* in total cooperative credit • the 'kind*' component of crop loans in this type of APS credit. The study, moreover, shows that the degree of agricultural progress is negatively associated with the share of: • current production diversification and growth (CPDG) loans (for supplementary activities like dairy, poultry, sheep farming, and biogas) in APS credit • agricultural produce marketing and processing sub-system (AMPS) credit in total institutional credit. The result related to CPDG credit arises because these loans may have been made in areas where marketing facilities for milk, eggs, etc. are not well developed. The finding related to AMPS credit arises because the crops (e.g. sugarcane) for which this credit is extended did not act as a spearhead for growth in the production of other crops. The study also has shown that the delinquency rate of APS loans from cooperative institutions is negatively associated with the share of: • AIS credit in total for AIS and AMPS credit • CPGS credit in APS credit • 'kind*' credit in CPGS loans for APS. These findings may be interpreted to suggest that loan delinquency could be reduced by promoting institutional credit to achieve linkages between APS and AIS.

VII. STUDY OF A SELECTED PACS

A study of the Aniyorkampa Group Service Cooperative Society in Malpur taluka of Gujarat has shown that the loan term structure for APS is in favour of term loans which facilitate capital formation by and higher returns to farmer-members. Moreover, term loans provide a higher



earning opportunity for this . PACS because of their higher interest rate. The share of 'kind' crop loans in total APS loans is also higher and has facilitated in forging a link between APS loans and inputs supplies (i.e. AIS). In three out of four years of the Society's operations, APS loan operations received the maximum share, followed by agricultural inputs marketing and lastly consumer goods sales. In the remaining year, agricultural produce marketing was most important, followed by APS loan operations, input marketing, and finally consumer goods sales. Such a pattern of operations may be interpreted to suggest better backward and forward linkages for APS of the Society's farmer-members. This, in turn, has facilitated adoption of new agricultural technologies and more optimal use of resources by these members, as is evidenced from the farm level data. Finally, this PACS had fully recovered APS loans and reduced its costs by enlarging scale and scope economies to reap large profits from its operations. All these was possible because this PACS borrowed funds from-its apex level cooperative bank not only to extend APS loans, but also to extend the 'kind' component of crop loan and to undertake inputs distribution business (i.e. AIS). Moreover, this PACS had a leadership which was not only enlightened in conventional terms but also had the business acumen. Before the third evidence is presented, it may be noted that this PACS undertook agricultural produce marketing operations in an innovative manner that did not entail any requirement of working capital and storage facilities. Instead of directly purchasing the produce from its members, this PACS acted as a negotiator between the farmer members and the prospective buyers of their produce, and for this service it did not charge any commission.

VIII. COMPARISON OF CROSS-NATIONAL FINANCE SYSTEMS

The third evidence comes from a literature review on cross-national comparison of rural institutional finance systems in various low, middle, and high income countries. One of the issues covered in this review relates to the coverage of the entire agricultural system by RFIs. Agricultural progress is generally better in countries like Japan, South Korea, and Taiwan where RFIs serve the three sub-systems. Loan delinquency rate of APS credit and/or unit transaction costs of RFIs are much lower in these countries as well as in China, Egypt, Syria US where again RFIs serve all three sub-systems. In Japan, South Korea, Taiwan, and the US, RFIs have promoted backward and forward linkages among the three sub-systems. But in China, Egypt, and Syria, RFIs themselves have undertaken these functions in coordination with the state-sponsored AIS and AMPS agencies.*



IX. OPERATIONS FOR RFI'S

From the preceding discussion; it follows that RFIs should perform the following operations to fulfil their multi-functional role:

- promoting and recovering APS short-term loans

- facilitating coordinated supply of inputs against the 'kind' component of short-term crop loans (APS and AIS linked credit) and organizational arrangements

- extending and recovering inputs distribution credit for farmers not borrowing crop loans and for those farmer-borrowers whose demand for inputs exceeds the one shown under the 'kind' component, i. e. AIS credit
- promoting and recovering agricultural term loans, i. e. APS term credit

- facilitating supply of assets against APS term credit

- extending and recovering credit for supply of productive agricultural and other assets (AIS credit for assets like agricultural implements, equipment and machineries, electrification, dairy animals, etc.)

- arranging agricultural produce marketing and/or processing for farmer-borrowers

- promoting and recovering credit for agricultural commodity-based cooperatives and other agencies or units, i. e. AMPS credit

- promoting extension services in coordination with government agencies and input industries

"These findings may not be interpreted to suggest that there is one-to-one correspondence between rural institutional credit and the degree of agricultural progress. What this credit does is to facilitate realizing full potential of technological change. Hence appropriate RFIs are an important component of policies' related to institutional change for agricultural and rural development.

- extending and recovering working capital loans for dairy farming in coordination with Milk Primary Cooperative Societies

- arranging consumer goods sales

- mobilizing deposits and/or share capital collection including credit-linked deposits.



It may not be possible for each RFI to undertake all these functions. Instead, different types of RFIs (three-tier cooperatives, cooperative land development banks, commercial banks, and RRBs) could concentrate on those functions for which they possess competence and comparative advantage such that their mutually reinforcing and coordinated operations result in a multi-functional role of the RFI system (Desai, Gupta, and Tripathi, 1989). However, as is shown by this study, it is important to develop and strengthen the concept of linkages as described earlier

X. PROMOTING MULTI-FUNCTIONAL ROLE

It would be wrong to say that RFIs are not multiproduct and multi-market in nature. What, then, is new or different in what we have argued earlier? Our conceptualization is based on answers to: (a) for whom, (b) what, and (c) how these functions are undertaken. The three questions correspond to official definition of rural credit, instruments of intermediation, and internal management structures adopted by RFIs.

XI. DIRECT AND INDIRECT RURAL CREDIT

Before we discuss the deficiencies in the existing policies and practices of institutional credit, it would be useful to mention what constitutes direct and indirect rural credit. Direct rural credit is extended to rural households for their working capital and investment capital requirements [i.e. for APS]. Indirect rural credit is given for such purposes as farm inputs distribution business, rural electrification, custom-service centres (i. e. for AIS), village cooperatives and state-sponsored development corporations to onlend to rural households (i. e. for APS), regulated market yards, and cooperative agricultural marketing and processing (i. e. for AMPS).

XII. SUGGESTIONS FOR DIRECT CREDIT POLICIES

Direct rural credit for working capital purposes includes only loans for crops, but not for dairy 28 Vikalpa animals, sheep-farming, cottage industries, etc. Many of these economic activities are promoted under the Integrated Rural Development Programme (IRDP) for the rural poor who get term loans from the same RFIs to acquire assets but have no access to working capital loans. While the regular crop loan system exists, loans for soil and moisture improvement works, land



reclamation and levelling, and simple soil turning operations which farmers periodically undertake even in a drought year are rarely planned for. Therefore, the need to combine term and working capital loans and credit for all these purposes on a farming system basis, besides for established purposes like well irrigation, purchase of bullocks, farm implements, power tillers, tractors, etc., is too obvious to elaborate. Thus, RFIs should adopt a more flexible approach to direct rural credit rather than confine to the "avowed" purposes for extending such credit. Another lacuna in direct rural credit is that loans are extended only for production and not for marketing activities. The existing policy of the RBI and/or NABARD for granting credit for marketing of crops like sugarcane, paddy, cotton, etc. is inappropriate and even unfavourable to farmers. This is because, under this policy, RFIs arrange to purchase these crops on credit from the farmer-borrowers and yet this is treated as credit owed by the farmer-borrowers to the RFIs. Further, farmers are extended marketing loans only to the extent of certain value of crop produce marketed. A part of this loan is adjusted towards repayment of production loans which carries a lower interest rate than marketing loans (Ranade, Singh, and Rao, 1982; Singh and Seetharaman, 1987). This indeed is not a marketing loan to farmers by any stretch of imagination. Moreover, it is regressive to the farmers as it increases their debt service burden. It is, therefore, not surprising that such loans are not popular among farmers nor is the recovery of production loans through marketing high. The existing policy needs to be revised in the light of the arguments discussed above. The marginal and small farmers should be extended genuine marketing loans in order to reduce their distress sales. This would not only improve their repayment performance for production as well as marketing loans, but would also improve and stabilize their incomes. *The author is grateful to his student A Gandhi who brought this point out in the classroom.

XIII. SUGGESTIONS FOR INDIRECT CREDIT POLICIES

In the case of indirect rural credit, loans are given only for the marketing part of the farm inputs distribution business (AIS). In this context, what is required is to extend loans for production operations as well. But indirect credit (i.e. AMPS) is extended for both production and marketing functions to the cooperatives alone. What is needed is to extend credit to other organizations too. Agricultural inputs industries like seeds, fertilizers, tractors, and to some extent pumpsets are perhaps well served by RFIs. But the agricultural implements and machinery industry which produces hand-drawn, animal-drawn, and to some extent power-operated smaller but scientific



implements may be allowed banking credit for both production and marketing functions. This industry is most neglected and is unevenly spread, besides being inadequate in its product range (see ISAE, 1970, 1977- 79; RBI, 1985; Parikh, 1978, 1983; CIAE, 1979; Sharan and Kayasth, 1987). Successful fertilizer industries could be encouraged to diversify into manufacturing of hand and bullock-drawn seedcum-fertilizer drills. Similarly, successful pumpsets, tractors, and other farm implements industries may be encouraged to diversify into manufacturing of animal-drawn four-wheel tool carriers and cropharvesters, besides other smaller but scientific implements. These industries can market their products through their own marketing channels. Moreover, they, in turn, will contribute to improving efficiency of labour and other farm inputs without reducing labour use in agriculture.

XIV. INSTRUMENTS OF INTERMEDIATION FOR DIRECT CREDIT

Since the late 1960s the instruments of intermediation between RFIs and their farmer clients have undergone remarkable changes. These include the nature of documents required, eligibility criteria for credit, margin money, determination of credit limit, security, duration of loan, interest rate and other charges, provision for technical services, physical inputs and marketing services, and loan recovery policies. Despite some improvements on these aspects, important limitations prevail which are discussed next. If RFI's loan applications are not printed and negotiated in the local language they fail to encourage the prospective rural clients to return to them again. Their policy of screening applicants for term loan is based more on the ownership of an adequate and eligible collateral instead of the incremental income and repayment capacity criteria. This has the effect of excluding farmers with unclear land titles, tenants, and other rural poor. Similarly, RFI's margin requirements which are fairly large for a term loan discourage poor rural households to borrow from them. Their insistence upon third party guarantee has a similar effect. Yet another deterrent is providing technical advice only at the beginning of the loaning period. This has the effect of not considering subsequent changes in the production processes and thereby eliminating utilization of full potential of new technologies. At present, there is a mismatch between the time fixed for recovering loans and the time at which farmers can repay loans (Shukla, 1985). This results in loan delinquency and lower recycling of funds. The current policy of recovering term loan from gross instead of net returns (as for dairy animal loans) is faulty. Further, when interest rate on credit is higher than the rate of return on



capital invested in economic activities, it has the effect of excluding especially smaller entrepreneurs from the nexus of modern financial services. When the 'kind' component of crop loans is promoted without ensuring supply of inputs against it, farmers are discouraged from taking institutional loans and their capacity to repay 'cash' loans is endangered on account of lower returns. At present, RBI has stipulated that RFIs should transfer the funds sanctioned against the 'kind*' component of crop loans directly to inputs dealers (RBI, 1976). But, in reality, different RFIs follow different practices. For example, PACS provide inputs against 'kind' loans by borrowing marketing credit formally and/or informally for inputs (Desai, Gupta, and Tripathi, 1989; GOG, 1983; Hynniewala and Tripathi, 1985). This implies that PACS borrow more than once for the same purpose. Some commercial banks require their farmer-borrowers to submit purchase vouchers for inputs to obtain money sanctioned against the 'kind' component. This implies availability of cash with farmers to purchase inputs before they get money from banks. This is unlikely to be the case especially with smaller farmers, besides defeating the very rationale for credit. Some other commercial banks issue drafts to their farmerborrowers in the name of inputs dealers from whom farmers obtain inputs. This arrangement is satisfactory only if dealers are approved in advance. RFIs may, therefore, adopt the following financial innovations (Desai, Gupta, and Tripathi, 1989). In the case of PACS, the District Central Cooperative Banks (DCCBs) could issue a credit card to the concerned PACS on behalf of the farmer-borrowers against the 'kind' component already sanctioned to them. Based on this card, the PACS can indent inputs required by its farmer-borrowers. After indenting, PACS can send a copy of this card to the supplier of inputs who, in turn, will approach the concerned DCCB to obtain funds equivalent to the value of inputs supplied to the PACS. The DCCB would make payment to the concerned supplier and debit this amount to the account of the PACS which, in turn, would debit the said amount to the account of the concerned individual farmer. In the case of commercial banks and RRBs, the branch may issue a credit card to its borrowers as well as approved dealers against the same funds earmarked for the "kind" component already sanctioned to the farmer-borrowers. This branch can make payments to the approved dealers as and when these borrowers obtain inputs against their 'kind' component. The dealers, in turn, can make payment to their suppliers for inputs they stock by utilizing the credit card sanctioned to them.

Cost Reductions in Financing

This type of financing would be



cost reducing in more ways than one. It would:

- save the interest and/or commission charges for input dealers including PACS, as they would not require to borrow more than once for the same purpose which in turn would improve their viability and enhance their borrowing capacity for other business
- reduce money in circulation without adversely affecting the supply of real goods like farm inputs
- lead to larger output with smaller amount of credit. As regards intermediation practices related to agricultural produce marketing services by the PACS, often the PACS does not have either godown facilities or agency on behalf of wholesaler's/retailers or working capital credit or all of these. Under this condition, its attempt to provide marketing services may lead to their premature discontinuation. Though a PACS could take up agricultural inputs and consumer goods marketing business besides APS credit operations, it may not be a suitable organization for directly providing produce marketing 30 Vikalpa services. This is because of its limited and simple organizational and personnel capability. But it can provide market information services to its members like the Aniyorkampa PACS. Such innovation for produce marketing services by cooperatives would be cost reducing. This is because it would:
 - reduce farmers' debt service burden of the type discussed earlier
 - improve RFIs APS loan recoveries, besides reducing their costs of undertaking marketing operations directly. Even commercial banks and RRBs can provide market information services to their clients, besides promoting AIS, APS, and AMPS credit.

XV. INSTRUMENTS OF INTERMEDIATION FOR INDIRECT CREDIT

At the outset, indirect credit extended by commercial banks to village level cooperatives to onlend to farmers (i.e. APS) suffers from the same limitations that are discussed in the preceding section. Although systematic data to validate this empirically are not available, most studies on this type of rural credit have not visualized the village organizations in the manner in which they are visualized here (see, for example, Gaikwad and Parma*, 1983; Padki and Gajarajan, 1978). Thus, most of the changes in credit policies and innovations suggested above would be relevant



for these organizations too. As regards the other purposes for which indirect rural credit is extended, the problems of instruments of intermediation seem to be much more for farm inputs distribution business, custom-service centres, and cooperative agricultural marketing and processing business. Many a time RFIs give credit on the basis of collateral instead of incremental income/return on investment and repayment capacity, besides other indirect contributions of these businesses to promoting backward and forward linkages. This would discourage smaller entrepreneurs from taking full advantage of banking services. Similarly, they would be discouraged by the stringent custody facilities demanded for their stocks by banks (GOG, 1983; Sikdar, 1977; FAI, 1968). Yet another example is that of determining lower credit limit because of lower inventory in the busy season of the business, though the credit needs at such times would be higher. This shows that the time at which credit limit is assessed is extremely important—low inventory in busy seasons does not necessarily mean low credit need to procure inputs. Cooperatives in AMPS have faced problems in getting bank credit on account of inappropriate selective credit controls. For example, in the case of groundnut, selective credit controls are more stringent for the trading activity even though the stocking function is largely performed by processors and processors-cum-traders (Srivastava, 1988). Finally, of late, clients in the AIS and AMPS* are discouraged by high interest rates on bank loans.

XVI. RURAL DEPOSITS MOBILIZATION

The Indian RFIs system as a whole has been successful in mobilizing deposits from rural areas.** But the village level cooperatives and land development banks have not been so successful.*** Despite this, the scope for mobilization of rural deposits could be further explored. This, however, would require an altogether new approach. Before this is discussed, it would be worthwhile to see whether some of the existing deposits schemes are suitable to rural people. Here again the question of assessing instruments of intermediation is important. For example, insisting on minimum balance for a saving deposit account excludes agricultural labourers and marginal and small farmers from becoming savings account holders. Similarly, a recurring deposit scheme which requires the saver to deposit cash every month discourages farmers with field crops that mature at the end of three or four or more months from joining the scheme. Another example is that of a deposit scheme which allows a loan facility for an amount smaller than the deposit at an interest rate higher than the interest rate on deposit. This has the



effect of withdrawing deposits or borrowing only that amount for a period which would cost less than or equal to the return on deposit. All these deposit schemes are almost irrelevant for farmers who may prefer to build margin money by depositing small amounts over a period with an assurance that they could finance the remaining cost *Interest rates on indirect rural credit for AIS and AMPS at present range from 14 to 18 per cent. There also exists a provision to extend such credit at 11.5 per cent but only to a limit of Rs 5,000! (RBI, 1984). **This is reflected in the credit deposit ratio being significantly lower than 100 per cent and also in the low share of refinance in total rural credit. The former is 70 per cent (86 per cent for cooperatives as against 59 per cent for commercial banks), and the latter is 24 per cent in 1980-81. For 1981-82, the corresponding figures are 74 and 19 per cent (see Singh and Asokan, 1988). ***There are however good exceptions like those in Kerala, Gujarat, and Punjab. Vol. 14, No. 2, April-June 1989 31 of a productive asset by borrowing from banks. RFIs would do well to promote schemes (other than the regular savings and term deposit schemes) similar to the famous Pigmy deposit and credit-linked schemes of Syndicate Bank where there is no need to maintain a minimum balance by account holders (for some discussion on these, see Bhatt, 1970; Rangarajan, 1978; Thingalaya, 1978; Bandyopadhyay and Khankhoje, 1985). They could also innovate very short duration savings deposits with and without withdrawal facilities that carry different interest rates. All such schemes may also help RFIs reduce their cost of funds and thereby improve their interest spread.

XVII. PROBLEMS ENCOUNTERED BY RFI's

We have so far discussed 'how' RFIs' policies could be better matched with the needs of rural borrowers and depositors. We analyse here the problems faced by RFIs and the policy support to overcome them. First, RFIs do not have adequate funds to extend working capital credit for direct and indirect rural credit at a particular time in a year. This is because the time at which demand for credit arises does not coincide with the time at which RFIs can mobilize deposits (Desai, 1987). Under such circumstances, RBI/NABARD may consider providing temporary credit accommodation on a continuing basis which is more suitable than refinance. This is because refinance presumes availability of some funds with RFIs which indeed is not the case. Such a policy would help converge inputs supply and demand forces arising respectively from temporary credit accommodation and refinance by the RBI/NAB ARD for APS credit. This, in



turn, would reduce inflationary tendencies, if any, arising from rural credit. This is because credit for inputs supply together with that for their demand would have a potential to induce more agricultural output and value added. Moreover, trading business for farm inputs is very different from such business for final consumer goods or agricultural commodities. The second problem is related to internal management capabilities of RFIs. Since late 1960s, RFIs have undertaken major innovations for promoting rural credit. These include creation of a suitable organizational structure by establishing a separate department, division and/or branch/cell for agricultural finance, equipping it with suitably qualified personnel, formulating relevant-credit projects, and decentralization in decision making. But there are important around the type of rigour followed in and information collected for loan appraisal, documentation requirements, follow-up of credit sanctioned (Thingalaya, Khankhoje, and Godse, 1985), extent of decentralization for identifying more promising business opportunities, separation of rural credit operations from rural deposits mobilization operations, and lack of content in the training programmes especially in relation to financial services for AIS and AMPS. Each of these needs to be corrected. Similarly, RFIs have not innovatively promoted non-financial services with the assistance of the government extension machinery and inputs industries. One such innovation is Syndicate Bank's Agriculture Foundation which has even been suggested for adoption by other banks (Bandyopadhyay and Khankhoje, 1985). Banks, in fact, could promote more effective extension services by improving coordination with the government extension machinery which of late has been strengthened. Similarly, banks could improve supply of farm inputs and that of marketing and processing services by promoting financial and other services respectively for AIS and AMPS as suggested earlier. * The third problem facing RFIs is lack of government support for enacting law of limitation, updating land records, evolving patronage for RRBs from state governments and sponsoring banks, formulating firm district development plans, and above all dealing with loan delinquencies (Bandyopadhyay and Khankhoje, 1985). Without government support, RFI's commitment to sound rural banking cannot be sustained.

XVIII. CONCLUSIONS

In sum, financial institutions including the RBI and NABARD need to take action on a priority basis to forge effective and efficient backward and forward linkages of APS with AIS and AMPS by:

- altering the scope of direct as well as indirect rural credit
- promoting more flexible



refinance and/or temporary credit accommodation, especially for working capital credit for the three sub-systems * This suggestion could well be an important answer to overcome the oft-repeated problem of lack of backward and forward linkages being a contributory factor to the poor performance of IRDP. (For discussion on this problem, see Rath, 1985; Dantwala, 1985; and SBI, 1987.) 32 Vikalpa • evolving more suitable intermediation instruments for 'kind' loans, credit eligibility criteria, margin, collateral, interest rates, loan recoveries, etc. for these three sub-systems • developing credit-linked deposits and similar other schemes • evolving more appropriate intra and interorganizational innovations to serve the three sub-systems.

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A STUDY ON RISK AND UNCERTAINTY IN FINANCIAL MARKETS

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ABSTRACT

Risk and uncertainty are two concepts that emanate from randomness. Although we have a fairly good understanding of stock market risk, assessing market uncertainty is incomparably harder. Ironically, the lower the level of risk, the more aggressive are investors' bet and the more vulnerable they are to uncertainty. Investors make investment decisions before outcomes are certain. Small market corrections have often disintegrated into full-scale crashes as a result, fuelled by panicked investors who made rash decisions to avoid losing money in the short-term rather than focusing on an investment's long-term potential. Psychologists have found that as decisions become more difficult and involve higher levels of uncertainty the decisions tend to be greatly influenced by emotions. Investors often want to hold a stock until it goes back up to the price paid for it no matter how long it takes. Such a decision is based not much on the opinion that the stock is a greater investment opportunity for them but more on the desire to avoid that awful feeling associated with admitting a mistake. The ability to understand the judgement heuristics like rationality or irrationality of the investment pattern and behaviour will enable the investor to act with caution as the consequences are likely to affect the asset value, lifestyle, relationship with others and social interaction. This research paper tries to investigate the investors' decision making process during uncertainty.

Key Words : *risk, investment decision, uncertainty, volatility, investors, influence, portfolio*



I. INTRODUCTION

Investment decision making involves the process of identifying, evaluating and selecting among various investment avenues that are likely to have a significant impact on the returns on investment. Many profitable investments necessitate a long-term commitment of capital but investors might be reluctant to relinquish control of their savings for longer periods. Liquid equity markets make investments less risky and more attractive. Investments are made with an avowed objective of maximising the wealth. Investors need to make rational decisions for maximising their returns based on the information available by taking judgements free from emotions (**Brabazon.T, 2000**). Investor behaviour is characterised by overexcitement and overreaction in both rising and falling stock market and various factors influences their decision making processes. A prudent investor who can control his emotions can use his money for hedging against inflation by identifying sources of right analytical presentations and by sparing sufficient time for investment decisions for directly partaking in the stock market operations. Investors frequently make poor decisions caused by psychological biases and emotions. Stock market investment is the process of buying and holding for dividend income and long-term capital appreciation, the shares of companies with inherently attractive economic prospects. Investors seek to profit by sharing in the normal and predictable good fortune of such companies. On the other hand stock market speculation is the purchase or sale of securities on the expectation of capturing short-term trading profits from share price fluctuations. **Waweru N M et al., (2008)** investigated the role of behavioural finance and investor psychology in investment decision making and identified that certain behavioural factors affected the decision making behaviour of the investors. Various researchers have examined the financial markets in hopes of finding investment strategies that yield the best result. Most investors use information based strategies and try to generate good returns by acquiring better information about companies or by passing information better than their peers through unique, quantitative strategy. Trading behaviour and investors' trading activity relates to trading strategies such as herding, momentum trading and growth investing in the context of any boom in a specific sector (**Kyrolainen P, 2007**). In recent years there is a growing literature in studying the behaviour and effects of irrational investors, who misperceive the distribution of asset values in financial markets. Investors are exposed to a constant flow of information ranging from quantitative financial data to financial news in the media, and socially exchanged opinions and recommendations. During the processing of all this information investors may apply many heuristics. Processing



information from the investment environment is important as it gives inputs for decision making. Here investment decisions are seen as an iterative process of interactions between the investors and investment environment.

II. STATEMENT OF THE PROBLEM

Investors make investment decisions before outcomes are certain. Psychologists have found that as decisions become more difficult and involve higher levels of uncertainty the decisions tend to be more greatly influenced by emotions and feelings. Small market corrections have often disintegrated into full-scale crashes as a result, fuelled by panicked investors who made rash decisions to avoid losing money in the short-term rather than focusing on an investment's long-term potential. Overconfidence influence investor to make them over optimistic about their prior knowledge and information's they used in decision making process in stock market. While this influence may lead to poor decisions some times, overconfidence enables individuals to make efficient decisions. The fact that even the most prominent and well-educated individual investors, were affected by the collapse of the market demonstrates that something might well be fundamentally wrong in our current models of rational market behaviour. This research study focuses on what factors, investing characteristics, and decision-making processes affected individual investors during uncertainty.

III. REVIEW OF RELATED LITERATURE

Lee C et al., (2009) formulated a conceptual model that integrates prospect theory and adaptation level theory and investigated how individuals eventually come to the painful decision to sell their losing investments. **Grinblatt M and Keloharju M (2009)** analysed the role that two psychological attributes – sensational seeking and over confidence play a crucial role in the tendency of investors to trade. They found that over confident investors and those investors most prone to sensation seeking trade more frequently. **Ackert L et al., (2008)** conducted various experimental sessions to investigate individual forecasting behaviour of investors and found that forecasts do not always reflect private information and also they found that both weak and strong analysts make forecasts that are inconsistent with private information. **Benartzi and Thaler (1995)** explained about myopic loss aversion which is the combination of a greater sensitivity to losses than to gains and a tendency to evaluate outcomes frequently. **Davar Y and Gill S (2007)** investigated the underlying dimensions in the selection of different investment avenues for



investors, which revealed the emphasis on familiarity, opinion and demographic measures. Their results suggested that investors' preferences are supposedly related to the actual performance of investments and reiterates the fact that rational human beings learn from their past and present experiences and utilizes the same for their future activities. **Kyrolainen P (2007)** investigated a set of equity market phenomena associated with investors trading activity, using FCSD (Finnish Central Securities Depository) data base through four different essays. The first essay clarified investors by trading activity which analysed the trading styles of active and passive investors during the boom in stocks. The second essay focused on the relation between day trading of individual investors and intraday stock price volatility and found that there exist strong association between day trading and intraday volatility. **Shefrin H (2007)** examined the biases that investors (individual and professional) incorporate in their investment decision-making process. Those biases lead to inefficiencies in market pricing that were reflected in behavioural mean-variance portfolios. Their findings provided strong support for a behavioural asset – pricing theory in which the basis for risk premium is the behavioural mean – variance frontier. **Lovric M et al., (2008)** presented a description model of individual investor behaviour in which investment decisions are seen as an iterative process of interactions between the investor and the investment environment. The investment process was influenced by a number of interdependent variables. They suggested that this conceptual model can be used to build stylized representations of individual investors and further studied using the paradigm of agent-based artificial financial markets. **Robert J Shiller (1990)** in his paper on investor behaviour and market volatility found that there is an insignificant relationship between overconfidence and trading stock activity. Overconfidence of investors has negative impact on trading stock activity. **Barber B et al., (2008)** documented that individual investor trading results in systematic and economically large losses with reference to Taiwanese individual investors and found that they incur trading losses, trading costs, and market timing losses that reduce their aggregate portfolio return by 3.8 percent annually. **Hvidkjaer S (2008)** analysed the relationship between retail investor trading behaviour and the cross section of future stock returns. The result suggests that stocks favoured by retail investors subsequently experience prolonged underperformance relative to stock out of favour with them. **Nicolosi G et al., (2009)** analysed individual investors' learning behaviour from two perspectives, the first being based on the relation between trade performance and trading behaviour and presented strong evidence that individual investors learn from their trading experiences. **Ivkoric Z et al., (2008)** provided a detailed insight into the



relation between portfolio concentration and the performance of individual investors. Their empirical results suggested that the performance of the trades made by households that become more concentrated improved, whereas that of the trades made by households that become less concentrated deteriorated. **Agnew J.R (2006)** investigated whether some individuals are prone to behavioural biases during their investment decisions using demographic data and allocation information of over thousands of participants. The principal findings suggested that higher salaried participants tend to make significantly better choices.

IV. OBJECTIVES OF THE STUDY

1. To investigate the attitude of individual investor during uncertain market condition.
2. To analyse the information reach and its impact on investors' decision making process.
3. To explore the influence of investor perception on risk factors.

V. METHODOLOGY OF THE STUDY

The nature of the study is descriptive, whereby it includes survey and fact finding enquiries. To achieve the stated objectives of this research a sample of 425 investors were selected as respondents after dropping the incomplete information. The area of the samples identified was the investors / traders throughout the Chennai city identifying them through share broker offices and Financial Institutions. Since the responses were received from those investors who were willing to spend time and wished to contribute for the research willingly, it constitutes judgement sampling. The study is mainly based on primary data which was collected through a well structured questionnaire consisting of 24 questions. Those investors were identified and focused since they had sufficient knowledge about investment in capital market. Secondary data has been collected through various websites, research articles published in various online journals, national and international publications. A pilot study was first administered to a random sample of 30 respondents who are mostly well aware of the capital market. After the pilot study some minor lay-out and grammatical adjustments were made to the questionnaire, however the various items and constructs remained the same. The final questionnaire was distributed to collect the primary data from 450 investors from various places across Chennai city. The responses of 425 valid questionnaires were selected after omitting the incomplete one. After the data were collected, diverse statistical tools and techniques were used to get an insight into the behavioural aspects of investors. Internal consistency of the multi-item scales was tested using Cronbach's



alpha based on the reliability analysis. The alpha values were above 0.6 and therefore considered acceptable. Inferences were drawn based on Descriptive statistical analysis and inferential statistical analysis using various statistical techniques like student t-test, ANOVA followed by Friedman test, Chi-square test, Correlation and Multiple Regression Analysis through Software Package for Social Sciences.

VI. RESULTS AND DISCUSSION

Based on the inferential statistics it was found that most of the respondents accept that latest technologies like online trading, information search on the internet and demat holding and transparent transactions facilitates their investment decision. While considering the investment experience, 40 percent of the respondents are with 3 to 6 years of experience in investing in shares. Only few of them have sufficient years of investment experience.

HYPOTHESIS -1: Individual Investors depend on investment advices for market intelligence and information.

Table 1.1 : Friedman test for significant difference between mean rank towards dependency on factors for market intelligence

| Factors for market intelligence | Mean Rank | Chi Square value | P value |
|--|------------------|-------------------------|----------------|
| Information from the company | 3.08 | | |
| Recommendations from professionals | 3.21 | | |
| Historical view | 3.07 | 53.763 | 0.002** |
| Information from TV/Newspaper | 2.94 | | |
| Information from net | 2.71 | | |

** Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence there is significant difference between mean rank towards dependency on factors for market intelligence and information. From the above table 1.2, it is clear that recommendations from professionals has the highest mean rank at 3.21 which depicts that small investors mostly depend on investment advices from professionals for market intelligence. Information from the company



has a mean rank of 3.08 followed by the mean rank of 3.07 which stands for the historical view of the particular company's share prices in capital market. Information from the TV and News paper and information browsed through internet has the mean rank 2.94 and 2.71 respectively which are the least among the mean rank. Since the null hypothesis is rejected it is concluded that individual investors depend on investment advices for market intelligence and information.

HYPOTHESIS II : Risk factors influences investment decision of investors

Table 1.2 : Friedman test for significant difference among mean rank towards risk factors on investment decisions.

| Risk factors on investment decision | Mean Rank | Chi Square value | P value |
|-------------------------------------|-----------|------------------|---------|
| Vanishing companies | 4.76 | 204.144 | 0.001** |
| Reaction to bonus/rights | 3.95 | | |
| Political issues | 4.17 | | |
| Terrorist attack | 3.58 | | |
| Reaction to rumors | 3.24 | | |
| Volatility in other exchanges | 4.24 | | |
| Corporate action | 4.06 | | |

** Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence there is significant difference among the mean rank towards various risk factors on investment decisions of investors.

The mean rank is higher at 4.76 which indicates that vanishing companies is the major risk factor which greatly influences investment decision of investors. The next higher mean rank of 4.24 belongs to the risk factor of volatility in other country stock exchanges which influences the investment decision of the investors followed by the political issues which has a mean rank 4.17. Corporate action is also another risk factor which influences and has a mean rank of 4.06. When a company announces bonus or rights issue, certain investors react immediately which also comprises the influential factor having a mean rank 3.95. The news on terrorist attack and reaction to certain rumors in capital market which creates panic and uncertainty among the investors are also the risk factors which influences the investment decision having mean rank 3.58 and 3.24 respectively. Since the null hypothesis is rejected, it is concluded that risk factors



VII. CONCLUSION

The goal of financial independence and wealth drive millions of investors to seek out vehicles by which success may be achieved through any investment avenue. As the world has become more technologically advanced hastening the communication and facilitating the growth of a global economy, opportunities for financial success have increased significantly. This study seeks to understand and predict systematic financial market implications of psychological decision making process of investors during uncertainty. The behaviour of individual investors indicates that they are averse in taking high risk due to the stronger influence of Indian culture. The panic reaction when a rumor is afloat is a common behaviour noticed. This research also portrays the role of emotion and intuition in investment decisions. A prudent investor who can control his emotions can use his money for hedging against inflation by identifying sources of right analytical presentation and by sparing sufficient time for investment decisions. This research presents the dependence of small investors on the advice of leading companies. Changes in investors' perceptions over time, their dependency on investment advises during uncertainty and various risk factors influences their investment decision in financial markets.

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**THE ROLE OF MUDRA YOJANA IN PROMOTION OF SOCIAL
ENTREPRENEURSHIP IN INDIA : ISSUES AND CHALLENGES**

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ABSTRACT

The most significant ideas and developments that have affected business management, during the past two and a half decades, world over, are globalization, technology, business environment, sustainable development, social entrepreneurship. These developments/reforms have become part of the neo-liberal development model of the governments, the world over. The model/reform brought about a transformation in the role of State and its governance. The Indian State, which adopted new economic reforms since 1991, has become facilitator of services rather than provider of services to the people. An emerging trend of this model is the establishment of public-private partnership (PPP) as institutions that are partnerships, outside the regular management system, with some autonomy to function on their own. The new partnerships though contributed for the adoption of modern technology, capital, and innovative management techniques to address the problems; they also resulted in widening of disparities and exclusion of social groups and social entrepreneurs from the process of development.

Key Words: *social entrepreneurship, private sector, non-governmental organisations, social capital, marginalized communities, micro units development and refinancing agency.*



I. INTRODUCTION

Although entrepreneurial phenomena aimed at economic development has long history, social entrepreneurship- as a process to promote the small entrepreneurs to foster social progress/capital and inclusive growth- has only recently attracted the attention of policy makers and interest of researchers. The concept of social entrepreneurship emerged for the first time in Italy since the late 1980s and has begun to spread to the rest of Europe and United States in the second half of the 1990s. In India, it gained priority during the 11th and 12th Five Year Plan periods. In the west, the promotion of social entrepreneurship is mostly managed by private sector and non-governmental organisations (NGOs), while in India it is administered by Government and NGOs. The Indian government, during the post-Independent period, has been launching policies for promotion of social entrepreneurship aimed at socio-economic development of the marginalized communities and build up social capital. Recently, the Central government launched, **Prime Ministers' MUDRA (Micro Units Development and Refinancing Agency) Yojana** to support the small entrepreneurs to establish micro-business for their socio-economic development and promotion of social entrepreneurship.

Methodology: The analysis of **MUDRA** Yojana assumes significance as it would provide deeper insights on the phenomena. The objective of present paper is to shed light on the MUDRA Yojana and examine the issues and challenges in promoting social entrepreneurship and to foster social progress/capital in the society. For this purpose, the authors heavily relied on secondary sources i.e, published reports, census surveys, newspapers, journals, and websites. The rest of the paper is as follows. The first section deals with the concept of social entrepreneurship. The second and third sections transact the philosophy of MUDRA Yojana and identify the issues and challenges in promoting the social entrepreneurship in Telangana State, respectively. The conclusion of the study is presented in the last section.

II. SOCIAL ENTREPRENEURSHIP

The concept of entrepreneurship was made popular in the early 19th century, particularly during the industrial revolution. Etymologically, the entrepreneur is a person who takes over "a project or activity. Drucker (1985) developed an approach based on innovation by emphasizing that the entrepreneur is someone who has a functional inspiration that helps him to identify the most promising opportunities and perform his innovative role. An



entrepreneur is an actor who innovates in both the market and the non-market economy. While the social entrepreneur is an entrepreneur who acts differently, and provides practical and innovative solutions to social problems that often appear intractable at the state or the market economy. Social entrepreneurs create social value through innovation, financial resources to promote social and economic development of the community or the society. Social entrepreneurship is primarily designed, besides corporate creation, to meet the social needs not yet achieved by the government and/or by the trade sector.

The Types of Social Entrepreneurship

Groups focused on social entrepreneurship may be divided into several categories: community-based enterprises, socially responsible enterprises, social services industry professionals, and socio-economic enterprises. **Community-based enterprises** are based on the social ventures of an entire community that uses its culture and capital to empower itself as an entire enterprise. **Socially responsible enterprises** focus on creating sustainable development through their initiatives that focus mostly on societal gains. **Social service industry** professionals work specifically in the sector of social services to expand social capital for different individuals, communities, and organizations. **Socio-economic enterprises** include corporations that balance earning profits and non-profit social change for communities. In addition, there are organizations dedicated to empowering social entrepreneurs, connecting them with mentors, strengthening their enterprise models, and preparing them for capital investments. At national level, the respective governments formulate policies and programmes that promote social entrepreneurship (Amina OMRANGE, 2012). The researchers, particularly western scholars are focusing on this subject, in the recent past. The observations made by them may not be relevant to India as it has a different socio-economic, cultural and political structure, which will have significant dent on the functioning of social entrepreneurship in our country. Therefore, there is a need for undertaking the study the government policy for promotion of social entrepreneurship.

III. THE SIGNIFICANCE OF MUDRA BANK

The Prime Minister Narendra Modi launched the promised **Micro Units Development and Refinance Agency Ltd (MUDRA)** Bank on 8 April 2015 with a corpus of Rs 20,000 crore and a credit guarantee corpus of Rs 3,000 crore. The initiative taken by the government is expected to be helpful for the small and micro businesses. It is also expected that these businesses will



generate 10 times more number of jobs, which are normally generated by the big business firms/companies at present. Although there are refinancing agencies such as National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), are engaged in funding micro-enterprises, the social entrepreneurs' coverage under these agencies in their respective sectors is not satisfactory. According to the government estimates, only four percent of small units currently avail funding from institutional channels. The Commercial banks tend to avoid taking exposure to these units given their high-risk nature and also due to the fact that many of these companies are start-ups with no performance background, which, in the eyes of a banker, is high risk. Most individuals, especially those living in rural and interior parts of India, have been excluded from the benefits of formal banking system. Under these circumstances, the NDA government launched MUDRA Yojana to focus on the underprivileged and extend its reach to the interiors. As per the initial plan, the bank would offer loans up to Rs 10 lakh to small entities classifying them in three categories — Shishu, Kishor and Tarun. Shishu companies can get loans up to Rs 50,000, Kishor up to Rs 5 lakh and Tarun up to Rs 10 lakh, respectively.

The principal objectives of MUDRA Bank are:

- Regulate the lender and the borrower of microfinance and bring stability to the microfinance system through regulation and inclusive participation.
- Extend finance and credit support to Microfinance Institutions (MFI) and agencies that lend money to small businesses, retailers, self-help groups and individuals.
- Offer a Credit Guarantee scheme for providing guarantees to loans being offered to micro businesses.
- Introduce appropriate technologies to assist in the process of efficient lending, and build an efficient last-mile credit delivery system to small and micro businesses.
- Register all MFIs and introduce a system of performance rating and accreditation.

MUDRA Yojana at Work

MUDRA operates as a refinancing institution through State/Regional level intermediaries. It refinances NBFCs/MFIs and also banks, primary lending institutions etc. MUDRA Bank has classified the borrowers into three segments: the starters, the mid-stage finance seekers and the next level growth seekers. The government is organising MUDRA loan melas in different parts



of the country. These melas are organised for few days where loans for small business funding could be applied. Initially, sector-specific schemes are confined to "Land, Transport, Community, Social & Personal Services, Food Product and Textile Product sectors". Over a period, new schemes will be launched to encompass more sectors. Among others, MUDRA would benefit small manufacturing units, shopkeepers, fruits and vegetable sellers, hair salon, beauty parlours, truck operators, hawkers, artisans in rural and urban areas with financing requirements up to Rs 10 lakh. The Finance Ministry said MUDRA Yojana is targeted towards mainstreaming young, educated or skilled workers and entrepreneurs including women entrepreneurs. MUDRA would also collaborate with state/regional level coordinators to provide finance to "Last Mile Financiers" of small/micro business enterprises. "Further, the approach goes beyond credit only approach and offers a credit - plus solution for these enterprises spread across the country," the Ministry said.

IV. ISSUES AND CHALLENGES FOR EFFECTIVE IMPLEMENTATION OF MUDRA YOJANA

Though MUDRA Yojana is in operation nearly one year, if we take on the experience of micro-business, which are already in existence, one can comprehend challenges that the social entrepreneurs are going to encounter in the implementation of the programme. The Macro- and micro-level challenges are as follows:

1. The major challenge of social entrepreneurs is the adoption of Neo-liberal model development by the Indian State, which promotes market economy and the non-public bodies/private sector on commercial lines in providing services to the people. The Government is encouraging the social entrepreneurs on self-help model in undertaking the business ventures, in which the state's role is mostly facilitator of services and infrastructure to them. The entrepreneurs have to compete with the market forces for its survival. Unlike the western countries, the Indian market still operate on personal considerations and illegal money transitions and thus it either favour or disfavour certain business ventures and social groups.
2. The main impediments of social entrepreneurs are low initial capital and inadequate funding in undertaking business activities. The project funding is mainly based on the



private market/money lender, sale of their products and services, voluntary work and donations. The government only extend non-marketing material help such as laying of road, supply of electricity, assignment of land, etc, at subsidised rates.

3. The technology-driven business is the order of day of the big business ventures. The business activities (marketing and distribution) are managed by on-line marketing, M-marketing, e-mail, social media, websites, supply chains. Further, they invest more capital on machinery, use most modern technology, produce the products/services on large scale, and capture the larger market and consumers.
4. The social entrepreneurs with low capital and technology cannot compete with the major industries/investors. The assistance under MUDRA Yojana is very meagre i.e. minimum of Rs. 50,000 and maximum of Rs. 10 lakhs for initiating a business venture. This is insufficient to meet the challenges of market and modern technology.
5. The establishment of MUDRA Bank, as a refinancing agency and the regulator for small companies, would amount to conflict of interest in the operations of the financial institutions which are already in existence- NABARD, SIDBI- extending financial assistance to the social entrepreneurs for establishing micro-level enterprises. It would be better if the government chose to widen the scope of existing agencies, by restructuring the later institutions scale and scope.
6. World over regulators have warned about the growth of shadow banks in a financial system. Shadow banks are entities with very little or no regulatory oversight, but still takes significant credit exposure to high-risk segments. When these entities grow to a certain size, any crisis that arises in their operations can have systemic impacts and spill over effect to the rest of the financial system. The MUDRA bank is not exception to this phenomenon. As of now, Mudra Bank has an obvious risk of endorsing shadow banks in a financial system. This is the reason the RBI has been discouraging the non-banking finance companies by tightening regulations.



7. It is not clear at this stage whether Mudra bank's operations would come under the supervision of Reserve Bank of India (RBI). If not, wouldn't there be a potential risk in the operations of the proposed entity, when it grows in size? Currently, the RBI is the regulator for NBFC-MFIs, which constitute the majority in the micro lending industry in terms of assets. If the Mudra Bank takes up the role of micro lending regulator, the issue of multiple regulations arises. Given the lack of clarity in the set-up, the safest and simplest way probably is to build a financing model for small companies by permitting maximum number of small finance banks. These institutions, whose mandate is specifically to fund small units, could come under the direct regulation of the RBI.
8. The performance of MUDRA Bank will not be different to that of Commercial Banks, NABARD and SIDBI. The latter with their wide network not able to make any dent in financing of the non-formal sector because of metro-centric approach to Banking and their staff were mostly averse to inclusive banking. Then, it is not clear how MUDRA Bank would be able to overcome this drawback and make any dent in this regard. The MUDRA bank, as a refinance bank to MFIs, is going to depend upon Government for their resources, as MUDRA Bank cannot be a deposit-taking bank.
9. The field experience across the states reveals many commercial banks liberally doled out refinance to MFIs under inclusive banking few years ago for on-lending to small and micro enterprises. However, the MFIs resorted to inhuman recovery practices leading to backlash from State Governments. MFI portfolio of these commercial banks came under stress leading to collapse of MFIs. There are/ were instances where the beneficiaries resorted to suicide deaths due to the inhuman recovery practices of MFIs. Then there was talk about regulation of MFIs through legislation.
10. Bala Ramulu, Ch, (2000) highlighted the issues and challenges in operating the micro-enterprises at the ground level. They are: cumbersome rules and regulation and leading to redtapism at various levels in advancing loans or services by the authorities concerned; authoritarian outlook of officials; presence of pyrveekar/middleman, especially coming from the well-off sections and political leaders, and acting as 'patron' of the entrepreneur; lack of technical expertise to the entrepreneur in handling the business enterprise; procuring the inputs from the market; high cost of inputs; lack of



demand for the products/services due to entry of modern technology in the respective business venture, etc, which collectively contributed to the ineffectiveness of the efforts of business ventures. These issues are equally applicable to ventures supported by MUDRA Bank.

V. CONCLUSION

The analysis reveals that effectiveness of MUDRA Yojana will not be different to that of ongoing refinancing agencies such as NABARD, SIDBI. Neo-liberal model development; low initial capital and inadequate funding in undertaking business activities; technology-driven business the big business ventures; conflict of interest in the operations of existing financial institutions; crisis in the operations of financial institutions; the lack of clarity in the set-up of the MUDRA Bank; etc, are the macro-challenges of the MUDRA Programme. The administrative dys-functionalities, lack of technical expertise to the entrepreneur in handling the business enterprise; procuring the inputs from the market; high cost of inputs; lack of demand for the products/services due to entry of modern technology in the respective business venture, etc, are posing challenges to the micro- business ventures.

These are (macro and micro) some of the challenges that the MUDRA Yojana has to encounter in promoting social entrepreneurship in the country. The Social entrepreneurs have to keep in mind the above challenges while pursuing the enterprise and work for the development of the individual and the community as a whole. Nevertheless, more and more micro-level studies need to be undertaken on the subject to generate more dependable knowledge and gain deeper insights on the phenomena.

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A STUDY ON RECENT TRENDS IN E-TAILING BUSINESS IN INDIA

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ABSTRACT

Electronic commerce is a business platform where in trading in products and services takes place using computer networks. With the technological/internet revolution various new business models are coming in to existence. Through the e-commerce customers are getting benefits with varieties of products at reasonably competitive prices. The present paper will through a light on the various models of E-Commerce and the recent trends in E-tailing business with the changing competition in the market place.

I. INTRODUCTION TO E-COMMERCE

E-Commerce short form of electronic commerce is trading in products or services using computer networks, such as the Internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Modern electronic commerce typically uses the World Wide Web (WWW) for at least one part of the transaction's life cycle, although it may also use other technologies such as e-mail.

Over the last decade, the Internet has changed the way people buy and sell goods and services. Online retail or e-commerce is transforming the shopping experience of customers. The sector has seen unprecedented growth especially in the last two years. The adoption of technology is enabling the e-commerce sector to be more reachable and efficient. Devices like smartphones, tablets and technologies like 3G, 4G, Wi-Fi and high speed broadband is helping to increase the number of online customers. Banks and other players in e-commerce ecosystem are providing a secured online platform to pay effortlessly via payments gateways. The homegrown players have



shown tremendous growth and attracted some big investors. The entry of global biggies like Amazon and Alibaba has taken the competition to a new level. E-tailers are differentiating themselves by providing innovative service offerings like one-day delivery, 30-day replacement warranty, cash on delivery (COD), cashback offers, mobile wallets, etc. The supply chain has improved significantly and e-tailers are even leveraging on the services of Indian Post for greater reach across the country. In 2014, Indian Post collected Rs.2.8 billion through COD option of payment.¹

II. METHODOLOGY OF THE STUDY

The present study will try to analyze various business models of E-commerce/E-tailing practices followed by today's organizations and also various trends of E-tailing business by collecting secondary data from various books, journals and websites.

Business Models

E-commerce market in India has started to become crowded and complex with several players fighting for a fair share of customers' mind and wallet. As the competition in the e-commerce heats up, the companies are using multiple business models in order to get customer attention including:

- Inventory model e.g. Shopper Stop, Croma
- Social networks e.g. TripAdvisor
- Aggregator Model e.g. Ola Cabs
- e-Marketplace e.g. Flipkart, Snapdeal
- Transaction broker e.g. IRCTC
- Click and Collect service e.g. Amazon

To survive and sustain operations in the competitive market, companies are also taking advantage of one or multiple revenue models including:

- Advertising revenue model e.g. Yahoo.com
- Subscription revenue model e.g. Flintobox
- Transaction fee model e.g. eBay
- Sales revenue model e.g. Amazon
- Affiliate revenue model e.g. CouponDunia



Enabling Technologies

The greater adoption of Internet and smart phones is the biggest driver of e-commerce in India. Internet penetration is rapidly increasing with around 300 million users in 2014. The smartphone is steadily growing and consists of 35% of the overall mobile phones market in the country. The success rate of some of the technologies is directly connected to the success of e-commerce.

Cloud: Most of the e-tailers are depending on cloud technology for its flexibility, scalability, availability, mobility, and efficiency. Cloud communications can be an important enabler in helping e-commerce companies in ensuring personalized consumer engagement throughout the purchase cycle and also in executing effective and near real-time marketing campaigns.²

Mobile Applications: More than 235 million people in India access internet through mobile devices. This is the primary reason for e-tailers to focus their efforts on mobile app penetration across the country. The mobile applications are helping to reach more customers located even in remote and rural areas. E-commerce companies have been able to bridge the service gap considerably by sending service updates and other communication via their mobile app, e-mail, and SMS. The revenue coming from mobile app is on the rise e.g. 50% for Flipkart while 70% for Quikr. Customers can get alerts, view product catalogues, purchase and pay with a simple mobile application offering a compelling user experience. Also, from mobile usage, the e-tailers get valuable customer information which can be used for analytics to improve their services and sales.³

Digital Advertisements: The digital advertisement industry is growing rapidly as there is a growth in digital communication devices around the world. The increase in smartphones, tablets is enabling advertisers to reach a wider audience. According to analysts, the Indian online ad market will grow year-on-year at 30% to reach Rs.35.75 billion by March 2015⁴. The digital advertisements are flexible and can be adapted for any kind of device like Television, laptop, tablet, or smartphone. The two-way interactive capability and the ability to customize the ad for target audience also make digital advertisements more effective.

Search Engine Optimization (SEO): With thousands of products in the digital catalogues, the e-commerce players find it easy to be visible with the help of SEO technology. SEO can help the websites to be more specific, measurable, realistic, and time efficient and hence can significantly boost profits. E-tailers should optimize the critical aspects of their online store and earn rich snippet displays in search results on various search engines to drive more targeted, motivated buyers to their products.



III. RECENT TRENDS IN E-TAILING

Time for stronger Mergers & Acquisitions : The year 2014 saw some high profile mergers and acquisition in the Indian digital commerce sector. The biggest one being the Flipkart and Myntra merger, which was Rs.20 billion deal helping reduce completion in the market. The Ibibo Group, a subsidiary of the South African mass media company Naspers, acquired Pilani Soft Labs, which runs bus ticketing website redBus.in for about \$135 million. Ola Cabs acquired the rival TaxiForSure for \$200 million to eliminate competition. These deals have further bolstered investor confidence in the sector. M&A trends are expected to follow in the coming years as the industry consolidates backed by high valuations and scaling up operations.

Living on valuations: The staggering growth of digital commerce is attracting investors from within and outside the country. The homegrown players Flipkart and Snapdeal are taking every necessary step to stay ahead in the race. Online players remain optimistic of the profitability of their ventures in the long term and continue to invest heavily to build capabilities and gain bigger share of the market. As per analysts, the Rs.200 billion investments in e-commerce in 2014 were driven by sky-high valuations.⁵ The valuation of Flipkart sharply increased from \$1.9 billion at the start of 2014 to reach \$11 billion by the end of the year⁶. It raised \$1.9 billion in three rounds of fund raising despite incurring losses of around Rs.4 billion. Similarly, Snapdeal saw its valuation increase from \$350 million to \$3 billion after raising funds of \$850 million⁷. Snapdeal also posted losses of Rs.2.64 billion in FY14⁸. The valuation can play a major role for an e-commerce player irrespective of the profitability of the company.

Vertical specific e-tailers on the rise: Vertical specific e-tailers find it motivating to focus on a niche product or service as they can differentiate their services from mainstream e-commerce players. The value proposition of these ventures helps them raise funds easily and also helps in customer acquisition as they generally try to solve the challenges faced by people daily. The critical aspect of these industry specific ventures is offering a compelling and user-friendly experience, mostly driven by convenience, richness of information, and cost effectiveness. Big Basket, an online grocery store, is marketing to deliver groceries at home without the hassles of traffic and saving time to do better things. Ola Cabs, a cab service provider, differentiates its offerings by providing a great user experience to people looking for car rentals and cab service.



There are many innovative startups coming in the service industry trying to organize the unorganized sectors in India. For example, UrbanClap, an online platform for customers to scout for the best professionals in the service industry—architects, wedding photographers, yoga teachers, educational counselors or lawyers. Similarly, innovative startups like Timesaverz provide online platform for home services – plumbing, repair, electrician, or cleaning to the urban people who are ready to pay a price for convenience⁹. According to Deloitte prediction, Massive Open Online Courses (MOOCs) could be successful for test preparation in Freemium model, where the basic content would be free while advanced content and tutoring would be a paid service. It was predicted that MOOCs could represent about 10% of all the courses taken globally in tertiary and enterprise continuing education by 2020. The eVisits have proven in developed world, and as the necessary infrastructure is deployed in the developing world, they are likely to offer affordable primary medical and diagnostic care to very large populations that do not have access today. Deloitte had predicted that in 2014, there will be 100 million eVisits globally, potentially saving over \$5 billion when compared to the cost of in-person doctor visits.

Retailers are going online: The big retailers are trying to complement the traditional retailing with digital commerce by tying up with big e-tailers. The partnership between Snapdeal & Croma or Amazon & Future Group owned Big Bazaar is no more a partnership between two retailers. It has extended to a vendor and technology partners offering technology and logistics services. Reliance retail is planning to launch its e-commerce website seeking to attract people from online retailers. Shoppers Stop is revamping its digital platform, which currently contributes 1% of the revenue. The extended reach of the online channel is the primary reason for offline retailers to launch e-commerce offerings.

IV. CONCLUSION

E-commerce had played a vital role in changing the lives of the people in today's world. People around the world can able to access and buy any product from any vendor through out the world. This had truly increased the competition in the market with which customers will get benefited immensely.

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CAUSE RELATED MARKETING – A TOOL FOR ACHIEVING CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT

Business organizations are part and parcel of the society. Earlier it was assumed that the company's accountability and responsibility was towards their shareholders but now it is on customers because the organizations take input from the society and they should also give something in return to the society. Now a day's companies are finding new ways to fulfill their Corporate Social Responsibility (CSR) and Cause-Related Marketing (CRM). The mixing of emotions in the right proportion with the marketing initiatives should make organizations cautious of the fact that Cause-Related Marketing is not a joke and should not be treated lightly. It's a win-win approach where the partnership of corporate strategy and good citizenship make the organization's marketing program connect with its customer and thereby making the business to win. This paper focuses on the benefits of CRM and how the companies are using marketing communication activities to demonstrate CRM in the Indian scenario.

Key Words: *Cause Related Marketing, Marketing Communication, Corporate Social Responsibility, Corporate Strategy*

I. INTRODUCTION

The business world is getting more competitive day by day. Companies are facing solid competition from their competitors. So they are finding new ways to counter competitors and prove their superiority in the market. The customer's expectations from the companies have also changed. They want that the companies from which they are purchasing products or services, to be more socially-responsible rather than just being customer- responsible. So that earlier the companies were not socially responsible but the thing is that they were giving much preference to the needs and wants of the customers as compared to the societal well-being. We can find



many examples in the past where the companies used to give big donations for supporting some social cause in order to fulfill their social responsibility. With the development of the marketing world, competition has increased and customer's expectation from the companies has also changed. Big corporate houses are finding new ways to stand up to this expectation level. One of the ways through which they are trying to present themselves as a Socially-Responsible company is **Cause Related Marketing (CRM)**.

II. OBJECTIVES OF THE STUDY

1. To study on CRM its use of the society.
2. To study on CRM how its influence to the customers.
3. To know the relationship between CRM and Customer Relationship Management.
4. To study on marketing communication activities by Indian Companies.

Cause Related Marketing (CRM): A Brief Prelude

Cause Related Marketing (CRM) refers to a type of marketing which involves the cooperative efforts of a "**for profit**" business and a non-profit organization for mutual benefit. The scope, design and the nature of association between for-profit and non-profit organization are a part of the cause related campaign. It may differ from campaign to campaign but in the most common type of relationship, a company might donate a portion of each purchase to its customers during a specific period of time to the nonprofit entity. The term is sometimes used more broadly to refer to any type of marketing effort for social and other charitable causes, including in-house marketing efforts by non-profit organizations. One of the first Cause Related Marketing (CRM) campaigns occurred in 1976 through a partnership between **Marriott Corporation** and the **March of Dimes**. Marriott Corporation is in the hotel business whereas March of Dimes is a health charity whose mission is to improve the health of babies by preventing birth defects, premature birth, and infant mortality. The objective of Marriott by this partnership was to generate cost-effective public relations and media coverage for the opening of their Family Entertainment Centre. On the other hand, the objective of March of Dimes was to increase fund-raising while motivating the collection of pledges by the program's deadline. The program was



conceived and directed by Bruce Burtch who coined the phrase "**Do Well by Doing Good**" for this campaign.

However, the creation of the term 'cause related marketing' is attributed to American Express and it was used to describe efforts which support charitable causes in a way that is also helpful in the promotion of the business. The term was then used to describe the marketing campaign led by American Express in 1983 for the Statue of Liberty Restoration project. The essence of this campaign was that, a penny for each use of the American Express card, and a dollar for each new card issued were given to the Statue of Liberty renovation program. \$2 million was raised for Lady Liberty over a four-month period and the business activity increased by 28 percent. The success of this campaign gave birth to the concept that "Do Well by Doing Good" is good for business.

Since then onwards, the term "Cause-Related Marketing" continued to grow in usage. In more recent years the term has come to describe a wider variety of marketing initiatives based on the cooperative efforts of business and charitable causes.

III. BENEFITS OF CRM

This concept is beneficial for both the parties. On the one hand, the campaign helps the corporate houses (for-profit organizations) in improving their company image, building customer loyalty and increasing sales, whereas on the other hand, it provides funds to the charity which is working to support a special cause.

Cause related marketing can be the pillar of the marketing plan. It can help the company gain a competitive edge over its competitors by projecting a positive reputation in the target market. Also it delivers other tangible benefits. To mention a few, following is the list:

- Good relations with the media.
- Better company image.
- Increased sales.
- Additional customer loyalty.
- It helps in creating an alternative and different viewpoint towards brand advertising.
- Certain markets (Niche Marketing) can be entered if they are partnered with non-profit organizations.
- Companies can attract and retain quality employees.



- CRM efforts communicate a company's commitment to CSR broadly by way of communicating the same to its stakeholders including employees, customers and Suppliers.

IV. SCOPE AND FORMS OF CAUSE RELATED MARKETING IN INDIA

CRM is although a phenomenon that had its roots in the western countries, but it has gained rapid acceptance in India in recent years. According to Professor Alan Andreasen, there can be three forms of alliance between the for-profit and non-profit organizations. They are as follows:

1. **Transaction-Based Promotions (TBP):** Programs that elicit participation with an offer to make a contribution to a designated cause based on consumer activity such as buying a specific product, redeeming a coupon, registering at a website or shopping at a particular retail chain.
2. **Joint-Issue Promotions (JIP):** Joint campaigns that raise awareness of a message (e.g. fight skin cancer) or participation in its programs (e.g. join us in a coastal cleanup) while building a positive association with the corporate sponsor or its brands.
3. **Licensing:** “An agreement in which the Nonprofit Organization allows its information or knowledge to be used for a fee or an agreement in which a Nonprofit Organization's name is attached to a product. Typically, Nonprofit Organization licenses a company to develop, produce market and / or distribute a mission-related product that is promoted either with the organization's brand name or co-branded with both the company's and Nonprofit Organization's names.” This form of alliance is not yet practiced in India.

The above three forms covers a part but not the whole array of CRM. Various forms of CRM are created or are defined only by the limitations of one's imagination. CRM simply means marketing related to a cause. The confine CRM to one, two or three types will be erroneous as marketing is in its developing stage and with the development of marketing; we are going to see other forms of CRM too. As we say that, Marketing-mix consists of 4Ps i.e. product, price, place and promotion, CRM is a part of the last P i.e. Promotion. It can be demonstrated through Advertising, Sales Promotion, Sponsorship, Direct Marketing, Publicity, and many more aspects of marketing. The list of promotion-mix is growing day by day and also the scope of CRM.

V. ADVERTISING & CRM



Use of advertising in Cause Related Marketing means advertising of a particular cause where the for-profit or a business organization lines-up itself with a particular cause and then uses its advertising to communicate the cause message. The organization's objective besides raising awareness of the particular cause can range anything from building brand image to encouraging relationships and loyalty between the product, charity, cause or company.

Tata tea has taken the concept of using television channels in promoting a cause message in one of their advertisement (Jago re commercial) in which they are trying to persuade the youth to cast their vote in the general elections (Election ke din agar aap vote nahi kar rahey ho to aap so rahey ho). Even in one of their other commercial they addressed the issue of corruption by saying "Ab khilaana band aur pilaana shuru."

Star care, under the Heroes project, launched an humorous court-room commercial to create awareness about AIDS. In each of the case referred, TV advertisement has added value not only to the business organisation but also to the cause.

VI. SALES PROMOTION & CRM

Cause-Related marketing is normally demonstrated with Sales promotion. Donation to causes is generated by purchases. More the sales more will be the donations to the cause. Some of the examples in Indian context are as follows:

Tata Salt, in its DESH KO ARPAN Programme contributed 10 paise for every kilo of Tata Salt, sold during specific periods, to the education of underprivileged children. Child Relief and You (CRY) was their partner in this programme.

Procter and Gamble, in partnership with Child Relief and You (CRY) launched a project in the name of Shiksha (special program to support education of underprivileged children across India). According to this project a part of the proceeds generated by the sale of large pack of Tide, Ariel, Pantene, Head & Shoulders, Rejoice, Vicks Vaporub and Pampers will be donated to support the cause. Novartis India Ltd., in a cause-related marketing scheme, donated 2% of the value of sales of Ovaltine Plus towards CRY's Gujarat rehabilitation operations. The total amount raised was approximately Rs. 40,000.

VII. SPONSORSHIP & CRM



Sponsorship is the financial or in-kind support of an activity, used primarily to reach specified business goals. We can find numerous examples where the companies have sponsored various sporting events like cricket or football matches or have organized dance and song shows where famous sportsperson and the bollywood celebrities respectively performs.

These events are organized especially to support a cause and the proceeds generated from these events are used to fight for that cause.

VIII. PUBLICITY & CRM

Credibility of cause is crucial for the success of cause marketing. Credibility will be low if a company offers a paltry amount of money for the cause. If the whole company i.e. the employees as well as the top, middle and first-level of management are involved in cause marketing; customers treat the company as a more reliable entity in the society. And, if a company as a whole (like Aravind Eye Care hospital) is involved in cause marketing, the credibility is very high.

Aravind hospital is connected with the cause of serving the poor and it is integrated with the marketing strategy of the organization. The credibility of the hospital is so high that the hospital gets huge word of mouth publicity and so it doesn't have to indulge into any other form of promotion activities.

IX. CONCLUSION

Cause Related Marketing found its roots and began as a commercial activity but over timelines it has grown as a concept. It has gone beyond commercial activity and become a community activity signifying collectivism and increased sense of responsibility. Houses like Tata and concerns like Aravind Eye Care have exhibited soft marketing in their application of strategies. They have become proactive and don't wait for instances to occur to guide their actions. Rather a paradigm shift is being experienced where companies work unconditionally for the cause without expectations in return.

The mixing of emotions in the right proportion with the marketing initiatives should make organizations wary of the fact that cause-related marketing is not a joke and should not be treated lightly. Its mere cause is just not to promote the sales of the organizations products. With its application becoming more sophisticated, it can survive as the sole strategy to build relationships



with the target consumers on an emotional platform. If programmed and executed strategically, it can prove its mettle by differentiating its product from its competitors, add value, command premium prices, enhance brand loyalty and build a positive reputation of the corporate brand.

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A STUDY TO ANALYSE THE CUSTOMER SATISFACTION LEVEL WITH MOBILE VALUE ADDED SERVICES IN HYDERABAD.

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ABSTRACT

The Indian telecom sector is one among the fastest growing sector with gross revenue and adjusted gross revenue of Rs.65,227 cr and Rs.45,158 cr respectively for the quarter ending March 2015 .The number of subscribers have increased from 970.97 million to 996.49 million (TRAI 2015 report). The trajectories for growth of mobile market can be clearly attributed to the favorable and improved regulatory structure, innovative prepaid tariff structures, slashing handset prices etc. Mobile value added services (MVAS) are those services that are offered by mobile service providers apart from the voice communication services, such as sending short message service (SMS), multimedia messaging service (MMS), mobile advertising, mobile email, mobile money, location based services, and mobile infotainment etc. This helps mobile service providers to create and sustain new revenue streams and drive Average Revenue Per User (ARPU). These services are available for free or may be charged based on the quantity, quality provided by the operators themselves or offered by the content providers to promote their business via their core services. Rising mobile phones usage, network penetration, and increased return on marketing spend are some of the factors driving the mobile value added services market. Social media offer new opportunities for the vendors. Whereas, privacy concerns is the key challenge being faced by the marketers in the MVAS ecosystem. The present study highlights on understanding the customer's satisfaction level with mobile value added services.

Key word: *Mobile value added services, Customer satisfaction, growth drivers of VAS, ARPU*

I. INTRODUCTION

Indian mobile phone network operators market is growing at a rapid fire state offering greatest challenges to existing players by pushing them to revamp their products and services



constantly. It is needless to say that marketers have to analyse the customer's preference and satisfaction level with such products and services. Today Mobile value added services (MVAS) are considered as growth drivers, source of revenue and factor which are not only assisting the differentiation factor but also a factor to build competitive advantage. This paper aims at analysing the customer satisfaction level with such MVAS.

Mobile Value Added services (MVAS): MVAS are often simply referred as Value added services (VAS) are services supplied by either in-house by the mobile network operator themselves or by a third party value added service provider (VASP). Some of services provided include : News(Business, Politics, Sports) , Finance(Share , foreign markets), Entertainment (Games, Jokes) MMS, GPRS, Call alerts, Health tips m-commerce etc.

Growth drivers of VAS: India is one of the fastest growing telecom markets globally, VAS as potential enabler of average revenue per user (ARPU), Key Factor of differentiation, Building competitive advantages, High speed networks like 4G likely to drive adoption of VAS.

II. RESEARCH OBJECTIVES

To assess the customers awareness level and level of satisfaction on mobile Value Added Services

To analyze the impact of demographic variables like age, sex and income on satisfaction with mobile value added services

III. RESEARCH METHODOLOGY

Data sources: Both primary and secondary data was used for the research .The primary data was collected using questionnaire, observations and personal interviews with individual customers. Secondary Information about various advertisements and related products were collected from sources like internet, brochures, journals, news papers, previous project reports etc

Sampling unit: In this study the sampling unit were individual (i.e. the mobile users) customers using mobile services in Hyderabad District. The main service providers targeted are BSNL, Airtel, Tata Docomo, Reliance, Aircel, Idea and Vodafone. (pre paid and post paid customers)

Sample size: The sample size for the research study undertaken is 125, of different age group.

Sample method: Convenience sampling under non-probability.



Data Analysis and Data Presentation : Statistical calculations have been made making extensive use of Microsoft Excel and SPSS Software Packages on the computer.

| Kind_of_Connection * Usage_of_VAS Crosstabulation | | Usage_of_VA S | | Total |
|--|---|-----------------------------|-------|--------|
| | | No | Yes | |
| Kind_of_Connection | 0 | Count | 3 | 6 |
| | | % within Kind_of_Connection | 50.0% | 50.0% |
| | | % of Total | 2.4% | 4.9% |
| Pre paid | | Count | 76 | 91 |
| | | % within Kind_of_Connection | 83.5% | 100.0% |
| | | % of Total | 61.8% | 74.0% |
| Post Paid | | Count | 18 | 21 |
| | | % within Kind_of_Connection | 85.7% | 100.0% |
| | | % of Total | 14.6% | 17.1% |
| Both | | Count | 3 | 5 |
| | | % within Kind_of_Connection | 60.0% | 100.0% |
| | | % of Total | 2.4% | 4.1% |
| Total | | Count | 100 | 123 |
| | | % within Kind_of_Connection | 81.3% | 100.0% |
| | | % of Total | 81.3% | 100.0% |

Table 1 : Chi-Square Tests

| | Value | df | Asymp. Sig. (2-sided) |
|--|-------|----|-----------------------|
| | | | |



| | | | | |
|------------------------------|--------------------|---|--|------|
| Pearson Chi-Square | 5.922 ^a | 3 | | .115 |
| Likelihood Ratio | 4.794 | 3 | | .187 |
| Linear-by-Linear Association | .071 | 1 | | .790 |
| N of Valid Cases | 123 | | | |

a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .93.

Table 2 :Symmetric Measures

| | | Value | Asymp. Std. Error ^a | Approx. T ^b | Approx. Sig. |
|----------------------|----------------------|-------|--------------------------------------|---------------------------|-------------------|
| Interval by Interval | Pearson's R | -.024 | .112 | -.265 | .791 ^c |
| Ordinal by Ordinal | Spearman Correlation | -.053 | .105 | -.585 | .559 ^c |
| N of Valid Cases | | 123 | | | |

a). Not assuming the null hypothesis. b). Using the asymptotic standard error assuming the null hypothesis. c). Based on normal approximation

Interpretation: Prepaid customers are using more Value Added Services compared to Post paid customers or both using category.

Table 3 : Usage of VAS among Prepaid Customers

| Type of VAS | No. of users |
|------------------|--------------|
| Browsing Net | 54 |
| SMS | 51 |
| Accessing SN | 48 |
| Mobile Banking | 37 |
| Location Service | 36 |



| | |
|-------------|----|
| Content DWN | 35 |
| Video Call | 30 |
| MMS | 25 |
| Mobile TV | 25 |
| RBT | 23 |

Interpretation: Among prepaid customers Browsing Net, SMS, Accessing Social Network Sites & Mobile Banking are the top services using by prepaid customers.

Table 4 :Spent_on_SMS * Income Crosstabulation

| | | Income | | | | | Total |
|--------------|-------|--------|-------|-------------|-------------|-------|-------|
| | | 0 | <1000 | 10001-20000 | 20001-30000 | >3000 | |
| Spent_on_SMS | Count | 0 | 1 | 0 | 3 | 0 | 4 |
| | % of | .0% | .8% | .0% | 2.4% | .0% | 3.3% |
| | Total | | | | | | |
| <50% | Count | 0 | 19 | 16 | 23 | 43 | 101 |
| | % of | .0% | 15.4% | 13.0% | 18.7% | 35.0% | 82.1 |
| | Total | | | | | | % |
| 51-70% | Count | 1 | 2 | 0 | 2 | 7 | 12 |
| | % of | .8% | 1.6% | .0% | 1.6% | 5.7% | 9.8% |
| | Total | | | | | | |
| 71-90% | Count | 0 | 2 | 0 | 1 | 3 | 6 |
| | % of | .0% | 1.6% | .0% | .8% | 2.4% | 4.9% |
| | Total | | | | | | |
| Total | Count | 1 | 24 | 16 | 29 | 53 | 123 |
| | % of | .8% | 19.5% | 13.0% | 23.6% | 43.1% | 100.0 |
| | Total | | | | | | % |

Table 5: Chi-Square Tests

| | Value | Df | Asymp. Sig. (2-sided) |
|--------------------|---------------------|----|-----------------------|
| Pearson Chi-Square | 20.781 ^a | 12 | .054 |



| | | | | |
|------------------------------|--------|----|--|------|
| Likelihood Ratio | 18.942 | 12 | | .090 |
| Linear-by-Linear Association | .100 | 1 | | .752 |
| N of Valid Cases | 123 | | | |

a. 15 cells (75.0%) have expected count less than 5. The minimum expected count is .03.

Table 6: Symmetric Measures

| | | Value | Asymp. Std. Error ^a | Approx. T ^b | Approx. Sig. |
|----------------------|----------------------|-------|-----------------------------------|---------------------------|-------------------|
| Interval by Interval | Pearson's R | .029 | .099 | .315 | .754 ^c |
| Ordinal by Ordinal | Spearman Correlation | .080 | .094 | .885 | .378 ^c |
| N of Valid Cases | | 123 | | | |

a. Not assuming the null hypothesis. b). Using the asymptotic standard error assuming the null hypothesis. c). Based on normal approximation.

Interpretation: There is no significant relationship between Spent on SMS & Income. Most of the customers are spending less than 50% of their bill on SMSes. Coming to income category, respondents with more than Rs.30,000 per month are more using SMS service.

Table 7: Spent_on-Regular_calls * Income Crosstabulation

| | | | Income | | | | | Total |
|------------------------|--------|------------|--------|--------|-------------|-------------|--------|-------|
| | | | 0 | <10000 | 10001-20000 | 20001-30000 | >30000 | |
| Spent_on-Regular_calls | <50% | Count | 0 | 16 | 11 | 12 | 23 | 62 |
| | | % of Total | .0% | 13.0% | 8.9% | 9.8% | 18.7% | 50.4% |
| | 51-70% | Count | 1 | 7 | 2 | 7 | 22 | 39 |
| | | % of Total | .8% | 5.7% | 1.6% | 5.7% | 17.9% | 31.7% |



| | | | | | | | |
|--------|------------|-----|-------|-------|-------|-------|------|
| 71-90% | Count | 0 | 0 | 2 | 4 | 6 | 12 |
| | % of Total | .0% | .0% | 1.6% | 3.3% | 4.9% | 9.8% |
| >90% | Count | 0 | 1 | 1 | 6 | 2 | 10 |
| | % of Total | .0% | .8% | .8% | 4.9% | 1.6% | 8.1% |
| Total | Count | 1 | 24 | 16 | 29 | 53 | 123 |
| | % of Total | .8% | 19.5% | 13.0% | 23.6% | 43.1% | 100 |

Table 8: Chi-Square Tests

| | Value | Df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square | 19.986 ^a | 12 | .067 |
| Likelihood Ratio | 21.411 | 12 | .045 |
| Linear-by-Linear Association | 2.291 | 1 | .130 |
| N of Valid Cases | 123 | | |

a. 11 cells (55.0%) have expected count less than 5. The minimum expected count is .08.

Table 9 Symmetric Measures

| | | Value | Asymp. Std. Error ^a | Approx. T ^b | Approx. Sig. |
|----------------------|----------------------|-------|--------------------------------|------------------------|-------------------|
| Interval by Interval | Pearson's R | .137 | .075 | 1.522 | .131 ^c |
| Ordinal by Ordinal | Spearman Correlation | .147 | .083 | 1.631 | .106 ^c |
| N of Valid Cases | | 123 | | | |

a. Not assuming the null hypothesis .b). Using the asymptotic standard error assuming the null hypothesis. c). Based on normal approximation.

Interpretation: Most of the respondents are spending on regular calls and the amount is less than 50% of their mobile bills. ** Interesting thing to observe from above 2 interpretations is,



most of the respondents are spending <50% on SMS and Regular calls. So, what eats the major part of pie might be spending on Data usage.

Table 10: Age * Satisfaction_on_VAS Cross tabulation

| | | Satisfaction_on_VAS | | Total |
|-------|-------------|---------------------|-------|--------|
| | | No | Yes | |
| Age | 18-24 Count | 46 | 51 | 97 |
| | % of | 37.4% | 41.5% | 78.9% |
| | Total | | | |
| 25-34 | Count | 10 | 12 | 22 |
| | % of | 8.1% | 9.8% | 17.9% |
| | Total | | | |
| 35-44 | Count | 2 | 2 | 4 |
| | % of | 1.6% | 1.6% | 3.3% |
| | Total | | | |
| Total | Count | 58 | 65 | 123 |
| | % of | 47.2% | 52.8% | 100.0% |
| | Total | | | |

Table 11:Chi-Square Tests

| | Value | Df | Asymp. Sig. (2-sided) |
|------------------------------|-------------------|----|-----------------------|
| Pearson Chi-Square | .041 ^a | 2 | .980 |
| Likelihood Ratio | .041 | 2 | .980 |
| Linear-by-Linear Association | .003 | 1 | .958 |
| N of Valid Cases | 123 | | |

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 1.89.

Table 13: Symmetric Measures

| | Value | Asymp. Std. Error ^a | Approx. T ^b | Approx. Sig. |
|--|-------|--------------------------------|------------------------|--------------|
| | | | | |



| | | | | | |
|----------------------|----------------------------------|-----------|-----------|-----------|-------------------------------------|
| Interval by Interval | Pearson's R Spearman Correlation | .005 .009 | .090 .090 | .052 .100 | .958 ^c .921 ^c |
| N of Valid Cases | | 123 | | | |

a. Not assuming the null hypothesis. b). Using the asymptotic standard error assuming the null hypothesis. c). Based on normal approximation.

Interpretation: Most of the respondents who are satisfied on VAS are in the age group of 18-24 years.

Table 14: Gender * Satisfaction_on_VAS Crosstabulation

| | | | Satisfaction_on_VA S | | Total | |
|--------|--------|------------|----------------------|-------|--------|--|
| | | | No | Yes | | |
| Gender | Female | Count | 29 | 37 | 66 | |
| | | % of Total | 23.6% | 30.1% | 53.7% | |
| | Male | Count | 29 | 28 | 57 | |
| | | % of Total | 23.6% | 22.8% | 46.3% | |
| Total | | Count | 58 | 65 | 123 | |
| | | % of Total | 47.2% | 52.8% | 100.0% | |

Table 14: Chi-Square Tests

| | Value | Df | Asymp. Sig. (2-sided) | Exact Sig. (2- sided) | Exact Sig. (1- sided) |
|------------------------------------|-------------------|----|--------------------------|--------------------------|--------------------------|
| Pearson Chi-Square | .591 ^a | 1 | .442 | | |
| Continuity Correction ^b | .345 | 1 | .557 | | |
| Likelihood Ratio | .591 | 1 | .442 | | |
| Fisher's Exact Test | | | | .473 | .278 |
| Linear-by-Linear Association | .586 | 1 | .444 | | |
| N of Valid Cases | 123 | | | | |



Table 14: Gender * Satisfaction_on_VAS Crosstabulation

| | | | Satisfaction_on_VA S | | Total |
|--------|--------|------------|-------------------------|-------|-------|
| | | | No | Yes | |
| Gender | Female | Count | 29 | 37 | 66 |
| | | % of Total | 23.6% | 30.1% | 53.7% |
| | Male | Count | 29 | 28 | 57 |
| | | % of Total | 23.6% | 22.8% | 46.3% |
| Total | | Count | 58 | 65 | 123 |

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 26.88.

b. Computed only for a 2x2 table

Table 16 Symmetric Measures

| | | Value | Asymp. Std. Error ^a | Approx. T ^b | Approx. Sig. |
|----------------------|----------------------|-------|--------------------------------|------------------------|-------------------|
| Interval by Interval | Pearson's R | -.069 | .090 | -.764 | .446 ^c |
| Ordinal by Ordinal | Spearman Correlation | -.069 | .090 | -.764 | .446 ^c |
| N of Valid Cases | | 123 | | | |

a. Not assuming the null hypothesis. b). Using the asymptotic standard error assuming the null hypothesis. c). Based on normal approximation.

Interpretation: Most of the respondents are satisfied with VAS but among male & female; female are more satisfied with VAS.

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**IMPACT OF CONSUMER'S GENDER BASED DIFFERENCES ON ATTITUDE
TOWARDS BRANDS WITH RESPECT TO SINGLE VS. MULTIPLE CELEBRITY
ENDORSEMENTS**

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ABSTRACT

The aim of the current study was to know the Impact of Consumer's Gender based Differences on Attitude towards Brands with respect to single vs. multiple celebrity endorsements. The study was based on an empirical research approach, which used a convenience sample of 360 young adult consumers. An 18-question survey and a twelve media print ads were utilized as a stimulus. Out of these twelve ads, seven contained a single celebrity endorsement whereas the remaining five had multiple celebrity endorsement. The results indicated partial support for six hypotheses, regarding differential attitudinal response by male and female consumers toward single or multiple celebrity ads. The implications of the study results as well as limitations and possible future research options are discussed.

KEYWORDS: *Gender Differences, celebrity endorsements, Consumer attitudes, etc.*

I. INTRODUCTION

Portrayal of Models, athletes, actors and singers are often used in advertisements to endorse products and services. A large amount of money, energy and time is spent by advertisers on celebrities who convince customers to buy products of a certain brand. This phenomenon is called celebrity endorsement.

A person who enjoys public recognition from a large share of a certain group of people and uses this recognition on behalf of a consumer good by appearing with it in advertisements is known as a *celebrity*. (McCraken 1989). They are usually known to the public for their accomplishments in areas other than the product endorsed by them. (Friedman & Friedman 1979). This stands true for classic forms of celebrities such as actors like Shah Rukh Khan, models like Milan Somen, Sports athletes like Sachin Tendulkar and entertainers like Maliaka Arora Khan but also for less obvious groups such as businessmen like the Ambani's or politicians like Rahul



Gandhi.(Schlecht 2003).

In India especially, it is not difficult to find motives for the increasing use of celebrities in advertisements as Indians have always been in awe of the stars of the celluloid world. Unlike the foreign counterparts they have always consecrated them and placed a halo behind their heads implying that their celebrities could do no wrong. (Anonymous, 2001). Indeed, some people are seen to admire, imitate, and become besotted with their favorite celebrities, which forms the crux for the celebrity endorsement being quite a sought after advertisement technique.(McCutcheon et.al 2003)

II. LITERATURE REVIEW

Brand endorsements by celebrities are a widespread phenomenon in India and worldwide. For decades, the celebrities present in the Indian films have provided lifestyle cues to youth. Given the popularity, size and reach of the celebrities present in the film industry have the power to influence the attitude and behavior of millions of people, particularly the youth in India. The result of several discussions between strategic media work and WHO, after consulting with media experts, sociologists, films and television professionals and academics as well as scanned media reports, determines the impact of films and its consequent impact of celebrities on the youth. (Anonymous, 2003)

The country observed for the first time aggressive competition between new players and big established businesses with the opening of the new Indian economy in 1991.(Malhotra 2005). Consumer's expectations and demands are continuously rising in today's dynamic and competitive environment forcing marketers to adopt more creative advertising efforts such as celebrity endorsements to influence consumer brand choice and behaviour. (Alsmadi 2006). Hence, there was an novelty of the celebrity brand endorsement which has proliferated to have become a multi-million dollar industry in India today.(Malhotra 2005)

Furthermore the celebrities in India live a very public life, hence several aspects of their lives are exposed to the general public such as where they shop, where they holiday, their favorite food and so on and thus receives extensive coverage from the media. The best example to support this is the South Indian actor Rajnikanth who has temples dedicated to his glory.(Dixit 2005)

However, a few of the brands have, no doubt, been established without celebrity endorsement (Kulkarni and Gaulkar, 2005). Procter & Gamble promoted its 'Rejoice' brand in India with an



ordinary woman in their advertising which worked well. They do not believe in celebrity endorsement and think that consumers, especially housewives, are more prone to identify with a lay person than a celebrity. A few more examples that can be given are Lifebuoy, Close Up, Fevicol etc.

Katyal (2007) asserts that there is the presence of great potential for celebrity endorsement in India to be seen as truly relevant, thereby inducing customer to purchase the product. He also states that star power in India can be identified by the successful endorsements done by Shah Rukh Khan for three brands namely Santro, Clinic Al-clear and Pepsi.

III. RESEARCH HYPOTHESES

Based on the current research issue, given the findings indicated in the literature, the following hypotheses have been developed:

H 1: There is a significant difference between a consumer's gender and his purchase intention with respect to single celebrity ads.

H 2: There is a significant difference between a consumer's gender and his purchase intention with respect to multiple celebrity ads.

H 3: There is a significant difference between a consumer's gender and his attitude toward ad with respect to single celebrity ads.

H 4: There is a significant difference between a consumer's gender and his attitude toward ad with respect to multiple celebrity ads.

H 5: There is a significant difference between a consumer's gender and his attitude toward brand with respect to single celebrity ads.

H 6: There is a significant difference between a consumer's gender and his attitude toward brand with respect to multiple celebrity ads.

IV. METHOD



A. SAMPLE AND RESEARCH DESIGN

This study is based on field work and it took place in Hyderabad, the capital city of Telangana State with the participation of 360 young adult consumers. The research was conducted using a combination of a survey and a set of print ads. All of the respondents in the study were 18 years or older. The data collection team used a mall-intercept approach, consumers who showed an interest to participate in the study were selected. The consumers were briefed about the purpose of the study prior to filling out the surveys. Surveys were conducted at four selected shopping malls in a large metropolitan area. Each respondent was provided with all twelve of the print ads in addition to the survey sheets. To avoid systematic biases, recruiters paid attention to selection criteria based on cross-cultural balance, gender, age distribution, day of week, and time of day. After the process of data editing, the usable sample was 342 respondents.

The surveys were composed of eighteen questions and twelve print media ads containing single and multiple celebrity endorsements. Twelve print media ads were selected based on the number of celebrities in them. Out of these twelve print ads, seven had a single celebrity in them, whereas the remaining five ads contained three or more celebrities. All of these print ads were from consumer goods and all of the celebrities involved in the ads used in the study were Indians.

The first Ad was for Pepsi brand with a famous Cricketer, Actor and Actress. The second ad belonged to Lux Soap featuring a well-liked female actress and a male actor. The third ad was for Head & Shoulders brand Shampoo with a real-life married celebrity couple, a famous female actress and a male actor. The fourth multiple celebrity ad was for an ICICI bank, and featured a Bollywood Superstar along with a middle-aged male actor. The last was a TAG Heuer ad and featured highly famous Film actors. Among some of the single celebrity endorsed ads, we can list a Eveready Batteries ad with a male actor, an Acer ad featuring Hrithik Roshan, a national soft-drink brand with a female model/ Actress , another soft-drink brand featuring a male actor. The reliability of the measuring instrument was evaluated by Cronbach Alpha analysis ($\alpha = 0.85$).

V. FINDINGS AND DISCUSSION

Several statistical techniques were used at the analytical stage, including frequency analysis and independent sample t-tests.



Table 1. Distribution of Respondents According to Demographic Characteristics

| Variables | Frequency | Percentage |
|---------------|-----------|------------|
| Gender | | |
| Female | 197 | 57,6 |
| Male | 145 | 42,4 |
| Age | | |
| 18-23 | 121 | 35,4 |
| 24-29 | 106 | 31,0 |
| 30-35 | 115 | 33,6 |

Table 1 above shows the distribution of the sample according to gender and age groups. Out of the 342 respondents in the study, 197 were female and 145 were male consumers. Roughly 65% of the sample was made up of consumers between the ages of 24-35.

Table 2. Consumers Preference for Single vs. Multiple Celebrity Endorsements in Advertisements

| | Frequency | Percentage |
|------------------------|------------|--------------|
| Single Celebrity Ads | 94 | 27,5 |
| Multiple Celebrity Ads | 248 | 72,5 |
| TOTAL | 342 | 100,0 |

When respondents were questioned about their preferences regarding the use of single and multiple celebrity endorsements in advertisements, 72% stated they preferred ads where there are multiple celebrities endorsing a product. Consumers reported ads with multiple celebrities create more positive attitude toward that product and brand. Consumers elaborated by adding that



multiple celebrity endorsements implies a consensus toward that product or service, thus increasing the level of credibility and persuasion.

The first two hypotheses of the study (H1 and H2) argued whether there is a significant difference between a consumer's gender and his purchase intention with respect to single vs. multiple celebrity ads. H1 has been rejected since the analysis revealed a significance level of (p) $0,47 > 0,05$. Thus, it is concluded that there is no significant difference for male and female consumers and their purchase intentions with respect to single celebrity endorsement ads. A similar finding has been reported for H2 hypothesis. The analysis revealed a significance level of (p) $0,59 > 0,05$, meaning there is no significant difference for male and female consumers and their purchase intentions with respect to multiple celebrity endorsement ads.

Table 3. Independent Sample T –test for Single Celebrity Endorsements

| | Gender | Mean | St. Deviation | t value | p value |
|------------------------------|--------|------|---------------|---------|---------|
| Purchase Intention | Female | 3,41 | 0,619 | 0,713 | 0,47 |
| | Male | 3,36 | 0,676 | | |
| Attitude Toward Ad | Female | 3,27 | 0,691 | 2,001 | 0,04 |
| | Male | 3,11 | 0,796 | | |
| Attitude Toward Brand | Female | 2,57 | 1,278 | 0,568 | 0,57 |
| | Male | 2,48 | 1,44 | | |

The second set of hypotheses (H3 & H4) related to the impact of the gender of the consumer and their attitude toward the ad with respect to ads featuring single vs. multiple celebrity endorsements. H3 was accepted since a significance level of (p) $0,04 > 0,05$ was reported. Similarly, H4 was also supported with a significance level of (p) $0,03 > 0,05$, Therefore, it was concluded that there is actually a difference between male and female consumers and their



attitude toward ads with respect to single vs. multiple celebrity endorsements. The group statistics for male and female consumers are depicted on Table 3 above.

Table 4. Independent Sample T –test for Multiple Celebrity Endorsements

| | Gender | Mean | St. Deviation | t value | p value |
|------------------------------|--------|------|---------------|---------|-------------|
| Purchase Intention | Female | 3,54 | 0,655 | 0,535 | 0,59 |
| | Male | 3,5 | 0,785 | | |
| Attitude Toward Ad | Female | 3,51 | 0,714 | 2,077 | 0,03 |
| | Male | 3,34 | 0,798 | | |
| Attitude Toward Brand | Female | 3,3 | 0,759 | 1,99 | 0,04 |
| | Male | 3,13 | 0,809 | | |

The last set of hypotheses (H5 & H6) in the study focused on the gender of the consumer would have an impact on attitude toward brand with respect to ads featuring single vs. multiple celebrity endorsements. H5 was rejected with a p-value of 0,57 but H6 was supported with a p-value of 0,04. As a result, it was concluded that there is indeed a difference between male and female consumers in their attitude toward an ad for ads with both single and multiple celebrity endorsements. However, no differences were observed among the sexes, when purchase intentions and attitude toward brand were considered. The situation was different for ads featuring multiple celebrities. Even though no difference was reported among male and female consumers for purchase intentions, men and women developed varying attitudes toward ads and brands.

VI. LIMITATIONS AND FURTHER RESEARCH

The empirical work in this study was based on an urban sample from the capital city of Telangana State. The sample size was relatively small (342 respondents) due to limited resources. Further research is needed to explore this issue in greater depth across India. It would



be interesting to assess whether the results found here would hold in the case where the same study is conducted in other major cities like (Mumbai, Bangaluru, etc...) of the country. Additionally, the study can be repeated in the Telangana State with a rural population and the results from both studies can be compared.

Further research can incorporate other demographic variables such as age and education level. It would be interesting to determine whether consumers from varying age groups and education levels portray differences in attitudes and behavior towards brands when exposed to ads featuring single vs. multiple celebrity endorsements.

VII. MANAGERIAL IMPLICATIONS

The findings of this study are expected to provide guidance to advertising agencies and specialists in the Telangana market to improve the effectiveness of their celebrity-based advertising strategies. This research revealed that Hyderabad consumers were generally positive about the use of celebrities in advertising. However, there is a need for further investigation to understand the extent to which Hyderabad consumers believe the claims made by celebrities about products and services they endorse. The positioning of celebrities in the minds of consumers, their credibility levels are important aspects to investigate. Managers should focus research efforts in these particular areas to improve advertising effectiveness and ultimately increase potential revenues.

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RECENT TRENDS IN MARKETING: DIGITAL MARKETING FOR MSME'S

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ABSTRACT

Micro Small and Medium Enterprises (MSME's) were playing spine role in Indian industrial sector with contributing 7.6% in Gross Domestic Product and 45% of employment with low capital cost. MSME's also helps in rapid industrialization in urban as well as rural areas. It is facing challenges like delay in permissions and support from government, cumbersome documentation procedure for loans and lack of finance. This sector faces stumpy market access through marketing and promotions to reach its customers. This descriptive research discussed about existing marketing strategies of MSME's and focus on scope of digital marketing for MSME's. Data is gathered from secondary sources like web portals of MSME's, NSIC, TRAI and research journals. Found that digital marketing is one of the emerging tools for solving marketing related problems faced by MSME's by spending low finance. Digital marketing is a marketing that makes use of electronic devices for promotion of products or brands via computers, tablets and mobile phones. As internet users in India increasing day by day it shows the path for digital marketing. It provides scope for MSME's for their marketing and promotion. "If your business is not on the internet than your business will be out of business- Bill Gates", which reveals the significance of digital marketing.

Key words: *MSME's, Digital marketing, E-commerce websites, Vendor Registration, Search engine Optimization, Search Engine marketing, Social Media Marketing.*

I. INTRODUCTION

World's economy in both developed and developing countries mainly supported by Micro Small Medium enterprises by providing large number of employment with low capital. In India before and after independence MSME's are playing vital role in Industrial sector growth. According to the provisions of Micro Small &Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (popularly known as MSME) are classified in two classes:

A. Marketing



“Marketing is the management process that identifies, anticipates and satisfies customer requirements profitably”.

-The Chartered Institute of Marketing.

It's true that marketing is a difficult task for MSME's products and services. Till now they are following

- A) Traditional and expensive marketing strategies to market their products
- B) Subsidy based marketing strategies with support from Government.

B. Digital Marketing

Now a day's everything is available on finger tips. Marketing through electronic devices or effective utilization of electronic devices for marketing is called digital marketing. People are using electronic devices like Personal computers, tablets, mobiles and touch pads widely for their day to day activities like purchases and sales.

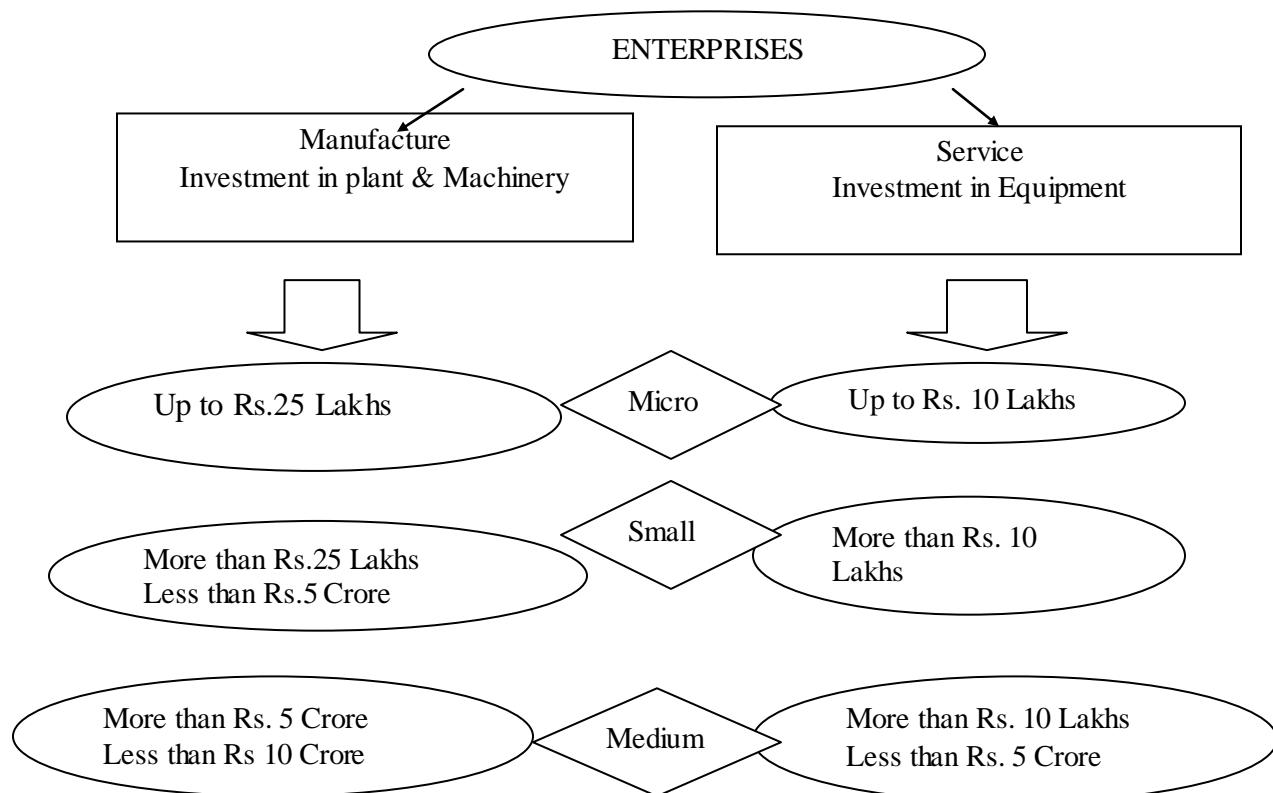


Figure 1: classification of MSME's. Source: MSME'S act 2006.



Figure 1 Shows MSME's are broadly classified into manufacture enterprises and service enterprises. Based on their investment limit they are categorized into micro, small & medium enterprises.

II. OBJECTIVES OF RESEARCH

- To examine existing marketing strategies followed by Micro, Small & Medium Enterprises.
- To identify the scope for digital marketing in MSME's through e-commerce websites.

III. RESEARCH METHODS

Data is being collected through secondary sources, like different websites, government publications and various research journals.

IV. THEORETICAL DISCUSSION

Marketing Strategies of Micro, Small & Medium Enterprises

Generally these enterprises are selling their products or services on bulk basis with a low margin of profits. In this process they having following strategies

Traditional marketing Strategies

Traditional marketing is identifying potential customers or bulk buyers for their products or services. Marketing is the biggest task for the producers.

Marketing Assistance Scheme by Government

Government is providing marketing assistance with National Small Industries Corporation (NSIC) to enhance competitiveness and marketability of their products. They are

| S no | Marketing Assistance Scheme Details |
|------|---|
| 1 | Organizing International Technology Exhibitions in Foreign Countries by NSIC and Scale of assistance given to Space rent, Fright charges, Air fare concession, Advertisement and Publicity participation inside and outside of India. |
| 2 | Organizing domestic exhibitions/trade fairs in India. |
| 3 | “Tech Mart” exhibition conducted by NISC during India International trade fair in the month of November at concessional prices. |
| 4 | Supported for co-sponsoring of exhibitions organized by other organizations. |
| 5 | Buyers- Sellers meets are organized to bring bulk buyers of Government department |



| | |
|---|---|
| | such as railways, defense and communication departments. |
| 6 | Intensive campaigns and marketing promotion events. |
| 7 | <p>Other supporting activities</p> <ul style="list-style-type: none">a) Development display centers, show windows and hoardingsb) Brochures, product specific catalogues, and preparation of short filmsc) “Development of website/ portal” for facilitating the marketing of MSME productsd) Preparation and up gradation of SME directorye) Documentation of success stories. |

Source: http://msme.gov.in/Marketing_Assistance_Scheme.pdf (Accessed on 13th Mar 2015).

Ministry of Micro Small Medium Enterprises' is extending its support through Assistance (i.e. either subsidies or concessions) for business marketing. Only few enterprises are having their own websites/portals. Marketing is a difficult task for these enterprises.

V. NEED FOR DIGITAL MARKETING

“If your business is not on internet then your business will be out of business” –Bill Gates.

By agreeing above statement, Consumers buying behaviors are changed now. Consumers are thinking for convenience so most of the consumers are opting e-commerce websites (or) search engines for their needs. At the same time internet users are also increasing rapidly. Hence, it is important to know and implication of digital marketing. It also stressed that Management of Micro Small Medium Enterprises need to know about technical awareness.

VI. ANALYSIS AND INTERPRETATION

Table 1 :Users of Digital Technology (Statistics at Glance):

| S no | Network | Number of users(in millions) |
|------|---|-------------------------------|
| 1 | Total internet subscribers (in the month June 2014) | 259.14 |
| 2 | Mobile wireless internet users | 092.67 |
| 3 | Face book | 112 |
| 4 | Twitter | 022.22 |



Source: <http://www.trai.gov.in/WriteReadData/WhatsNew/Documents/quarterly%20press%20rel ease%20-final.pdf> (Accessed on 9th Mar 2015) and <http://www.emarketer.com/> (Accessed on 13th Mar 2015).

Above statistics are showing that people in India quantitatively using Internet through electronic gadgets.

Search engine optimization

Customers are searching for information through search engines. Ex Google, Bing, Yahoo, MSN... In this process

Step 1: Select the browser and Start searching through Search Engine

Step 2: Millions of websites will appear in an order

Step 3: Customers click websites one by one

Step 4: He/she select the appropriate website for his/her needs.

In this entire process they only concentrate on top 20 websites in their search. To appear in top websites its traffic plays vital role (i.e. website with highest number of clicks or visits appears on top). However this place will keep on changing. To be on the top, search engine optimization needed. Search engine optimization is “practice that aims to improve and enhance website ranking and visibility for specific key words in search engines in natural (or) unpaid (organic) search results”.

To achieve Search Engine Optimization

- We have to improve website traffic by pay per click program.
- A balance of on and off page programming method.

Pros and Cons

Quick and active team will take care of Optimization

It is less expansive.

Search Engine Marketing

Search engine marketing is a “process of gaining website traffic and visibility on top through paid format (or) buying traffic through paid search listings”. Popularly advertisement will appear on top sides of search engines. There are examples of search engine marketing.

Social Media Marketing



Social networking sites visiting are also become daily activity in these days. “Process of gaining traffic or attention through social media sites is called social media marketing”.

Marketing with E-commerce websites

Electronic commerce popularly known as e-commerce is one of the way to reach the customers. Buying and selling over electronic media.

| Seller registration @ Flip kart | Seller Registration @ Amazon India | Sellers @ Snapdeal.com |
|--|---|---|
| 1). Business entity registration 2). Tax registration – PAN, TIN &TAN. 3). Bank account opening on business entity. 4). Registration with Flip-Kart.(i.e. Name, Email ID, Phone number, Pickup address, Business Address, categories of products, business registration documents, tax documents.) 5). Sell on Flip-Kart | 1). Company details (.i.e. company registration) 2). Contact details (.i.e. e-mail and phone number) 3). Information about business | 1) Business Registration 2) Tax registration 3). Bank account in the name of business 4). Snap deal registration 5). Sign on partnership 6). Set up online shop 7). Start selling |

Source: <https://seller.flipkart.com/> (accessed on 11 mar 2015).

<http://services.amazon.in/services/sell-on-amazon/benefits.html> (Accessed on 11th Mar 2015).

<http://sellers.snapdeal.com/> (Accessed on 11th Mar 2015).

The above e-commerce websites are offering to sell individual firms products through their websites. However, registration process of seller may differ from one to another.



Advantages with Online shopping sites

- Easy to register with online shopping websites. No need to spend money on website.
- Preparing of catalogue is easy
- Greater accessibility throughout India.
- Availability of Potential customers
- Easy and prompt payment services available.

VII. FINDINGS

It is having two formats of marketing, unpaid and paid formats. For unpaid format website they should have highest number of visitors, however it happen only when firm have reputation. For paid form of marketing it is easy for all to paying money and their website appear in top place. For MSME's digital marketing through e-commerce websites easy way to register and selling. Process of registration also liberalized by popular websites, at the same time these popular e-commerce websites will maintain search engine optimization, social media marketing and all aspect digital marketing.

VIII. SUGGESTIONS

Digital Marketing is suitable for Small and Medium scale enterprises.,,

- For Micro Scale Enterprises it is less expensive marketing, Seller (vendor) will have to register with leading online shopping websites.
- For Small Scale Enterprises online shopping sellers as well as search engine optimization model best options.
- For Medium Scale Enterprise all versions of digital marketing (both paid and unpaid formats) to be considered.

IX. CONCLUSION

It is observed that internet users are increasing day by day and most of the industries as well as customers are widely using either Search engines (or) online shopping websites for their requirements or needs. Hence, technical education is needed for Micro Small and Medium scale industries do their marketing including selling through e-commerce websites. Famous online shopping websites provides platform to do their business in easy way.



X. SCOPE FOR FURTHER RESEARCH

Present paper focused on reputed e-commerce websites, further many e-commerce websites entering in to the market with different digital marketing strategies, which gives soaring scope for further research.

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**A CONCEPTUAL STUDY ON SUPPLY CHAIN MANAGEMENT IN RETAILING
WITH REFERENCE TO HYDERABAD**

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ABSTRACT

Supplying the right product at right time to customer is the basic aim of Indian retailers at this time. Growing competition gives the new retailer a platform of better arrangements. Supply chain management is the basic part of retail sector in India. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate this activity. SCM has got the great role in supplying the products to the customers at the right time. There are corporate retail chains are present in Telangana State (Hyderabad City) almost for a decade with the entry of Margin Free Markets. Now, many of the leading corporate retailers are have their presence in the state. The success of a large retail lies in the proper management of its supply chain which, in turn, is the management of upstream and downstream relationships with and customers to deliver superior customer value at less cost to the supply chain as a whole. The relationship and collaboration with the other entities in the supply chain is crucial. So this paper provides the suggestions on application of latest tools available in logistics and supply chain management to achieve the excellence in distribution for customer value.

Keywords: organised retail, retail supply chain, modern retail, corporate retail chains, upstream and downstream relationships, customer value

I. INTRODUCTION

India is going through a retail revolution. All the big business houses are entering this Sector and it is growing at a very past pace. Retail is offering tremendous opportunities in employment. However, the nature of business changes so does the nature of competition. One of the most important challenge in organized retail in India is faced by poor supply chain and logistics management. The importance can be understood by the fact that the logistics management cost



component in India is as high as 7% -10% against the global average of 4% - 5% of the total retail price. Therefore, the margins in the retail sector can be improved by 3% - 5% by just improving the supply chain and logistics management. In India, with demand for end-to-end logistics solutions far outstripping supply, the logistics market for organized retail is pegged at \$50 million and is growing at 16%. It is expected to reach \$120-\$130 million by 2010. Organized retail on the other hand is growing at 400% and is expected to reach around \$30 billion by 2010. Even supply chain and logistics firms like Hong Kong based Heng Tai Consumables and ABS Procurement Co and ACM China (the greenhouse specialist) is also eying the opportunity for managing the supplies.

The supply chain management is logistics aspect of a value delivery chain. It comprises all of the parties that participate in the retail logistics process: Manufacturers, Wholesalers, and Third Party Specialists like Shippers, Order Fulfillment House etc. and the Retailer. Here, logistics is the total process of planning, implementing and coordinating the physical movement of merchandise from manufacturer to retailer to customer in the timeliest, effective and cost efficient manner possible. Logistics regards order processing and fulfillment, transportation, warehousing, customer service and inventory management as interdependent functions in the value delivery chain. It oversees inventory management decisions as items travel through a retail supply chain. If a logistics system works well, the retail firm reduces stock outs, hold down inventories and improve customer service – all at the same time.

Logistics and Supply Chain enables an organized retailer to move or store products more effectively. Efficient logistics management not only prevents needless movement of goods, vehicles transferring products back and forth; but also frees up storage space for more productive use. Retail analysts say on-time order replenishments will become even more critical once the Wal-Mart/ Bharti combine begins operations - the American retailer works almost entirely on cross-docking and is likely to demand higher service levels, including potential levies for delays in shipment.

The efficiency and effectiveness of supply chain and logistics management can also be understood by the fact that modern retail stores maintain lower inventories than traditional retail. In India, generally in the traditional kirana stores, three weeks inventories are kept while in a modern retail store like Hypercity, it's nine days and it's under two weeks for Food Bazaar. Now,



it is beneficial for both the manufacturer as well as the retailer. If we go through the following food supply chain in India, we find that a lot can be improved by maintaining the supply chain and logistics. their availability on a relatively large scale and supplying them to customers on a relatively small scale. Retailer is a Person or Agent or Agency or Company or Organization who is instrumental in reaching the Goods or Merchandise or Services to the End User or ultimate Consumer.

Supply chain management is a set of approaches utilized to efficiently integrate suppliers, manufacturers, warehouses, and stress, so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time, in order to minimize system wide costs while satisfying service level requirements. In other words, the Supply Chain Management Program integrates topics from manufacturing operations, purchasing, transportation, and physical distribution into a unified program. Successful supply chain management, then, coordinates and integrates all of these activities into a seamless process. It embraces and links all of the partners in the chain. In addition to the departments within the organization, these partners include vendors, carriers, third party companies, and information systems providers.

There are four critical drivers that affect a Supply Chains performance and profitability and enable it to be more responsive these are:

1. Inventory
2. Transportation
3. Facilities
4. Information

The objective of supply chain management is to be efficient and cost-effective across the entire system, total system wide costs, from transportation and distribution to inventories of raw material, work in process and finished goods, are to be minimized. Thus the emphasis is not on simply minimizing transportation cost or reducing inventories but, rather, on taking systems approach to supply chain management. It is the facility that has an impact on cost and plays a role in making the product conform to customer requirements from supplier and manufacturing facilities through warehouse and distribution centers to retailers and stores. As we know that demanding customers, hyper-competitive markets, increased customization, and other retail challenges have major implications for logistics. So the integrated services that can improve



every phase of supply chain to satisfy customers, and help the retailers to optimize the market position.

II. ROLE OF SUPPLY CHAIN IN INDIA ORGANIZED RETAIL

The role of supply chain in Indian organized retail is very significant for on it depends the growth of this sector. The Indian Supply Chain Council have been formed to explore the challenges that a retailer faces and to find possible solutions for India. The role of supply chain in the organized retail sector in India should be a shelf- centric partnership between the retailer and the manufacture for this will create supply chains that are loss free. This will also give rise to top and bottom line growth. In the organized retail sector in India the presence of fresh produce (vegetables and fruits) is very small. This is so for the nature of supply chain is very fragmented. This shows the important role of supply chain in the organized retail sector in India.

In the organized retail market in India the role of supply chain is very important for the Indian customer demands at affordable prices a variety of product mix. It is the supply chain that ensures to the customer in all the various offerings that a company decides for its customers, be it cost, service, or the quickness in responding to ever changing tastes of the customer. The infrastructure in India in terms of road, rail, and air links are not sufficient. And so warehousing plays a major role as an aspect of supply chain operations. To overcome these problems, the Indian retailer is trying to reduce trans portion costs and is investing in logistics through partnership or directly. The Indian organized retail sector is growing so the role of supply chain becomes all the more important. It should become all the more responsive and adaptive to customers demand. There is also need for the supply chain to be more cost efficient and collaborative to win the immense competition in this sector. the role of supply chain in Indian organized retail has expanded over the years with the boom in this industry. The growth of the Indian retail industry to a large extent depends on supply chain, so efforts must be made by the Indian retailers to maintain it properly.

III. TRENDS IN SUPPLY CHAIN MANAGEMENT PRACTICES

Changing business dynamics and intensifying competition have brought about new challenges for supply chain professionals. Globalization, shortened product lifecycles, stringent regulations and volatile markets have made effective supply chain management a prerequisite for business



success and growth. So supply chain professionals are constantly assessing their supply chains to make sure that gaps are filled and inefficiencies corrected promptly. And these market demands and economic conditions have brought about some interesting and noteworthy trends in supply chain management:

IV. RESPONSIVENESS

Traditionally supply chains have been driven by forecasts, and supply of inventory has been based on predicted demand. However, this model does not work in the current dynamic market scenario. Manufacturers are now expected to be highly responsive to changing market demands. And this has led to the emergence of tools which enable better visibility, communication, and collaboration, and empower manufacturers by making their supply chains more responsive, flexible and versatile.

V. COLLABORATION & COMMUNICATION

Globally distributed operations, outsourced manufacturing, and multiple regulatory standards necessitate better co-ordination and timely communication in supply chains. And these are crucial aspects in supply chain management today. So there is growing emphasis on the need for efficient collaboration and communication, to enable judicious decision-making. Hence supply chain solutions are also increasingly catering to this need.

VI. HIGH ROI WITH ADVANCED SOFTWARES

Unfriendly economic conditions have forced manufacturers and supply chain professionals to cut down on their IT budgets. This has led to the growing use of applications in supply chain management, which offer advanced, and integrated information management capabilities.

VII. SCM AND ITS MULTI DISCIPLINARY ORIENTATION

In the present context, Supply Chain Management is previewed not just as a single discipline. As above said, it is a multifocal discipline actually helps organizations in bringing the maximum yield from innovative practices of SCM, like:



VIII. SUPPLY CHAIN INFORMATION SYSTEMS

Information systems are essential to managing a supply chain. The supply chain information systems rely on either EDI (Electronic Data Interchange) or the Internet to transmit information within the supply chain. A valuable initial element in managing a supply chain is developing supply chain information systems. The concept of supply chain management is built on functional integration, which is supported and often catalyzed by information technology.

IX. TRANSPORTATION IN A SUPPLY CHAIN

Transportation refers to the movement of product from one location to another as it makes its way from the beginning of a supply chain driver because products are rarely produced and consumed in the same location. Transportation is a significant component of the costs incurred by most supply chains. The role of transportation is even more significant in global supply chains. International trade is becoming a bigger part of the world's economic activity. Any supply chains success is closely linked to the appropriate use of transportation. Supply chain also use responsive transportation to centralize inventories and operate with fewer facilities.

X. NEW ROLES FOR SALES MANAGEMENT

To support the sales force in its new supply chain management roles, sales managers need to train, support and encourage supply chain activities and logistics expertise. To achieve this goal, sales managers must also adopt a new orientation and embrace new management technique to enhance supply chain performance. Specifically sales managers must become "Change Agents" in the sales organization and lead the sales force in a new direction. Training programs, performance objectives, and compensation package need to be adapted and better aligned with a supply chain management.

XI. SUPPLY CHAIN INTEGRATION

Supply chain management links demand management, resource management and supply management. The nature of the industry that the retail organisation operates in also influences supply chain and logistics decisions. Retail organisations exist in the markets with following characteristics need more integrated approach. Like

- Short Life Cycles



- High Volatility
- Low Predictability
- High Impulse Purchase

Thus, pushing firms into situations where they need to act fast i.e., slow to market, miss out on a sales opportunity that may not be repeated. Retail organisations need to strengthen themselves in the following aspects:

XII. TIME-TO-SERVE AND REACT

Traditionally, orders from retailers had to be placed on suppliers many months in advance. This gives rise to the risk of obsolescence and high stock-outs as well as increased cost of inventory. And ideally, retailer wants to meet a customer's requirement at the time and place that the customer needs them. The challenge for any business in the fashion market is the ability to see real demand. Real demand is what the customers are buying or requesting for. Because most supply chains are driven by orders, which themselves are driven by forecasts and inventory replenishments, individual parties in the chain will have to gain visibility of the final market place.

XIII. THE LEAD TIME GAP

The fundamental problem that faces many companies is that the time that it takes to source materials, convert them into products and move them into the market place is invariably longer than the time that the customer is prepared to wait. This difference between what might be called the logistics pipeline and the customer's order cycle is termed as the lead-time gap. The challenge to logistics management is to find ways to reduce, if not, close the gap. Successful companies in retail seem to be able not only to capture the imagination of the consumer with their products, but are often characterized by their agility. Many organisations have found that it is possible to make significant improvements by adopting a twin strategy of simultaneously reducing the logistics lead time and capturing information sooner, on actual customer demand.

Retail Chain in Hyderabad

Rantnadeep – 23 Retail Chains in Hyderabad

1. As Rao Nagar



2. Lb Nagar
3. B.Hills - rd-7
4. B.Hills - rd-12
5. Begumpet
6. BHEL
7. East Maradpally
8. Gachiboli
9. Himayath nagar
10. Hi-tech city
11. Kondapoor
12. Kothapet
13. Madinaguda
14. Mahidipatnam
15. Miyapur
16. Somajiguda
17. Secundrabad club
18. Srinagar colony
19. Tirumalgiri
20. Tolichowki
21. Vikrampuri
22. Yousufguda

Reliance Fresh – 31 Retail Chains in Hyderabad



1. Kukatpalli
2. Ameerpet
3. Santosh nagar
4. S.R.Nagar
5. Dilsukhnagar (Near Astalaxmi Temple)
6. Saidabad
7. Secundrabad
8. Kachiguda
9. Banjarahills
10. Ramanthapur
11. Bowenpalli
12. Chirag ali lane
13. Malkajigiri
14. Mossaram bagh
15. Ramakrishnapuram
16. Tolichowki
17. Vengalrao nagar
18. Kondapoor
19. West maredpalli
20. Alwal
21. Amberpet
22. Attapur



23. Dilsukhnagar

24. Filimnagar

25. Humayun Nagar

26. Hubsiguda

27. Motinagar

28. Nagole

29. Rajendranagar

30. Vidyanaagar

31. Saroor nagar

BigBazaar – 6 Retail Chains in Hyderabad

1. Big Bazaar-Ameerpet

2. Big Bazaar-L B Nagar

3. Big Bazaar-Abids

4. Big Bazaar-Tarnaka

5. Big Bazaar-Chikkadpally

6. Big Bazaar-Kukatpally

Spencers - 30 Retail Chains in Hyderabad

1. Kukatpalli

2. Abids

3. Alwal

4. Amberpet

5. Ameerpet

6. Banjarahills



7. Dilsukh Nagar

8. Chaitanyapuri

9. Asrao nagar

10. Gachibowli

11. Himayathnagar

12. Hubsiguda

13. KpSb colony

14. Mehidipatnam

15. Motinagar

16. Miyapur

17. Musheerabad

18. Old Alwal

19. Old Bowenpalli

20. picket

21. Saidabad

22. Rethibowli

23. sainikpur

24. saroornagar

25. sikhvillage

26. somajiguda

27. tarnaka



28. tolichowki

29. vidyanagar

30. attapur

The consumer market is fast increasing which requires a large network of channel distribution. The social changes such as small families, late marriages are some other factors that are necessitating more middleman. The need for supplying products as nearer to the consumer as possible is assuming greater significance because of increased number of workingwomen and more urbanization. Even the rural consumers are attracted more towards convenience products due to the advertising boom, which is also causing increased work load on the distribution channel system.

Latest improvements in communication technology are facilitating electronic data storing and exchange among the channel members. New methods of transport, freight handling and coordinated methods of transporting have produced a number of new model combinations including containers on ships, which did not exist earlier. The computer revolution has made possible new managerial models vital to the successful management of logistics and other marketing activities. Economic development, which is focus of many developing countries, is also causing increase in the business. The number of channels in a market increased with the increase in economic activity while the number of services performed by retailers decreased. It can be observed that in recent years more and more retired employees, Ex-servicemen and housewives in India are opening wholesale, retail or dealer to supplement their earnings.

Consumer behavior concentrates on understanding the attitudes, attributes, beliefs, values, norms of the consumers and it analysis the way the consumer consciously or unconsciously follows any of these. Consumers do not make decisions in vacuum. Their purchases are strongly influenced by cultural, social, personal and psychological factors. Marketing channels can be viewed as sets of interdependent organizations involved in the process of making a product or service available for use. Marketing channels not only satisfy demand by supplying goods and services at the right place, right quantity, right quality for right price but they also stimulate demand through promotional aspects.



**XIV. SUGGESTIONS FOR FUTURE SUPPLY CHAIN TRENDS IN RETAIL SECTOR
ARE**

- ❖ Strengthen support infrastructure with technology backbone
- ❖ Integrated Warehouses
- ❖ Cold Chain
- ❖ Involving Third Party Logistics (3PL)
- ❖ Backward integration operations
- ❖ Optimize Processes in JIT

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SUSTAINABILITY WITH GREEN MARKETING

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ABSTRACT

Research in a number of disciplines has shown that various products and production methods are adversely affecting the environment. “Care the environment otherwise it scares you” this sentence makes us understand the intensity of the problem. Today, ecological issues are the main concerns of all corporate, who are being called up on to maintain the ecological balance by ensuring that their products are bio-degradable (or) they do not involve indiscriminate use of scarce natural resources. The marketing system has been accused of adding to several evils in the society at large from production to promotion. Green marketing is the new initiative by many corporate in various industries to keep our natural environment safe. Sustainability has become imperative for organizations to be environmentally and socially responsible, which gives them a long-term strategic advantage and helps in building strong brand equity in the future. This paper mainly focuses on the descriptive research by highlighting the green marketing initiatives and strategies practised by various corporate companies in different sectors (manufacturing & service) in distinct areas (like production process, packaging and advertising) which can be ideal for corporate for a greener tomorrow.

Keywords: *Green marketing, bio-degradable, ecological, indiscriminate, sustainability*

I. INTRODUCTION

The products, technology which we are using today are adversely affecting the ecosystem. The companies, customers and government should take the initiatives to bring Green Marketing revolution for the protection of environment collectively. The word green marketing came into prominence in the late 1980's and 1990's after the proceedings of the first workshop on Ecological marketing held in Austin, Texas(US) in 1975.



American Marketing Association defined Green marketing as “the marketing of products that are presumed to be environmentally safe”. Green marketing is the process of developing products and services and promoting them to satisfy the customers who prefer products of good quality, performance and convenience at affordable cost, which at the same time do not have a detrimental impact on the environment. It includes a broad range of activities like product modification, changing the production process, modified advertising, change in packaging etc., aimed at reducing the detrimental impact of products and their consumption and disposal on the environment.

The concept of sustainability was highlighted in the year 1987 by the report “Our common Future” published by World commission on Environment and Development. “Live let live” is the statement which tells that give the others to live their life. Everyone should think what we are going to give to our future generations. The concept sustainability is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The interventions by the government and private companies are commendable but every individual need to involve in implementing the green initiatives.

II. REVIEW OF LITERATURE

According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as “Ecological” green marketing, where all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was “Environmental” green marketing, where the focus was shifted on clean technology that involved designing innovative products which take care of pollution and waste issues. Third phase was “Sustainable” green marketing, which means meeting the needs of the present without compromising the ability of the future generations to meet their own needs.

Dutta, B. (2009, January) in his article on Green marketing titled Sustainable Green Marketing the New imperative published in Marketing Mastermind states that Green Marketing involves developing good quality products which can meet consumer needs and wants by focusing on the quality, performance, pricing and convenience in an environment-friendly way. Unruh, G. And Ettenson, R. (2010) in their research article titled, Growing green: Three smart paths to developing sustainable products, published in Harvard Business Review, introduced three broad



strategies that companies can use to align their green goals with their capabilities: **Accentuate:** Strategy involves playing up existing or latent green attributes in your current portfolio. **Acquire:** Strategy involves buying someone else's green brand. **Architect:** Strategy involves architecting green offerings- building them from scratch.

Grant (2008) points out that “sustainability changes everything”, while Johri (1998) says that the future of green marketing strategy passes through the perception that consumers like green messages and Yudelson (2009) claims that the green marketing space is wide enough for large retailers and developers.

III. OBJECTIVES OF THE STUDY

To study the initiatives taken by various corporate companies as a step towards the regeneration of resources

To emphasize on potentiality to adopt green marketing strategy

To know the difficulties in implementing green marketing

IV. RESEARCH METHODOLOGY

This study is based on the secondary sources of information from various research publications, journals, websites and books. Descriptive research is used for analysis.

Green Marketing:

Scarcity of natural resources and ecological issues are levers for the adoption of green marketing by corporate. Most of the studies have been emphasized on various reasons for this adoption. This paper tries to highlight the 5c's cited as reasons for the adoption of green marketing by corporate.

5 C's for adoption of Green Marketing

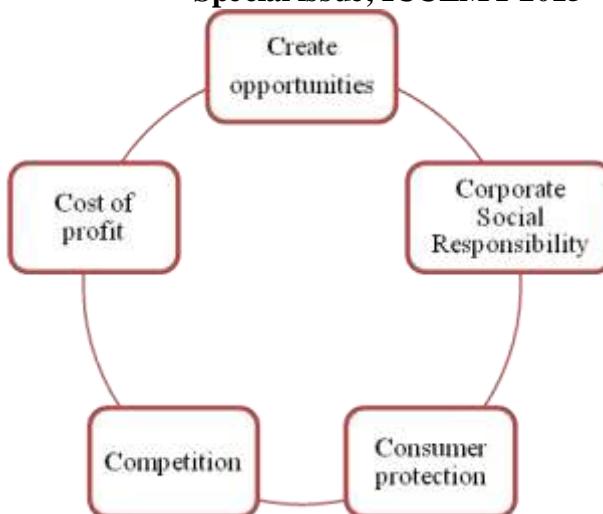


Figure: 5 C's for adoption of Green Marketing

Concepts behind the adoption process are:

- **Create opportunities:** Organizations perceive environmental marketing to be an opportunity that can be used to achieve competitive advantage over firms marketing non-environmentally responsible alternatives. Most organizations strived hard to become more environmentally responsible, to satisfy their consumer needs in a better way.
- **Corporate Social Responsibility:** organizations believe they have a moral obligation to be more socially responsible towards society, customers, suppliers and shareholders. Organizations realized that they are members of the wider community and they must behave in an environmentally responsible way, which results in integration of environmental issues into their corporate culture.
- **Consumer Safety:** government bodies are forcing firms to become more responsible towards the protection (or) safety of consumer as well as society. Government made some regulations related to environmental marketing to protect consumer in several ways. For example, organizations should control the amount of hazardous wastes produced by it.
- **Competition:** Competitors' environmental activities pressure firms to change their environmental marketing activities. In some instances this competitive pressure has caused an entire industry to modify and thus reduce its detrimental environmental behaviour.



- **Cost of profit:** Cost factors associated with waste disposal or reductions in material usage forces firms to modify their behaviour. Disposing environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil are becoming increasingly costly and in some cases difficult. Organizations often develop more effective production processes that not only reduce waste but reduce the need for some raw materials. This serves as a double cost savings, since both waste and raw material are reduced.

Some Cases: Many companies are adopting green marketing to capture the market.

Here are few cases:

A. Renewable energy, Green Hotels, Waste recycling-ITC group

ITC commitment to the environment is manifest in its constant endeavour to enlarge its positive carbon footprint, which was achieved through use of renewable energy sources. ITC is constantly expanding its renewable energy portfolio. More than 38% of its energy consumption is from renewable sources.

ITC Hotels pioneered the concept of Responsible Luxury in the hospitality industry, drawing on the strengths of the ITC groups exemplary sustainability practices. ITC hotels blend elements of nature to deliver a unique value proposition to guests, conscious of their responsibility to be planet positive.

ITC also initiated a unique project called Wealth out of Waste (WOW) in 2007, a recycling programme to create awareness on the Reduce-Reuse-Recycle approach and inculcate the habit of source segregation. Apart from augmenting scarce natural resources the initiative also generates cost-effective raw materials for the paper, plastics, metal and glass industries.

B. Green Product Strategy – LG

The objective of LG Electronics' green product strategy is to minimize the environmental impact on the whole value chain while enriching lives. The strategy consists of three components: energy, human and resources.



Energy strategy is divided into two areas of emphasis: substantially enhancing product energy efficiency and reducing greenhouse gas emissions during the manufacturing process. Resources strategy involves significantly reducing the usage of resources and enhancing the recyclability of the resources they use.

As a part of Human strategy LG took initiatives to substitute hazardous substances with non-hazardous substances when possible. They also incorporated technologies that potentially reduce allergens into some of their products.

C. NDTV 24x7

NDTV 24x7 recently created a green anthem along with A.R. Rehman, and encouraged its viewers to download by sending SMSs to one of its numbers. It also went ahead to tie-up with some of the schools where it got the children to sing the anthem as well as adopt it.

D. VIDEOCON

Videocon recently announced “green” television sets with key features:

- Digital Sensi Eye
- SVMC technology
- Selectable sound

To communicate that these were “green” products, its advertising copy was made green. Its two taglines “Eco Logic for a Sustainable Life” and “Keeping Products Eco-fit”, communicated the message in a loud and clear manner.

E. Delhi Transport Corporation

Supreme Court ordered the Delhi Government to examine ways and means to reduce pollution in Delhi, it asked the government to introduce clean fuel like CNG in the public transport system. This put pressure on the petroleum companies to launch clean fuels with low sulphur content. The only CNG Company Indraprastha Gas Ltd., had to increase its supply. This led to Delhi Transport Corporation becoming the largest CNG-powered transport system in the country.



Today, Indraprastha Gas has 121 CNG distribution stations in Delhi with a combined capacity of 16.47 lakh Kg gas per day, catering to about 90,000 vehicles.

F. Hyundai Cars-Blue Drive Technology

Blue drive is a philosophy that guides Hyundai in its effort to become the automotive leader in sustainability. In future blue drive will expand to include plug-in hybrid vehicles, zero-emission electric vehicles and fuel-cell vehicles that run entirely on hydrogen, the only emission is water. They are committed to being responsible corporate citizens through Green Move initiative. The aim of this initiative is to reduce air pollution and prevent global warming through education programs, cleaner production and green vehicle incentives.

G. Infosys-Green Innovation

Infosys new buildings comply with the Leadership in Energy and Environmental Design (LEED) platinum standard. Their sustainable infrastructure is 25% more efficient than global energy efficiency standards. They have taken an initiative to harvest rain water in reservoirs with a cumulative capacity of 300 million litres at Development centres located in Mysore, Hyderabad, Pune and Mangalore.

H. HPCL Green Initiatives

Despite of dealing with the hazardous products and processes, they have been using technology which minimizes the environmental impact, promoting quality products that reduce pollution and protect environment. Drastic reduction in SO₂ emissions has been achieved by HPCL. Dependence on road transport for evacuation of products has been greatly reduced by increasing volumes of products evacuating through pipelines.

V. CONCLUSION

Green marketing is the need of the hour. Green marketing is essential to save world from global warming. This could be seen if all nations make strict rules related to production and packaging. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigour, as it has an environmental and social dimension to it. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. It is the responsibility of the company to



produce products which have less impact on the environment. Some companies created a benchmark with distinct strategies which can be adopted by others. As the consumers have become sophisticated, they require clear information about how choosing one product over the other will benefit the environment. Ultimately green marketing requires that consumers “Think” green think clean, think eco-friendly which means they want a cleaner environment and they are willing to pay for it, though higher priced goods, modified lifestyles. Until this occurs it will be difficult for firms alone to lead the green marketing revolution.

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TECHNOLOGIES ASSOCIATED WITH THE PROCESS OF CRM

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ABSTRACT

In our dynamic, evolving industry new technologies continue to allow us to interact with customers in ways we never imagined. In the universal quest to improve customer relationships, firms rely heavily on technology-based solutions that CRM provides.

This study contributes to this debate by highlighting the major technologies associated with the process of CRM, based upon a review of multidisciplinary literature, a structural model was developed where customers' intention to engage in CRM programs is influenced by four antecedent constructs: attitude toward CRM, subjective norm, perceived behavioral control, and past experience.

The model was estimated under two different situations, where intention to engage in CRM programs was modeled as a reflective construct in the first situation and as a formative construct in the second situation.

Overall, the proposed model contributes to the methodology, CRM, and the marketing literature in general. Furthermore, the proposed model provides managers with a comprehensive understanding of factors that influence customer participation in CRM programs. The study showcases actions that managers can take to increase customers' intention to engage in CRM programs, thereby increasing the likelihood of CRM success.

Key words: CRM, CRM process, CRM technologies, CRM programs.



I. INTRODUCTION

CRM has built up a great deal of academic, technological, and industrial knowledge around its core concept that is looking after customers better. The trend towards building relationships with customers continues to grow and marketers have become increasingly interested in retaining customers over longer periods of time. Customer Relationship Management (hereafter referred to as CRM) is a business strategy aimed, through gathering and utilizing information, at selecting customers and managing relationships with them to optimize long-term value.

The attitude toward CRM construct, in turn, is influenced by perceived benefits, perceived risk, and attitude toward the CRM provider. Hence, CRM is about establishing a true relationship with customers; it is about using technology to support the people approach to building relationships, not to replace it; and several customer-related factors that are critical to CRM programs implementations.

CRM is changing many industries and influencing many customers and businesses. Almost every organization in nearly every industry considers the application of some type of customer relationship management program.

The adoption of CRM is fueled by the recognition that long-term relationships with customers are essential assets for an organization, and that information-enabled systems must be developed in order to give that organization what is labeled “customer ownership” - an ownership that will create a competitive advantage - resulting in improved customer retention and profitability for the company.

Ling & Yen defined that CRM moves us back toward creating intimacy with customers, using today's powerful tools and maintaining current mass production and distribution systems. Knowledge (information and analysis) and the need for interactivity and personal contact are the two variables yielding a customer's trust and loyalty. The success of a customer-centric business strategy is not measured only by “share-of-market” but also by “share-of- customer”.

Unlike Direct Marketing, which was a more sophisticated version of direct mail by sending mails based on certain segments of customers rather sending them all the same



communication contents, but it's about reshaping the relationships between a company and its customers.

CRM helps a company to deal with different types of customers by choosing the best marketing strategy to simultaneously retain existing customers and attract new customers. CRM as a program is classified as the context of customer types and life cycles, including win back or save, prospecting, loyalty, and cross-sell/up-sell the customers.

The following model has been framed for the technological advances playing an important role in CRM and relationship marketing practices in general, enabling sellers to recognize individual consumer needs, directly interact with consumers on a one-to-one basis, quickly respond to their preferences and differentiate product offerings toward them.

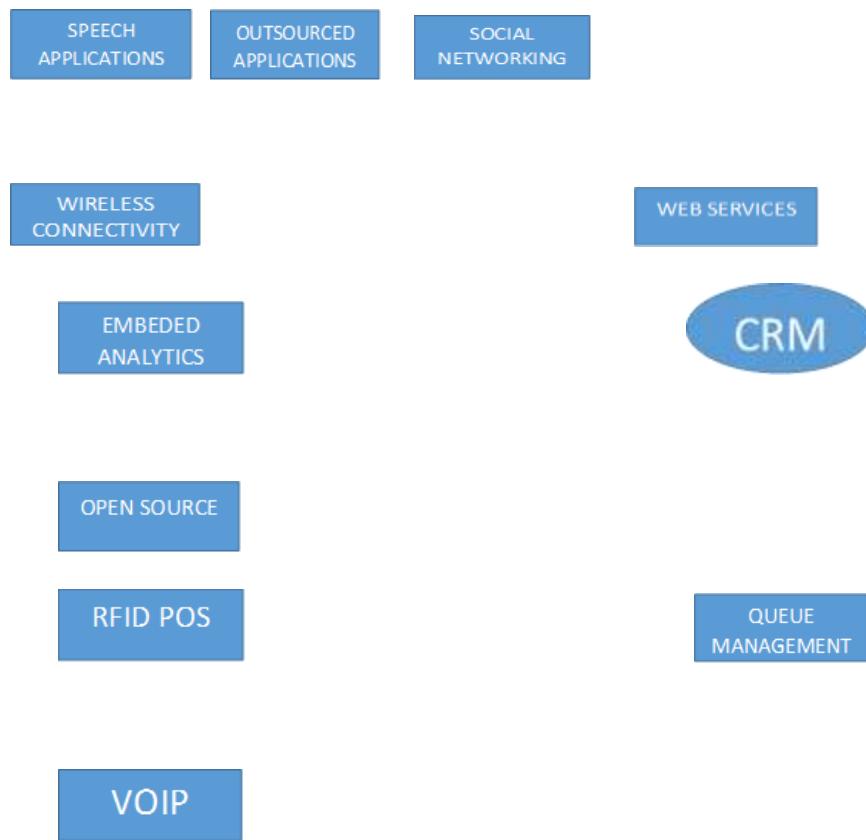


Figure 1

A. VoIP



If there is a major driver in the call center space its VoIP and it's finally come into its own, the ability to augment the traditional contact center with remote, home-based, and outsourced agents adds to VoIP's flavor.

Reducing costs and erasing location barriers while improving customer service, converging channels like voice, email, and Web chat may also help to extend VoIP's growth curve. "Voice over IP allows the contact center manager to manage all of these interaction types over one network," says Sean O'Connell, manager of product marketing for Cisco.

B. Web Services and Services Oriented Architecture

Flexibility is one of the prime reasons Web services and services oriented architectures are technology platforms to watch, as are open standards like Speech Application Language Tags (SALT), Simple Object Access Protocol (SOAP), and Extensible Markup Language (XML).

Web services and services oriented architectures, provide more adaptable and flexible applications so the applications can change more dynamically in context to a business process." It also helps for standardization, which allows to share information across heterogeneous platforms easier.

However, Web services can allow organizations to work across applications, the hype around it now is massive, but the reality is, every organization has to start preparing itself to consume Web services and Web services oriented technology.

C. Speech Applications

Properly done they can reduce costs while boosting amount of transactions a company can process without increasing head count.

Self-service applications, with the aid of Voice XML, which is just one pixel, albeit large, that helps to create the speech technology picture. VoiceXML can help organizations--especially contact centers--strike that happy medium between slicing costs and satisfying customers. It uses open standards for building telephone and speech applications.

Companies still handle about 80 percent of calls coming in to the contact center and touchtone IVR systems handle only 10 to 20 percent. But with speech applications gaining ground, that IVR percentage is poised for growth.

D. Outsourced Application Delivery



Organizations that want a quick launch of their CRM initiative are increasingly looking to the ASP model, including hosted and on-demand CRM. The benefits, vendors will be quick to tell prospects, can include lower cost-of-acquisition, faster deployment, and costs savings from not having to install or maintain software on the user's system.

Whether businesses use an ASP to test CRM before deploying in-house or as a long-term solution, the popularity of the model has propelled such companies as Salesforce.com and Right Now Technologies to IPOs this year. There are still many IT organizations that believe in doing it themselves and will continue to create their business case that says we can do it better ourselves.

E. Social Networking

Helps employees uncover possible relationships that may increase chances of completing sales transactions. Sealing a sales deal is often about who you know, and that is why social networking earns a slot on our list.

Social networking provides a new source of data on committee-based sales deals, and tools help salespeople to figure out who knows whom at a customer or prospect's organization.

It allows enterprises to search for relationships to accounts and contacts in their CRM system. The impact of leveraging these trusted relationships results is tracked in the CRM system and creates a rigorous means of measuring a company's relationship capital. It continues to grow slowly, but those who use it, mostly financial services firms, are creating loyal fans.

F. Wireless Connectivity and Applications

Allows mobile professionals to stay better connected, improve productivity, and even close deals. Same organizations are now abuzz with the possibilities of wireless connectivity and applications.

What wireless is doing for CRM is, it's creating that kind of convenience. The data they want and need to get their job done more efficiently, more productively, and more profitably is available at their fingertips when they need it.

And the potential increases with every mobile technology improvement and new cell tower. The explosion of wireless connectivity and what it's allowing the mobile professional, how



often they can connect as they move around in their business day, the connection speeds and the coverage just continues to increase every day.

G. Presence Technologies (RFID, POS)

It can locate customers and personally tailor messages that may help to extend the business relationship, the top technology changing the landscape today is RFID or radio frequency ID tags. With major businesses like Wal-Mart, Target, and FedEx behind it.

RFID allows things and people to be self-identifying: bar codes taken to the next level. When push comes to shove, CRM comes down to one thing, the ability to identify that customer, identify the transactions you had with that customer, and relate all of that to provide a more positive experience for that customer.

The presence technologies that have the greatest potential for impact within CRM are point-of-sale data synchronization and management systems tools that provide a real view into sales activity in the retail sector.

H. Open Source CRM

A shared source code which allows for flexibility and faster product evolution. Some CRM vendor executives consider open source software a direct flight to financial disaster, but others are not only trying their hand at it, they're seeing faster-than-expected adoption.

Open source CRM will have a major impact on the industry, as it has in other areas, such as financial services, are the first stop before looking at other solutions, but there hasn't been much movement with open source CRM, likely because of the financial implications. Although some vendors and analysts are not too fond of open source CRM, companies like Siebel Systems are starting to give the idea serious consideration.

I. Embedded Analytics and Business Intelligence

It provides a line-of-business users get faster, easier access to meaningful information. CRM users love data, but hate to wait for analyst or IT-generated reports. Getting information into the hands of customer-facing staff has the potential to substantially affect CRM results.

Although the benefits are potentially large, buyer beware, embedded analytics is being hyped as a magic bullet. The hype has really been that analytics needs to get it into the hands of the



line-of-business, the prescriptive analytics can affect decision-making by suggesting actions, rather than just running multiple reports.

The catch is that the tools are more advanced than many companies' ability to use the functionality.

J. Queue Management

It can improve the customer experience, which may spur sales. Any technology that can improve the quality of experience for the customer has a chance to make a serious impact on the market, and that's why queue management deserves examination.

Increasing first-call resolution rates can both reduce costs and increase customer satisfaction, and boosting those rates may start with how contact centers handle queues. "You can't manage a relationship until you've managed the customer. You manage the call, you manage the customer experience," says Paul Stockford, chief analyst at Saddletree Research.

There are now technologies that allow a caller to have a placeholder in the queue as if they were waiting on the phone, but they instead can hang up and wait for a return call. There are also technologies that allow people to return-schedule a call at whatever time they deem convenient.

II. MANAGERIAL IMPLICATIONS

- Most of the companies use any form of CRM software to support their customer management activities, involving other technologies mentioned in the study.
- Businesses use CRM software more extensively to support customer retention and development, rather than customer acquisition activities.
- Companies are furthermore, satisfied when the software is used along with supporting technologies.
- Software applications normally associated with CRM are lead generation, lead qualification, market segmentation and customer profiling applications.
- CRM Software performance as measured relative to expectations has a positive relationship with both return on investment and company profitability.
- Specifically, if the expectations of the software are exceeded in the three marketing activities of acquisition, retention and development.



- The larger the company, the more likely it is to be dissatisfied with the returns delivered by the CRM software. The implication for software and solutions vendors is to pay special attention to larger companies since they are more likely to be dissatisfied.
- Surprisingly, smaller companies are just as likely as larger companies to adopt CRM software, we can suspect that reduced software costs and access to hosted solutions mean that CRM is no longer the privilege of larger corporations.

III. CONCLUSION

CRM software, which aims not only to organize even the most hapless of offices but also help companies cultivate customer relationships. At its most basic level, CRM software is a more comprehensive Microsoft Outlook. While Outlook may be used for managing appointments and emails, CRM lets multiple users collaborate and manage a customer's overall contact history and essentially make notes in the margins. The technology also helps businesses design targeted marketing campaigns, suggest complementary or add-on products based on previous purchases, track customers' purchase behavior overtime and assess what's not working, too.

As CRM software can either be downloaded to an individual computer or accessed via a web-based platform, the cost and capabilities of various options will differ. Here are a few considerations. It is ideal for start-up businesses that want to grow their contact lists and plan significant email marketing campaigns. "If people have better intelligence about their customers, they can better cater to them," says Peter Marston, an analyst at Forrester Research in Foster City, Calif. "It is about having better info about people you want to target, cultivating leads and managing those prospects."

CRM is also regarded as a marketing approach that rests upon the use of ICT applications to manage customer relations, with the ultimate goal of establishing and maintaining personalized and profitable long-term business relationships.



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SOCIAL MEDIA MARKETING – A PERSPECTIVE

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ABSTRACT

The present day marketers have realized the importance of social media marketing tools to attract more and more customers both existing and the potential . It has become an essential tool for marketers to compete and succeed in the marketplace. Social media networks are low-cost tools that bridge the technology and social interaction with the use of words. It demands a systematic and a challenging strategy coupled with the key performance indicators to measure its effectiveness. Advancement in technology such as powerful search engines, advanced mobile devices and interfaces, peer-to-peer communication vehicles, etc., have extended marketers' ability to reach shoppers through networks. It is essential to keep in mind the objectives or goals through a structured social media plan before making any attempt to enter into social media, failing which it results in spending lots of money and time and frustration.

It is of paramount importance to note that social media plan is a dynamic one and should be constantly changing in order to cater to the market needs. The marketer has to strive hard to adjust the needs and find new goals for each social network. It demands the marketer to review and rewrite their strategies to reflect their latest insight, and see that the changes are passed on to the prospects/customers. The present article focuses on the understanding of social media channels, its constraints, the effective social media strategy, competitive analysis in social media, and steps involved in monitoring and evaluation of social media.

Key Words: *Social Media Marketing, Potential Customers Strategy, Social Research, Social Media Monitoring and Evaluation.*

I. INTRODUCTION



Social media marketing is a buzz phrase that is commonly used by the most of the marketers today to penetrate into markets. Social media marketing uses the interactive social platforms such as powerful search engines, advanced mobile devices and interfaces, peer-to-peer communication vehicles etc. It uses social media such as Facebook, Twitter, YouTube, Flickr, Yahoo Groups, etc. to create communities of like-minded interests and perhaps, interact and converse with customers and potential customers. Social media has become an essential tool for businesses and entrepreneurs to compete and succeed in the marketplace and it now accounts for about 11% of all digital marketing outlays, and the spending on this will be around \$10 billion per year. Integrating good content with social selling efforts and skills, marketer can drive the sales growth. The following diagram depicts the total social network users in 2013.

Table 1 : AGEWISE INTERNET USERS FOR SOCIAL MEDIA MARKETING

| AGE | USERS in MILLIONS. |
|------------|---------------------------|
| 18-24 | 28.3 |
| 25-34 | 35.3 |
| 35-44 | 29.7 |
| 45-54 | 26.4 |
| 55-64 | 19.7 |
| Above 65 | 14.6 |

Note: Data is as on in 2013. Source: eMarketer.

Bloggers are also a source for the social media marketing to bring awareness and popularize the brands. The following table depicts the leading ways in which bloggers in India promote brands:

Table 2 : LEADING WAYS IN WHICH BLOGGERS IN INDIA PROMOTE BRANDS

| HEAD | % of respondents |
|---|-------------------------|
| Endorse Brands on Blogs & Social Media. | 85% |
| Attend blogger meetups hosted by brands or blogger communities. | 64% |
| Write Sponsored blog posts | 67% |



Source: echoVME”Digital Behaviour of Indian Bloggers”, Infographic, WWW.eMarketer.com. **(DATA AS ON JUNE, 2015).**

| | | | |
|-----------------|-------------------------|---------------------------|---------------|
| Business | Keeping in touch | Political Advocacy | Others |
|-----------------|-------------------------|---------------------------|---------------|

II. OBJECTIVES OF THE PRESENT ARTICLE

- To understand the impact of social networks on social media marketing.
- To understand the plan, process and monitoring and evaluation of social media marketing.

III. METHODOLOGY

Article is based only on secondary data drawn from research reports, journals, magazines, websites, etc.,

IV. REVIEW OF LITERATURE

Ellison, Stein Field& Lampe, et. 2007; stated the phrase “social networking sites” is often used interchangeably with social media. The more people perceive shopping services on social networking sites as useful and easy, the more likely they are willing to shop for items on social networks. Providing shopping services on social networks can provide business growth for retailers due to the diversity of consumers who use social media sites,(Cha 2009).The nature and culture of social media groups affect the ways members of such groups interpret and attach meaning to brands and products. It determined that the large companies are regarding social media sites as strategic tools and some businesses are even hiring employees to oversee their social media pages,(Muñiz and. Vogus(2011).It is visible from the above literature that social media plays an important role in social media marketing and there is a lot of scope for further research in this arena.



| Networking | friends | | |
|------------|---------|-----|----|
| 85% | 48% | 14% | 9% |

Table 3 : SOCIAL MEDIA RESPONSE FOR SMALL BUNIESS OWNERS.

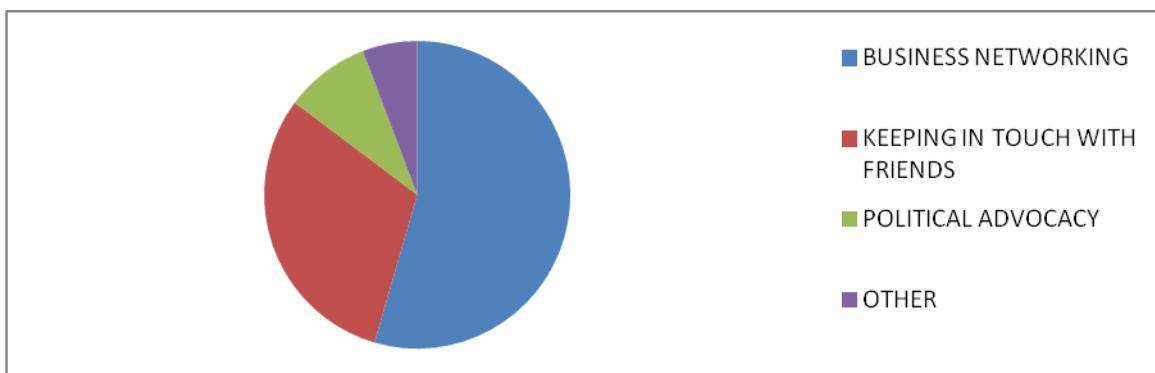
| Social Media Network | % of Respondents @ |
|----------------------------|--------------------|
| | |
| Facebook | 50% * |
| Twitter | 26% |
| Google | 24% |
| YouTube | 19% |
| Blogs | 10% |
| Pinterest | 6% |
| Wikis | 3% |
| Fousquare | 2% |
| Instagram | 2% |
| Not using the social media | 27% |
| LinkedIn | 57%* |

@Mutually exclusive. Source: Inc.Statista.Percentage of Small Business using Social Media.

(Source: Inc.Statista).* **ON TOP.**

Figure 1: PERCENTAGE OF SMALL BUSINESS USING SOCIAL MEDIA

Source: Inc.Statista



Social media usage in India has gone up multifold due to usage of internet which touched 302 million by December, 2014. India is a key market for social media giants like Facebook(100 million+), Twitter stood at over 33 million. Mobile web penetration is also one of the reasons



for growth of social media. 81% of the brands surveyed considered Facebook to be the most important platform, while almost 48% of surveyed brands think that Twitter is the second-most important platform to be on, closely followed by YouTube with 43%.

Table 4 : Facts on Social Media Marketing in the United States – Overview.

| Head/Item | Values |
|---|---------------|
| Worldwide social media revenue | \$16.9bn |
| Social media marketing expenditure in the U.S. | \$7.52bn |
| Forecasted social media marketing spending in the U.S. by 2019 | \$17.34bn |
| Advertising revenue of social networks worldwide | \$25.14bn |

Table 5 : Corporate Use Values

| | |
|--|-------|
| Global share of businesses using social media marketing | 97% |
| Facebook is the platform marketers use most | 92% |
| Creating blog content is regarded as most effective tactic in B2B marketing | 40% |
| Facebook is seen as most effective B2C channel by small businesses. | 83% |
| Click throughs are most important metric to measure success | 58.7% |
| Increased exposure is seen as biggest benefit of social media marketing | 89% |
| Global companies use social media marketing to strengthen customer loyalty | 32% |
| Source: SMM/USA | |

Table 6 : Social media marketing in real estate industry versus other small businesses .

| Name of Social Media Website | Real Estate | Other than real estate/small business |
|-------------------------------|-------------|---------------------------------------|
| Facebook real estate industry | 79% | 70% |



| | | |
|------------------------------------|-----|-----|
| YouTube | 12% | 9% |
| Word Press | 15% | 18% |
| Flickr | :4% | 12% |
| E mail alerts for tweets and posts | 28% | 11% |
| Twitter | 48% | 68% |

From the above data, it is visible that face book and twitter are in 1st and 2nd position in social media marketing. However, research has shown that the amount of Facebook and YouTube accounts held by the real estate industry is increasing and suggested that more emphasis needs to be placed on Twitter accounts as the platform gains greater use by consumers. Further, it is revealed that social media has proven to be valuable for the real estate industry and sales agents. It is further noticed that real estate agents can increase visibility and sales by implementing technical resources in their marketing strategy. If we look at the global scenario, many countries adopt the digital marketing and the use of electronic devices has been increasing overtime. The device ownership among adults 2010-2015 indicates that there is an enormous growth in usage of devices and ultimately it paves the way for social media marketing.

Table 7 : Device Ownershipamong US Young Adults – 2010-2015.(% of Young Adult Population).

| Device | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------|------|------|------|------|------|------|
| Mobile Phone | 96% | 95% | 93% | 97% | 98% | 98% |
| Smartphone | - | 52% | 65% | 79% | 85% | 86% |
| Desktop/Laptop | 88% | 88% | 89% | - | - | 78% |
| Game console | 62% | - | - | 71% | - | 56% |
| MP3Player | 75% | 71% | - | 62% | - | 51% |
| Tablet | 5% | 13% | 32% | 36% | 48% | 50% |
| Ereader | 5% | 8% | 27% | 24% | 28% | 18% |

Age Group:1Oct.8-29. Source: PEW Research Centre: Technology OwnersCom.hip Device,2015. www. eMarketer.



V. PROCESS: SOCIAL MEDIA MARKETING PLAN

A social media marketing plan indicates what the marketer wishes to achieve through social networks. It is a guiding force to determine whether we get success or failure at social media. The steps involved are: Step 1: Create social media objectives and goals; Step 2: Conduct a social media audit; Step 3: Enhance the access or improve social accounts; Step 4: Follow and inspire through various social media market players; Step 5: Create a content plan and editorial calendar; Step 6: Test, evaluate and adjust the social media marketing plan.

As per the research, the impact of social media marketing plan on various parameters is shown in the following table:

| | |
|---|------------|
| Percentage of all Digital marketing outlay for Social media marketing. | 11% |
| Spending on social media marketing | \$10 bill |
| Consumers on Twitter expect a response within the hour. | 53% |
| Social media users share their content with friends, family and co-workers at least weekly. | Around 50% |
| Marketer's belief on social media marketing important ace. | 88% |
| Consumers use social media in the buying process | 75% |
| Under B2B | |
| Presence on Twitter | 83% |
| On NASDAQ 100 | 76% |
| Fortune 500 CEOs have a presence on any major social network | 32% |
| Executives preference for video content to text | 59% |
| Under (B2C): | |
| Adult Internet users in the U.S. are active on at least one social network | 75% |
| People share content more on weekdays than on weekends. | 49% |
| Users want a response within the hour. | 53% |

It is very important to remember that the social media plan is not static but dynamic in nature and should be constantly changing. Whenever changes take place either in goals or



emerging of new networks, the same is to be taken care in plan. New challenges that are witnessed are to be addressed and to be adjusted. The on-line social media marketer has to rewrite their plans from time to time. The primary requirement of the social media marketing is to frame the objectives and a plan for success. The process of social media marketing is shown below:



Figure 2 : Social Strategy Marketing

- Proper utilization of sites: The marketer should be conversant with various social media sites such as Twitter, LinkedIn, Google, etc., and have thorough knowledge on their popularity.
- Stay Active: In order to make the customer active on social media network, marketer has to update the social media profiles, failing which fans and followers will think that the marketer has become lazy and forgotten.
- Aim to Create Viral Posts: The marketer is to make his contents of his brand both interesting and relevant to the brand and this makes the post to go viral.
- Craft (And Maintain) the Brand Voice: The marketer should also see that the posts are funny, sarcastic and keep the visitors on social media networking all the time.

VI. THE REQUISITES FOR A SOCIAL MEDIA MARKETER

Many marketers are of the opinion that adopting social media marketing has been difficult for the B2B business. However, a study conducted in 2008 revealed that 69% of B2B buyers use



social media to assist them in business development and decision making. It is evident from experience that the effective means of social media marketing is through video. The video should be designed in such a way that the prospects see the video as providing them with interaction as well as value, which will ultimately results in an effective means of social media marketing. Since social media marketing involves no cost/low cost, people are ready to share their views on products/services. The present day digital marketing is different from the traditional Brick and Mortar. The customers quite often react to our messages and it so happens sometimes that benefit the competitors more than it does for the brand and retarget the customers using digital methods. It is no longer enough to simply grab attention, the need to be able to hold attention and that's where social strategy comes in. If the product is to be sold, a powerful, highly polished message in a very short period of time is essential.

Content strategy also plays a predominant role in popularizing the products in any market. Most of the content strategists do not clearly understand what they would like to convey to the prospect/customer. Different companies use different company strategies. For example the mission of Apple AAPL +5.50% stands for design. Harley Davidson stands for friendship and camaraderie. Red Bull stands for an extreme lifestyle. These brands capture the hearts of the consumers due to their in-built social strategy. Hence, the first thing marketers need to do is to create a successful social strategy.

Structure is essential for any successful market attempt and every successful content product has a clearly defined structure. A standard format may be devised to overcome the constraints under which creativity thrives. Consistent and surprise are too essential that the content should has to keep in mind while developing a structure. Social media marketing builds a community. It brings fans on Facebook, Twitter and other social networks which are key performance indicators. To build a great brand today one needs to build great brand experiences and the best way to do that is to build a community around shared values with content that holds attention.

VII. STEPS INVOLVED IN MONITORING AND EVALUATION

- Step 1: Social Media Monitoring: In conducting analysis, it will be important to be alert when the company or brand name is mentioned. This will help in identifying and assessing what is being said about the companies, brands, products and service.



- Step 2: Evaluate social media Fan Page Activity: The marketer has to understand the social media networks in order to conduct analysis to gain an insight into the fan page competitors. Try to compare with the competitor in order to assess the goals, followers, interaction with fans, their postings,etc., The online marketers has to use statistical tools to generate reports pertaining to fans reached, engagement, and page insights and ranks against other pages that have used the tool
- Step 3: Social Advertising Spend Analysis: It provides the information on competitor's spending on social media advertising and helps as a level playing field.
- Step 4: Assessing the capability: The marketer has to compare the strengths and weakness of the competitor from the data available. This would bring the areas of what should be focused on in social media channels and helps to develop a proactive action plan. A study done by Social Ogilvy showed that posts done by companies, otherwise known as "brand" posts only reached 6% of their fans without paid advertising and that number diminishes in passage of time.

VIII. DON'TS OF SOCIAL MEDIA MARKETING

A social media marketer should aware of the don'ts in order to make sure to be on the right track:

- Trial and Error Approach: This is most evident in the lack of goals set for the social media campaign. Set monthly goals to achieve for the best results.
- Thinking Anyone Can Run a Social Media Campaign: For this marketer needs knowledgeable people who know about search engine optimization, social media automation, and are aware of the algorithm changes on the team. Otherwise, we foresee more harm than good.
- Not Setting Aside a Budget: Without a set amount of money that marketer plans to spend, it can quickly end up spending more than his thought towards advertising campaigns.
- Failing to Manage Social Media Activities: It's likely that one of the biggest social media mistakes someone can make attempting a social media campaign willy-nilly is to waste their time and others. Use of automation tools and a schedule of social media activities help to conduct activities more efficient.



- Tracking Not Measurable: It is essential to assess on how many new visitors did the marketer gain from a specific social media channel and finding out which campaigns and social media sites work best with demographic to set number of posts, comments, shares, likes, friending, etc.,
- Being Too Rigid or Inflexible: Lastly, one has to be open to new ways of doing things if at first they don't work.

IX. CONCLUSION

Business and consumer marketers are nearly unanimous in their belief in the importance of social media to marketing activities. The key to making social media marketing effective at the business level is to have a strategy in place and measure key performance indicators. Unfortunately, strategy and measurement are cited as the important pitfalls faced by social media marketers. The challenges before the social media marketer is to assess the effectiveness of social media activities; designing an overall social media strategy, educating staff on how to use social media. Adopting the unethical practices would throw the marketer out of gear. Hence, the marketer should be cautious in designing his goals, framing the strategies and monitoring and evaluation from time to time. He has to redesign the strategy by looking into the dynamic changes from time to time.

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**A COMPARATIVE STUDY ON COMMUNICATION STRATEGIES IN
MARKETING OF PUBLIC SECTOR AND PRIVATE SECTOR BANKS
(WITH SPECIAL REFERENCE TO HDFC BANK AND STATE BANK OF INDIA)**

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ABSTRACT

The role of Communication in banking sector becomes increasingly necessary in today's competitive environment to compete effectively with other financial institutions. Communication strategies in banking perform two different functions first one is to attract the deposits on one hand and second one is to attract the borrowers and users of services. In banking sector communication elements are especially important, they help to create powerful images and a sense of reliability, confidence and guarantee. This study assess the effectiveness of advertising, sales promotion ,personal selling and publicity and public relations in Indian Banking sector on the basis of five parameters such as i) Providing information, ii) Creating awareness , iii) Changing attitude ,iv) Creating Brand image and v) Brand loyalty. The study is exploratory in nature and two banks namely HDFC from Private sector and State Bank of India (SBI) from Public sector were selected with the target areas of Khammam and Warangal districts of Telangana. A non-probability sampling technique was used comprising of 50 respondents from each bank spread over two districts with 25 each. The sampling technique may be referred as a simple and ease sampling. A well structured questionnaire was prepared for the collection of primary data on different aspects of A standard likert 5 point scale was used to measure the response of the selected customers and was further subjected to tabulation and analysis. In order to draw reasonable and scientific conclusion and implications of the study necessary statistical tools are applied to arrive at the findings.



I. INTRODUCTION

Marketing depends heavily on an effective communication flow between the company and the customers. Like Manufacturing a product and making it available in the market it is equally important, or perhaps more desirable, to make it known to the customers that the product is available in the market. Generally taking into account the nature of service industry, the challenges it brings to the organizations and the need to follow holistic marketing approach to effectively interact with customers highlights the importance and significance of marketing communication activities. In service sector, marketing communication tools are especially important to help create powerful images and a sense of credibility, confidence, and reassurance.

Indian banking sector historically passed through five stages: pre-independence, post-independence, pre-nationalization, nationalization and post-liberalization stages. In all these stages, other than the last stage, marketing was always considered not to be a banker's cup of tea. But today it is considered to be an integral management function in the banking sector. Banking is an industry that is built on trust. Customers deposit their money with a bank only if they trust the bank and the bank gives loans to the customers only when it trusts them. Banks do business with customers' money by accepting deposits from them and by giving loans on interest for any bank to conduct business; initially it is the trust that matters, not the capital it owns.

II. FINANCIAL SERVICE MARKETING

In the competitive environment of financial services, there is constant pressure to innovate and develop new ways to improve promotions and marketing communications and using most effective tools in this way.

Creating effective communication with the customers is the important aspect in service marketing and therefore banking sector. In marketing mix promotion mix is also known as communication mix. Banks have to communicate with their existing customer as well as potential customer about what they are doing and what they are planning to do in near future. Communication in marketing is very important and at the same time challenging in banking



sector as the nature of services is characterized by intangibility of service product which is decision to convince customers on the value of the product. Communication strategies in Marketing provide information that plays important role in adding value to a service product. Customers need information about the features of services, its price, and the ways by which they can access those services, to make a well informed purchase decision. Thus, if the customers are able to get the necessary information about the service product on demand and adequately, they may feel that they are buying quality product or service. This means having good and effective communication adds value to the service of a company or organization as customers have the confidence on their purchase.

In banking sector communication techniques in marketing are especially important, they help to create powerful images and a sense of credibility, confidence and assurance. Therefore it is essential to evaluate all the elements of **communication mix that are used in banking service sector:-**

Advertising: - Advertising plays a major role in communicating and promoting a bank's products and services on a large scale. However developing advertising campaigns for services is a difficult aspect because of the intangible attribute of service. Banks should involve front line employee in designing the advertising campaign as service personnel directly interact with customers during the process of marketing. A bank can improve its brand image and brand equity with the help of advertising. It also helps the bank in differentiating and positioning its services from those of competitors.

Sales Promotion: - Sales promotion is often used by the companies to improve the sales of a product or service either by encouraging the existing customers to use the service more frequently or by attracting new customers to use their service. Banks also aim to pull customers to use their services by attracting them with free offers, coupons, cash discounts, warranties; prizes etc.

Personal Selling:-Due to the characteristics of banking services, personal selling is the way that most banks prefer in expanding selling and usage of their services. It occurs in two ways. First occurs in a way that customer and banker perform face to face interaction with each other at branch office. In this process personnel, bank employees, chief and office manager, take part in selling. Second occurs in a way that bank's representative go to customer's places. Bank's representatives are specialist in bank's services and have update knowledge



about the banks services to be offered and they shape the relationship between bank and customer.

Publicity and Public Relations (PR):- Banks use publicity campaigns to bring in awareness about their offers among the existing and potential customers .It involves using the information in a way that induces interest towards a company, event or person. Public Relations in banking helps in the following aspects such as 1) Establishing most effective communication system.2) Creating sympathy about relationship between bank and customer.3) Giving broadest information about activities of bank.

Direct Marketing:- Direct Marketing involves contacting the existing and potential customers directly through telemarketing, direct mail, and online marketing (e-mail and official websites) without employing any intermediaries in the process. The customers of banking service need some specific information or a customized change in the offering of the bank, so that the bank personnel can best satisfy him while the intermediaries might not be in a position to respond to customer's satisfaction.

Word of mouth promotion:- Very often communication about the banking services activity takes place by word of mouth information which is also known as word of mouth promotion. In the banking industries we find use of different components of promotion and word of mouth is one of the main source of promotion. A satisfied group of customers is considered to be the most successful hidden promoters and if the bank keep on moving the process of satisfying the customers, the circle of word of mouth promotion would keep on moving. This component of promotions is found significant to the banking organizations and therefore bank professionals are required to seek the cooperation of opinion leaders for the promotion.

III. STATE BANK OF INDIA (SBI)

State Bank of India is the largest nationalized commercial bank in India in terms of assets, number of branches, deposits, profits and workforce. With the liberalization of the Indian banking industry in the mid-1990s, SBI faced stiff competition from the private sector and foreign banks which resulted in significant loss of its market share. To overcome the intense competition from private and foreign banks, SBI planned a major organizational restructuring exercise. The key aspects involved redesigning of branches, providing alternate channels; focus on a lean structure and Technological upgradation.

Communication tools of SBI

Advertising: Television, radio, movies, theatres



Print media: hoardings, newspaper, magazines

Publicity: road shows, campus visits, sandwich man, Sponsorship

Sales promotion: gifts, discount and commission, incentives, etc.

Personal selling: Cross-sale (selling at competitors place), personalized service.

IV. HDFC BANK

From doing cross-selling exercises to organizing school-level painting competitions, promotional activities are going to be the main focus of HDFC Bank's marketing strategy this year. HDFC Bank are looking at positioning HDFC as a one-stop financial supermarket and the objective of the promos is not just acquisition of new customers, but also looking at creating product awareness, enhancing usage and also providing value-adds to the customers to reward them for their faith and loyalty. The first promo this year is titled Wheels of Fortune, which will be on during the month of January. "This promo is targeted at all those customers who avail a personal loan, car or two-wheeler loan. There will be a lucky draw at the end of the promo and the winners would get exotic prizes." Also on the cards is a school-level painting competition on wildlife across cities to promote the Kids Advantage account. The next step to these mass promos would be more personalized promos. "It plans to send personalized mailers about various products to all those HDFC come in contact with during these mass promotions." The bank has also tied up with Business Today, to sponsor 10,000 copies of the magazine in each metro. The cover of the sponsored copies would be the December issue of Business Today, which rated HDFC Bank as the best bank in the country. On the opposite side, would be an advertorial which would talk about HDFC as a 'one-stop financial supermarket'.

V. REVIEW OF LITERATURE

Some related works reported have been reviewed and is presented here:

M.E.Doddaraju & T.NarayanaReddy (2013) In their study "A Comparative Study of Marketing Communication Strategies of Public and Private Sector Banks" they suggested that the advertising scores between Banks do not differ significantly and can be inferred in terms of advertising main scores for ICICI and SBI are of the same order. Logically it can be said that Marketing Communication does not differ from Bank to Bank. Similarly the five parameters understudy also have shown no significant differences amongst each other. On the



other hand Bank Parameter interaction is also not found to be insignificant and hence can be said to be independent to each other.

Trivedi (2012) explored that since the inception of globalization in India, banking sector has undergone various changes. According to him, encouragement to foreign banks and private banks has increased the competition for all operators in banking sector and in order to survive in this cut throat competitive era Indian banks need to reinvest their marketing communication strategies for growth.

Manisha (2012) explored There is difference between the sales promotion strategy adopted by public and private sector Banks. Similar is the position for the interaction effect in the case of sales promotion strategy. According to the study private sector banks are more involved in sales promotion.

Kola and Akinyele (2010) in their article “Evaluation of Effectiveness of Marketing Communication mix element in Nigerian Service Sector” state that creating effective communication with customers is the most important aspect in services marketing. The effectiveness of advertising and personal selling practices of Nigerian service sector in communicating with its customers with the aim of finding solutions to improve the existing communication and customer satisfaction was accessed. Five parameters 1) Providing Information 2) Creating Awareness 3) Changing Attitude 4) Building company Image 5) Enforcing Brand Loyalty were considered in the study. The research revealed that both these elements are moderately effective in providing information, creating awareness and changing attitude whereas ineffective in building company image and enforcing brand loyalty.

Mehta, Suresh (2010) in his article ‘Personal Selling-A Strategy for promoting Bank Marketing “examined that lack of Marketing Communication in Banks .He suggested adopting banks marketing promotion for better business. He emphasized the need of adoption of personal selling as a strategy for marketing promotion in Banks.

Rajasekhar (2008) in his article “Assessment of Effectiveness of Marketing communications mix elements in Ethiopian Service Sector” stated that creative effective communication with customers is most important aspect in services marketing. He evaluates the effectiveness of advertising and personal selling practices of Ethiopian service sector in communicating with its customers with the aim of finding solutions to improve the existing communication and customer satisfaction. He found that marketing communication mix elements viz. Advertising and personal selling are moderately effective in providing information, creating awareness



and changing attitude whereas ineffective in building company image and enforcing brand loyalty.

Gupta, and Mittal (2008) in their article "Comparative Study of Promotional Strategies of Public and Private Sectors Banks in India" stated that a well -designed promotional strategy is very important to promote banking services effectively .They studied that the promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The major difference in the promotional strategies adopted by banks is in the two techniques of the promotion and they are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks.

Evren Ors (2003) in his article "The Role of Advertising in Commercial Banking" examined the role of advertising in commercial banking. He found that advertising plays a pro-competitive role in banking. An increase in advertising appears to lead to an increase in profitability. According to him minority-owned banks advertise less, possibly because they have a captive clientele whereas efficient banks advertise less.

Mehta(2001) in his article " Personal Selling-A Strategy for promoting Bank Marketing "reported that there is lack of Marketing Communication in Indian Banks .He suggested for adopting banks suitable marketing promotion strategies for better business. He emphasized that on adoption of personal selling as a strategy for marketing promotion in Banks the banking business can improve considerably.

Iebbar (1988) studied marketing strategies of banks aimed at inculcating the habit of thrift among the people. The suggestion is that keeping the rural branches open on Sundays can augment savings. Direct marketing is also suggested to reduce waiting time exponentially and enhance customer satisfaction. Erratic behavior of the employees, suspicious looks of the staff, vague knowledge of the products, un-dynamic promotional methods etc., may hamper the banking business in rural areas."

Chidambaram (1994) studied the promotional mix available to bankers for the marketing of services such as direct marketing, public relations, social banking and customer meets. The study concludes that a good promotional mix is one that a) that takes into account the objectives of the bank and lays emphasis on those services which are of current significance, b) reaches various customer segments very effectively, c) creates a desire to seek out the



services offered, d) builds a positive image for the bank, and e) strike a balance between cost and effectiveness.

Subba Rao (1982) conducted a study to find out the influence of different media of advertisement and different forms of personal selling on the deposit mobilization of commercial banks both in urban and rural areas. The study suggested that the medium of English News papers need not be used widely as its impact is very little on urban customers and it is almost negligible on rural depositors. Personal selling has been found to be more powerful method, since it educates the potential rural customers into the bargain.

VI. OBJECTIVES OF THE STUDY

- (i) To know the various communication tools of Private and Public sectors banks in India.
- (ii) To make a comparative analysis of Communication strategies of private and public sector banks in India
- (iii) To find out the key communication tools for banking services on the basis of customers' responses.

VI. METHODOLOGY OF THE STUDY

Keeping in mind the forgoing illustrations as marketing communication a pilot study was planned in the selected areas of Telangana to meet the underlying objectives and verify necessary hypothesis.

The study is exploratory in nature and two banks namely HDFC & SBI in the private and public sector respectively were selected with the target areas of Khammam and Warangal districts of Telangana. A non-probability sampling technique was used comprising of 50 respondents from each bank spread over two districts with 25 each. The sampling technique may be referred as a simple convenience sampling. The respondent units were customers of both the banks respectively. A well structured questionnaire was prepared for the collection of necessary primary data on different aspects of marketing communication strategies as adopted by the two banks. A standard likert 5 point scale was used to measure the response of the selected customers and was further subjected to tabulation and analysis.

In order to draw logical and scientific conclusions and inferences of the study necessary statistical tools were applied and the results are discussed.



VII. RESULTS AND DISCUSSIONS

The scores obtained on the 5 point likert scale from the respondents were tabulated and different parameters like 1) information 2) awareness 3) change in attitude 4) brand image 5) brand loyalty were measured in terms of scores for HDFC & SBI banks respectively. The four main factors associated with the study were –

1. Advertising
2. Sales promotion
3. Personal selling
4. Publicity and public relations

In order to compare the scores obtained for different parameters for each of the four factors with regard to the five parameters and bank differences, then Analysis of Variance technique “ANOVA” was used where following model was tested. Since the sample size was large enough scores can be safely used in ANOVA technique.

Model= $y_{ij} = \mu + \alpha_i + \beta_j + (\alpha\beta)_{ij} + e_{ij}$, Where y_{ij} = Score corresponding to i^{th} parameter of j^{th} bank ($i = 1-5$) ($j = 1,2$), μ = Overall mean, α_i = Effect of i^{th} parameter, β_j = Effect of j^{th} bank, $(\alpha\beta)_{ij}$ = Bank * parameter interaction, e_{ij} = Random error

The hypothesis in this case was that there is no difference between two banks in terms of different parameters for advertising, sales promotion, personal selling and publicity and public relations. There is no difference between different parameters for each of the factors. In order to compare individual mean scores, wherever necessary t- test was referred.

Table 1: Analysis of variance table for different factors

| | | Advertising | | Sales Promotion | | Personal Selling | | Publicity & Public Relation | |
|--------------------|------|-------------|-------|-----------------|--------|------------------|--------|-----------------------------|------|
| Source | d.f. | M.S.S | F | M.S.S | F | M.S.S | F | M.S.S | F |
| Between Banks | 1 | 0.512 | <1 | 10.368 | 12.895 | 13.448 | 13.479 | 1.8 | 1.89 |
| Between Parameters | 4 | 1.007 | 1.395 | 1.573 | 1.956 | 2.483 | 2.488 | 0.285 | <1 |
| Bank*Parameter | 4 | 1.787 | 2.48 | 1.593 | 1.981 | 2.453 | 2.46 | 0.635 | <1 |
| Error | 490 | 0.7218 | | 0.804 | | 0.9977 | | 0.9525 | |

Advertising: The analysis in table1 suggested that the advertising scores between Banks do not differ significantly and can be inferred in terms of advertising main scores for HDFC and SBI are of the same order. Logically it can be said that Marketing Communication does not differ from Bank to Bank. Similarly the five parameters understudy also have shown no



significant differences amongst each other. On the other hand Bank*Parameter interaction is also not found to be insignificant and hence can be said to be independent to each other.

Sales promotion: According to table 1 it is interesting to know that there is a highly significant difference ($F=12.895$; $P'<.01$) between two Banks with regards to sales promotion clearing indicating that the sales promotion strategy adopted by both the banks has a wide gap but different parameters namely information, awareness, change in attitude, brand image and brand loyalty has shown similar impact. Similar is the position for the interaction effect in the case of sales promotion strategy.

Personal selling: Personal selling is one of the important factors concerned with marketing communication strategies of the banks under study. According to the analysis carried down in table 1 it has been observed that the effect of personal selling in both the banks has shown a significant difference ($F=13.479$; $P<.01$). This indicates that HDFC bank has an edge over SBI with regard to personal selling strategy. On the other hand the parametric differences are also observed to be different from each other significantly ($F=2.488$; $P<.05$). It indicates that parameter like information, awareness, change in attitude, brand image and brand loyalty show impact on personal selling. Further it may be observed that Bank * Parameter interaction is also significant ($F=2.46$; $P<.05$). This indicates the banks differences and parameter differences are not independent to each other. The scores obtained have shown that a change in bank effects the changes in parameters as well.

Publicity and Public Relations: Like advertisement the bank effect, the parameter effect and the Bank *Parameter interaction are all non significant as obtained in the Analysis of Variance.

Table 2: Mean and Standard Deviation (S.D) for different factors.

| | Advertising | | Sales Promotion | | Personal Selling | | Publicity & Public Relation | | Overall CSM | |
|-------|-------------|---------|-----------------|--------|------------------|--------|-----------------------------|--------|-------------|--------|
| Banks | Mean | S.D | Mean | S.D | Mean | S.D | Mean | S.D | Mean | S.D |
| HDFC | 16.62 | 3.12913 | 20.86 | 4.2714 | 16.74 | 3.6355 | 17 | 3.1816 | 73.26 | 7.7953 |
| SBI | 16.3 | 3.41216 | 20.6 | 4.526 | 15.1 | 5.0194 | 16.4 | 4.9734 | 70.8 | 11.647 |

Table 2 gives the Mean and S.D for different factors under study. The mean scores for Advertising were 16.62 and 16.3 for HDFC and SBI respectively. Although HDFC scores were a little greater but not significant. The overall mean scores were a little greater in SBI as compared to HDFC with only a marginal difference with 20.86 and 20.6 respectively. In the



case of personal selling again the HDFC bank scores and better than SBI but the difference is not significant. As far as Publicity and Personal Selling is concerned HDFC Bank is again having an edge over SBI in terms of Mean scores. In overall marketing communication strategies mean of HDFC is having an edge over SBI.

On the basis of the forgoing discussions and the analysis carried down it is inferred that: There is no difference between the advertising strategy adopted by public and private sector Banks. Both banks advertise their products and services. On the other hand Bank*Parameter interaction is also not found to be insignificant and hence can be said to be independent to each other.

There is difference between the personal selling strategy adopted by HDFC and SBI. HDFC bank has an edge over SBI with regard to personal selling strategy. Further it may be observed that Bank * Parameter interaction is also significant ($F=2.46$; $P<.05$). This indicates the banks differences and parameter differences are not independent to each other. The scores obtained have shown that a change in bank effects the changes the parameters as well.

There is no difference between the publicity and public relation strategy adopted by public and private sector Banks. Like advertisement the bank effect, the parameter effect and the Bank *Parameter interaction are all not significant.

VIII. SUGGESTIONS AND CONCLUSION

The analysis suggested that the advertising scores between Banks do not differ significantly and can be inferred in terms of advertising main scores for HDFC and SBI are of the same order. Logically it can be said that Marketing Communication does not differ from Bank to Bank. Similarly the five parameters under study also have shown no significant differences amongst each other. On the other hand Bank*Parameter interaction is also not found to be insignificant and hence can be said to be independent to each other. Personal selling in both the banks has shown a significant difference ($F=13.479$; $P<.01$). This indicates that HDFC bank has an edge over SBI with regard to personal selling strategy. However it has been observed that the marketing communication strategies of private sector HDFC Bank has been more effective in comparison to public sector State Bank of India. The study is based on sample of only 50 respondents and the results cannot be generalized. Further researches on large samples are suggested in its entirety.



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A STUDY ON CONSUMER PERCEPTION TOWARDS SOLAR ENERGY PRODUCTS

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Abstract

In India, Solar energy devices are initiated mainly with the objective to create environmental awareness of mass power consumption and the need to conserve power using solar energy devices. The major downside of solar energy products it is high cost and high space requirement to setup a device. Apart from these drawbacks, the customers must consider that by using one solar energy product would be a part of a large community of citizens who are concern about our environment and actively contributing in helping conserve energy and also be actively helping to save the environment by reducing carbon emissions and reducing the financial burden of the government on subsidizing fuels such as kerosene which are used for lighting. Though the people is still using non renewable source like electrical devices the attitude of the consumers are is steadily changing towards solar energy products. The key focus of the study to examine and analyze the customer opinion, customer attitude, views, preferences and criticism about the features and usage of solar energy products.

Key words, Consumer Perception, Consumer attitude, Solar energy products, Energy conservation

I. INTRODUCTION

Since Independence, the Indian Power Industry has continuously faced the issues with meeting its power generation goals. The conventional energy sources especially coal hasn't been able to meet the demand and the country needs a true approach to meet its ever increasing energy demand. Solar energy, a clean source of renewable energy which emits



zero carbon, has got a remarkable potential of the energy which can be harnessed using several types of devices.

Solar power industry has gain a pace in its development and its systems are now available for commercial as well as domestic use with enhanced advantages at minimal cost of maintenance. Usage of Solar Power systems or devices has become financially viable with various government initiated tax incentives, subsidy schemes and rebates. Now a day, solar energy is getting more and more popular in developing and developed nations. In developing nations, it is on early adoption stage whereas in developed nations, most of them are trying to switchover to renewable energy sources completely.

The world's population is growing continuously and hence increases in the demand of water, food and energy which in turn affecting environment. The world's population has become more than double from 3.2 billion since 1962 to 7.2 billion in 2015 and it has been forecasted to grow up to 9.2 billion by 2050. Resources or reserves of coal, gas, oil and uranium are depleting day by day. The frequent usage of these non-renewable resources have put pressure on the energy sector to move away from carbon emitting processes to solar, nuclear and other environmentally friendly options.

II. INDIAN ENERGY SCENARIO

India, being a tropical country, has a very vast potential for Solar industry where approximately 45% of rural households do not have access to electricity. Today India's population is nearly 1.25 billion and currently facing a huge energy demand. In the production and consumption of electricity, India ranked fifth in the world. The production of electricity has been increased during the last few years at an increasing rate equating to the population expansion rate of the country. The electricity produced by India is mostly from coal (53%) and it is forecasted that coal reserves in the country will last up to 2050. In India, more than 72% population resides in villages and more than a half of the villages have not been electrified and remains without electricity. To meet this ever increasing demand, solar energy is the best solution to cater the energy needs and bridge the demand supply gap.

III. OBJECTIVE OF THE STUDY



1. The objective of the study was to identify the most common factors influencing the consumers buying behaviour to purchase solar energy products.
2. To evaluate and analyze the factors inhibiting the marketing of solar energy products for domestic use.

To critically evaluate the policy initiatives of the government for the adoption and diffusion of solar energy products for domestic use.

IV. IMPORTANCE OF STUDY

The study was conducted to identify the various internal and external factors influencing the consumers buying behaviour and correspondingly changes can be suggested in the marketing approach of Solar Energy products so that Solar Energy products can reach to the masses.

V. SCOPE OF THE STUDY

The study was conducted in the urban areas of Hyderabad, a geographic area having conducted climatic conditions for Solar Energy products and the power situation marked with regular power cuts, offers an appropriate location for the study.

VI. HYPOTHESIS OF THE STUDY

Why are the Indian consumers not adopting Solar Energy products?

- H1: Indian consumers are not adopting the Solar Energy products due to low awareness.
- H2: Indian consumers are not adopting the Solar Energy products due to lack of motivation.
- H3: Indian consumers are not adopting the Solar Energy products due to incorrect perception of the products.

VII. REVIEW OF LITERATURE

Vernon (1996) in his theory of product life cycle has identified products in the introduction stage as those products which have lower demand and higher cost of production. In other words, these are those products which have just entered in the market. Renewable Energy Technological (RET) products like the solar water heater have been in the market for more than a hundred years as reported by the California Energy Centre. But still the use of this vast



resource has been by a very few or the technology has not been adopted as widely as it should have been. However, there are also numerous examples to make the case for REP (Renewable Energy Product) strong with potential for widespread adoption. As reported by The Rural Energy Foundation,

Netherlands, (2010) the rural energy Foundation programme in the sub-Saharan African Solar Now programme which has identified retailers and distributors for Solar Energy Technology since 2007 and provided training in Technology, marketing, sales and business administration etc. This has now given access to 3 Lac people in just three years. A similar experience has been executed by Sun Lab BOB which is based in Lao which provides affordable, reliable solar electricity to rural household through rental services as reported in an article ‘Lighting Up Rural

Lao’(2007) in Appropriate technology. Mbogo (2001) states that approximately 2 billion people living in developing countries have limited access to modern energy supplies which makes them dependant on kerosene for lighting and also to spend substantial amount on other sources of energy. He argues that solar lanterns produced by organizations which can withstand the harshness of environment and also be accessible to the target customers by way of financing schemes have great prospective.

The acceptance of solar energy products in a society is not just affected by the presence of suppliers of solar energy products but also as concluded by Zahran et.al (2008) on others as environment, socio-economic and political factors have a greater role in the acceptance of solar energy products.

Some of the scientists have an opinion that renewable energy technology is still beyond the reach of common man and the support infrastructure like massive electricity storage systems are a deterrent to the widespread adoption as argued by Lee and Gushee (2009).

Though by the use of renewable technology and specialized electricity generation and distribution has been a relatively non-viable option at commercial level but at the domestic level and in the rural areas of developing countries like Bangladesh and India approximately



1,65,000 people have been benefitted by approximately 25,000 solar home systems which light up their basic energy equipments (Approximate Technology 2006). Efforts are being made to make RET products affordable for the household consumption.

VIII. METHODOLOGY

A. Primary Data

The primary sources are discussion with employees, data's will be collected through questionnaire.

B. Secondary Data

The secondary data mainly consists of data and information will be collected from records, company websites and also discussion with the management of the organization. Secondary data can also be collected from journals, magazines and books.

C. Sample Size

The Sample selected for the present study will be 200 respondents selected randomly from different places in Hyderabad.

IX. FINDINGS

1. The consumers mainly focus on product attributes like economical, durable and high return on investments.
2. The consumers are giving more importance to the performance of the product than the price.
3. The consumers who prefer the performance of the product indirectly prefer the durability of the product.
4. The consumers also prefer that the product should be more environments friendly and shall use latest and established technology.
5. The Consumers have given more importance to word of mouth than other promotional media as it is the most influential media these days.

X. CONCLUSION



Consumers continue to believe that the most important benefit of solar energy product is that it is better for the environment than regular power, although some consumers believe that the most important benefits are domestic sourcing and to a lesser extent human health or economic benefits. Consumer awareness is a challenge for utilities or companies providing solar energy options to consumers. Despite a modest increase in consumer awareness, only 14% of consumers were aware of solar energy purchase options in 2015. In addition, consumer willingness to pay more for renewable energy has declined in recent years.

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E-COMMERCE AND ITS IMPACT ON INDIAN SMEs-

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ABSTRACT

With the increasing usage of internet in a country where majority of population vote for net neutrality and abide for digitalization of services, it is important to note that e-commerce is taking leaps and bounds. As the budget and time are getting constrained, consumers have heightened to experience self service through e-commerce. We are witnessing that majority of the start-ups setting their stores online before even establishing a physical one, this is done not only to establish them but also to study the market pulse about the acceptance of their product or services. The present paper examines the latest trends in e-commerce and its profound influence on SMEs. The study used secondary data to analyze the present market situation of e-commerce industry and its impact on SME's which indeed a backbone for Indian economy.

Keywords: Internet, India, E-commerce, Trends, Economic growth, SME.

I. INTRODUCTION

In this 21st century indeed it's of internet that has become major ingredient for a rapid lifestyle. Internet has become central hub for everything, for explorations, for communication, to connect with people for official purpose and as a medium of exchange. Thus given birth to new method of trading termed as 'E-commerce', where, buying and selling of services or product happens over web, i.e. Internet. Hence e-commerce can be defined as "the use of the Internet and other networking technologies for carrying business transactions" (Turban et al. 2006). So it is apparent that the degree of Internet dissemination



in a country will have direct impact on the growth of e-commerce sector. With speedy raise in internet penetration, heightened market awareness, intensified experience and convenience of buying and selling through internet, shall further stimulate e-commerce growth not only in India but, across the globe.

II. LITERATURE REVIEW

KPMG report on ‘e-Commerce Rhetoric, Reality and Opportunity’ states that, e-commerce industry needs the necessary support from all stakeholders to surpass the challenges and to venture profitability. The Government, the regulatory agencies, Payment processing gateways, logistics service providers and the e-Commerce players have to step-up and evade these challenges. Awareness drives initiated by the regulatory bodies to get wider users (including SMEs/ MSMEs) on to the e-Commerce bandwagon. E-commerce sector offers smashing benefits not only to the Indian economy, but also to SME, the customers and the society at large.

“Future of E-Commerce; uncovering innovation” report by **Deloitte & ASSOCHAM** States that inclusion of new category of services like repairing, healthcare would play a vital role to accelerate the growth of e-commerce market in the coming years. In a vast country like India it is of highly complex to manage Supply chain and logistics in e-commerce business in a vast country like India to reach country side and remote area.

Marry meeker (KPCB) report on “Internet trends”, claims that, Indian e-commerce model is driven highly by mobile internet. Flipkart, Snapdeal, are experiencing near around 70% of their business order through mobile Apps, which is much more than many of the e-commerce behemoths across the globe. This incursion of internet coupled with the increasing confidence of consumers to purchase online, has led to a tremendous and unprecedented growth of Indian e-commerce industry in the last two years .

Report on ‘E-Commerce in India’ by Nitish Desai Associates - Government need to well-define taxation policies for the e-businesses depending on transaction types and business models. Necessary steps need to deploy for more transaction security. The legal value of electronic transactions shall be equivalent to other forms of communication such as on paper



in writing; and further, the law shall be technology-neutral to accommodate emerging technologies or generics.

III. OBJECTIVES OF THE STUDY

1. To study about the latest trends in Indian e-commerce industry.
2. To study the impact of e-commerce on SMEs

IV. RESEARCH METHODOLOGY

This paper is confined to study e-commerce industry in India. Present study is descriptive in nature and is based on secondary data. Secondary data is availed from text books, various websites, magazines, journals, news paper and reports given by various survey institutions. Detailed study and analysis of available maximum secondary data on the topic were made keeping the objectives in mind. Period of data is between 2013-2015.

Latest Trends in Indian e-commerce Industry: The giant e-commerce companies like Amazon, Flipkart and snapdeal are competing tough to procure and retain their customer base by providing them attractive discounts and schemes. Following are latest trends in Indian e-commerce industry:

Time for stronger Mergers & Acquisitions: Giants in the e-commerce business are on an acquisition spree with an objective to expand their portfolio, increase their customer base, and provide a better shopping experience to customers. Flipkart acquired Appiterate, AdiQuity and WeHive Technologies Pvt.Ltd so as to boost its profitability through m-commerce. Mahindra acquired BabyOye to desegregate its offline store Mom&Me. With a span of 3 months Food Panda acquired just eat India and Tasty Khana. Ola cabs bought TaxiForSure to increase its own share in taxi market. The biggest acquisition in e-commerce sector happened with snapdeal acquiring Freecharge-a mobile recharge platform, overtaking last year acquisition of Myntra by flipkart. MartMobi is acquired by Snapdeal. These trends are expected to step-up in the coming years as the industry is backed by scaling up operations and high valuations.

M-Commerce- most influential aspect of e-commerce: With a decrease in data tariff rates, 70% of users accessing internet through their mobiles leading to the majority of purchases in



e-commerce through tablets and smart phones. Giving a major scope for e-commerce companies to develop apps and provide additional discount for purchases through Apps. Acquisition of mobile technology organizations by giants in e-commerce depicts clear vision of the companies to expand and strengthen its m-commerce. As per KPCB & Marry Meeker report - in this financial year 70% of business for e-commerce companies happened through mobile Apps. It is clear indication the year of 2015 and coming years will be for M-Commerce.

Vertical specific e-tailers on the rise: To differentiate their services from mainstream e-commerce players, vertical specific e-tailers find it to be supportive to focus on a niche services or products. Cost effectiveness, convenience, user-friendly experience and richness of info. are of critical aspect in this industry specific venture. Ola cabs, BigBasket, UrbanClap for best professionals in the entire service industry ranging from counselors, yoga teachers, architects, photographers and lawyers. Similarly Timesaverz for home services, Healthkart, Lenskart in health care, MakemyTrip, IRCTC, Goibibo, Cleartrip in travel segment, Fabfurnish, Pepperfry, zansaar in furniture segment, Jabong. Yepme, Myntra in fashion vertical MagicBricks, CommonFloor, 99acres in real estate segment are of upcoming companies in their respective verticals.

FDI in E-Commerce sector: At present FDI is prohibited in business-to-consumer (B2C). Foreign players enter the India e-commerce markets by investing in some of the local start-ups. Government has started consultations with stakeholders on allowing FDI in retail e-commerce before the end of this financial year, has raised our beliefs that the future is for e-commerce industry.

Retailers are going online: Consumer opt to shop at e-retailers who have offline stores thus leading giant retailers to focus on their digital strategies to capture the growing benefits of online platforms. Reliance retail, Shoppers stop, Big Bazaar are few examples to state. Easy and vast reach of customers through online channel is the major reason for offline retailers to launch e-commerce websites.

V. SMEs IN INDIA



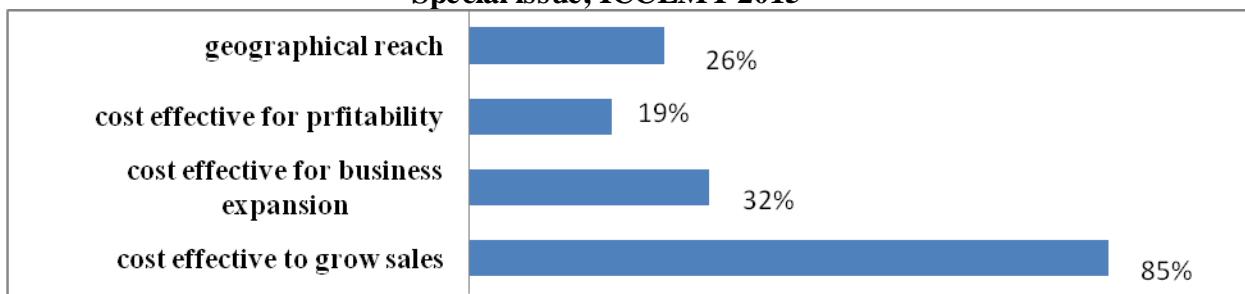
In India, SMEs have low operational costs and limited investment on fixed assets. It is characterized as highly unorganized and is scattered across vast geographies. SMEs make a significant contribution of around 40% to industrial exports and 45% to industrial output 17% to Indian GDP thus playing a crucial role in Indian economic development. It is evident from the annual report given by ministry of MSME that SMEs generate large portion of employment opportunities in service and manufacturing sector, which are growing at an impressive rate of 34% and 18% year on year. No. of new entrants in SMEs is growing at an average of 31% in service sector and 23% in manufacturing sector.

The above stated achievements are of possible mainly due to internet penetration in India, where in SME community started exploring its opportunities as online sellers who can access shoppers and consumers across the globe. Earlier, SMEs in India were traditionally dependent on domestic trade but, with the advent of latest developments in internet SMEs have now started exploring opportunities for global trade. A report on ‘unleashing potential’ given by FICCI and Nathan Associates states that 43% of SMEs participate in online sales without any website. As per survey by snapdeal and KPMG around 27% of SMEs using internet are engaged in e-commerce business, 51% of SMEs believe in the use of technology driven innovations where as 22% are complete ignorant about the potentiality of business through internet.

Impact on SMEs by E-Commerce- too real to ignore:

The growth of the global e-commerce market has made SMEs to expand beyond their domestic market. Indispensable presence of e-commerce is of significant to be much competitive and a platform for to achieve global scale for their business. SME street survey reveals that 85% of the SMEs who adopted e-commerce t it is a cost effective medium to grow sales. Near around 77% of the SMEs who have adopted e-commerce were listed on online marketplaces

Key Factors for SMEs to adopt e-commerce:



*Source: SMEStreet survey: The status of e-commerce among Indian MSMEs(MSMEInsights),2014.

Potential benefits to SMEs by e-commerce:

As per a survey, SMEs who adopt internet for business boost 51% higher revenues, which results in 49% more profit and 7% wider customer base than their offline-only counterparts.

Increase in revenues: Through e-commerce SMEs can offer a business platform that can be accessed across geographies there by increasing the volume of sales and revenue. Flexibility to conduct business, global consumer base and speedy reach to market can boost the SME revenues to the tune of 51%.

Low cost of distribution and marketing: By adopting e-commerce SMEs can reduce 60-80% of their spending on trade shows, offline advertising and on call centre's there by optimizing the overall sales and marketing. It also reduces the cost associated with traditional marketing as well costs incurred to open stores at multiple locations.

Increase in profit margins: Reduction in overhead costs and upfront capital investment can increase profit margin up to 49%. Reduction in costs allow for a more competitive pricing strategy which in turn can positively impact sales volume. Increase in transaction volumes further increase overall profit values.

Improved geographic reach and accessibility: With low costs SMEs can enter international market and also an opportunity to compete with giants across the globe in their industry across. With disappearance of geographical boundaries in the virtual market place, SMEs can sell their products 24X7 across the globe without any time zone restrictions

Shorter time to market: Adopting e-commerce enables faster and transparent communication between SME sellers and buyers and avoids chaos in supply chain. They can eliminate redundant process; improve order management capabilities, streamline



communication, thereby increasing the market relevance and possibility. 73% SMEs agree that ecommerce helps make accurate market comparisons.

VI. CONCLUSION

In today's world technology has become a key differentiator for successful growth and sustainability of any organization. Business need to be updated with the emerging technologies and adopt them to be competent enough in the market. E-Commerce is no longer a trend but it is a business reality that cannot be ignored. Adopting e-commerce by SMEs could result in more benefit than perceived harm. SMEs need to view e-commerce as a strategic channel for creating their brand awareness and to hold broader customer base even out of their domestic market by providing unique shopping experience, which in turn also helps them to identify the untouched or unaddressed segments there in to achieve double digit business growth within a decade .With poor website designs or with no online presence can put business at serious risk, especially in retail and tourism sectors. SMEs need to overcome inhibitions and get in the e-commerce business or else with in less short time it can lead them to be out of marketplace. Government and regulatory authorities should create more awareness and encourage SMEs to adopt this technology which can shape the future of SMEs in particular and country's economy as whole.

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A STUDY ON IMPACT OF DEMOGRAPHICS ON CONSUMER TELEVISION VIEWING TIME

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ABSTRACT

Entertainment industry in India has registered an explosive growth in last two decades making it one of the fastest growing industries in India. Television watching has undoubtedly a major role in the lives of consumers daily routine. The present study aims at understanding consumer behaviour towards television and their reasons for watching television. The study also provides an overview on the impact of demographics on the television viewing habits of the consumers. It is found that Gender, Education and income do not have significant impact on consumer television viewing time whereas consumer Age, occupation, family size and religion have a considerable role in influencing consumer television viewing habits.

I. INTRODUCTION

Every day the consumer spends a considerable amount of time and money in the process of purchase of things that may be having an enduring impact on their lifestyle and social status. While the purchase decision is being made, there may be many factors which directly and indirectly influence the customer knowingly and unknowingly. The wide variety of researches have succeeded in identifying few factors which influence the consumer decision making process but the volatility and constant changes in the social and market conditions have intrigued researchers for further investigations and research in consumer behavior.

Entertainment industry in India has registered an explosive growth in last two decades making it one of the fastest growing industries in India. Television watching has undoubtedly a major role in the lives of consumers daily routine which explains the fact that India is the third largest television market in the world (Indian Mirror). Television



advertising captures a major share in the promotion mix of many marketers. Advertisers spend enormous amount of money in framing advertising strategies that match the product characteristics and at the same time maneuver consumers into the purchase process. The present study focuses on the role played by the consumer demographics in influencing the preference of television watching and advertising appeals.

II. SIGNIFICANCE OF THE STUDY

Joint study by YES Bank and a leading industry body forecasted that the spending of Indian consumers is expected to grow four times to US\$ 4.2 trillion by 2017. The government has also undertaken many initiatives and other major investments happening in media supporting advertising and marketing industry, making study of consumer behaviour much more significant. These statistics emphasize the need for gaining more insights into the consumer television viewing habits and preferences for a better reach and impact. The present study discusses about the hours watched per day and the impact of demographics on their television viewing habits.

III. OBJECTIVES OF THE STUDY

- To study the consumer exposure to different media
- To study the consumer preferred reasons for watching television
- To examine impact of gender, age, impact, occupation, family size, monthly income and religion on consumer television viewing time of the respondents.

IV. LITERATURE REVIEW

Several researches have been undertaken to study the impact of television commercials on demographics of the consumers. Few of them are given below.

Valaskakis (1983) in his study examined television viewing tastes and habits among the Inuit Indians of the Eastern and Central Arctic and he suggested that types of programmes watched by men and women are significantly different.

Moore and. Lutz (2000) did a study on children to know the informational effects and the role affective constructs in advertisement. They proposed that the advertising effects both



product trial and advertising have an interplaying effect and have different impact on younger (7-8 year old)and older children (10-11 year old).

Olney et. Al (1991) developed and tested a hierarchical model of advertising effects on viewing time with an attempt to explain the behavioural measure of attention to television advertisements with the help of attitudinal and emotional dimensions, ad uniqueness. The study identified that people have a positive feeling towards ads that make them feel good.

As per the article of N. Suman Kumar and Dr. K. Krishna Reddy(2011) on Impact of advertising on children and adolescents young people view more than 40, 000 ads per year on television alone and increasingly are being exposed to advertising on the Internet, in magazines, and in school. Research has shown that young children— younger than 8 years are cognitively and psychologically defenseless against advertising and enough care should be taken to protect youngsters against being influenced by advertisements of negatively influential products

V. METHODOLOGY

Both primary and secondary data were used for the study. Secondary data was collected using websites, articles and journals. Primary data was collected using survey method. A questionnaire instrument was administered to the respondents of twin cities of Hyderabad. The questionnaire consisted of multiple choice and ranking questions to know their preferences towards most exposed media and advertising appeals. A Convenience sampling method was used to choose the respondents. The questionnaire was circulate to 600 respondents but only 577 were found eligible for data analysis. The data was analyzed using frequency and chi square test to examine the relationship between variables.

VI. Data Analysis and Interpretation

The following table 1. explains about the demographical details Gender, age, Education, income, occupation, family size and religion of the respondents.

Table 1: demographical details

| Demographic details | Frequency | Valid Percentage |
|---------------------|-----------|------------------|
|---------------------|-----------|------------------|



| Gender | | |
|------------------------------|-----|------|
| Male | 319 | 55.3 |
| Female | 258 | 44.7 |
| Age of the respondent | | |
| Under 15 | 20 | 3.5 |
| 15-20 | 133 | 23.1 |
| 20-35 | 320 | 55.5 |
| 35-50 | 81 | 14.0 |
| 50-65 | 17 | 2.9 |
| 65 & Above | 6 | 1.0 |
| Education | | |
| No Formal Education | 17 | 2.9 |
| Secondary Education | 66 | 11.4 |
| Intermediate Education | 73 | 12.7 |
| Graduation | 262 | 45.4 |
| Post Graduation and above | 159 | 27.6 |
| Income per Month | | |
| Below 5000 | 294 | 51.0 |
| 5000-20000 | 150 | 26.0 |
| 20000-40000 | 62 | 10.7 |
| 40000-60000 | 35 | 6.1 |
| 60000-100000 | 23 | 4.0 |
| 100000 & | 13 | 2.3 |



| Above | | |
|--------------------|-----|------|
| Family size | | |
| 2 Members | 33 | 5.7 |
| 3 Members | 90 | 15.6 |
| 4 Members | 210 | 36.4 |
| 5 Members | 170 | 29.5 |
| Above 5 | 74 | 12.8 |
| Occupation | | |
| Student | 322 | 55.8 |
| Employee | 107 | 18.5 |
| Business | 44 | 7.6 |
| Professional | 14 | 2.4 |
| Private | 30 | 5.2 |
| Other | 60 | 10.4 |
| Religion | | |
| Hindu | 485 | 84.1 |
| Muslim | 29 | 5.0 |
| Christian | 47 | 8.1 |
| Others | 16 | 2.8 |
| Total | 577 | 100 |

Source: Primary data

Table 2 gives the details of the media exposure for Radio, television, print and internet of the respondents. As can be seen, Television is being ranked as the most exposed media with 276 respondents ranking First rank followed by Internet and Radio while Print media is ranked lowest exposed media with 55 respondents ranking first rank.

Table 2: Exposure to media

| Media / Rank | 1 | 2 | 3 | 4 | Total |
|--------------|-----|-----|-----|-----|-------|
| Radio | 66 | 96 | 191 | 224 | 577 |
| Television | 276 | 161 | 101 | 39 | 577 |
| Print | 55 | 137 | 177 | 208 | 577 |



| | | | | | |
|----------|-----|-----|-----|-----|-----|
| Internet | 176 | 197 | 104 | 100 | 577 |
|----------|-----|-----|-----|-----|-----|

Fig 1. Most exposed media

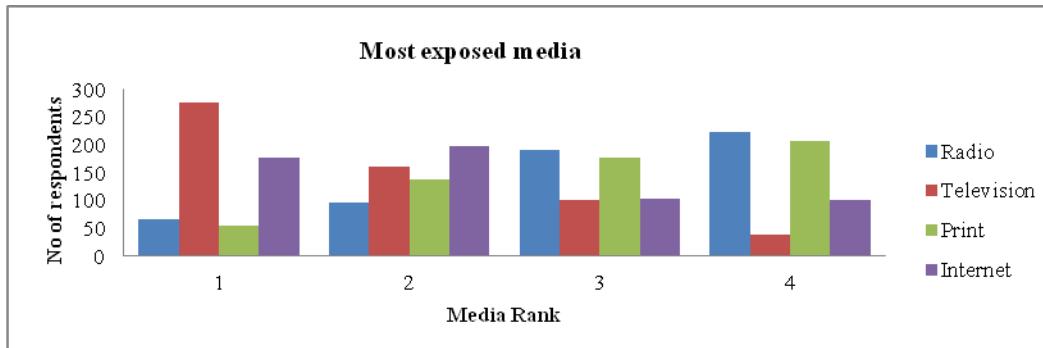


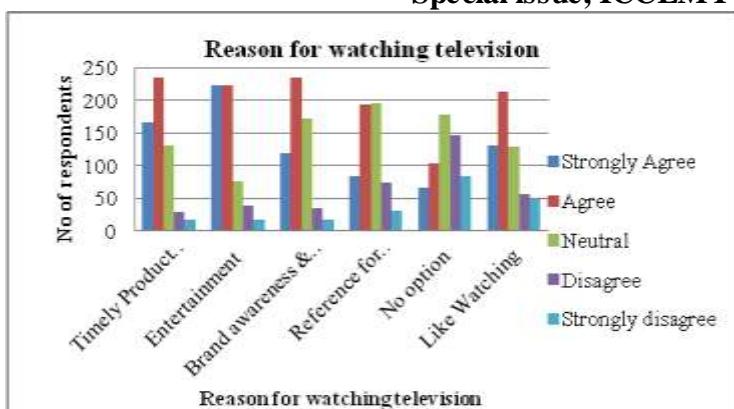
Table 3 explains about the reasons that respondents feel for watching television.

Table 3: Reason for watching television

| Reason / Ranking | Timely Product information | Entertainment | Brand awareness & recall | Reference for purchasing | No option | Like Watching |
|-------------------|----------------------------|---------------|--------------------------|--------------------------|-----------|---------------|
| Strongly Agree | 166 | 223 | 119 | 83 | 66 | 131 |
| Agree | 234 | 223 | 235 | 194 | 103 | 213 |
| Neutral | 131 | 75 | 172 | 196 | 178 | 128 |
| Disagree | 29 | 39 | 34 | 74 | 146 | 56 |
| Strongly Disagree | 17 | 17 | 17 | 30 | 84 | 49 |
| Total | 577 | 577 | 577 | 577 | 577 | 577 |

Source: Primary data

Fig 2: Reason for watching television



233 respondents give entertainment as the major reason for watching television followed by Timely product information and like watching.

Table 4 gives the statistics of television viewing time of the respondents in terms of hours watched per day. As can be seen, 160 respondents watch television less than one hour per day, majority i.e. 285 members watch between 1-2 hours per day, 62 members watch 2-4 hours and 70 members watch above 4 hours per day.

Table 4: No. of television viewing hours per day

| Hours | Frequency | Percent |
|---------|-----------|---------|
| <1 Hr | 160 | 27.7 |
| 1-2 Hr | 285 | 49.4 |
| 2-4 Hrs | 62 | 10.7 |
| >4 HRs | 70 | 12.1 |
| Total | 577 | 100.0 |

Source: Primary data

Test for impact of demographics on Hours watching television:

Chi square test was undertaken to study the relationship between demographics and hours watching television per day. The following hypothesis were tested.



H0₁: Gender is independent of Hours watched television per day

Table 5: Gender and hours watched per day

| Gender / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|------------------------|-------|--------|--------|-------|-------|
| Male | 94 | 161 | 34 | 30 | 319 |
| Female | 66 | 124 | 28 | 40 | 258 |

Gender:chi-square = 5.32; degrees of freedom = 3; probability = 0.150

Chi square calculated is 0.150. As the probability is more than 0.05 **H0 is accepted**. It is proved that Gender has no impact on television viewing hours.

H0₂ : Age is independent of Hours watched television per day

Table 6: Age and hours watched per day

| Age / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|---------------------|-------|--------|--------|-------|-------|
| under 15 Yrs | 8 | 10 | 1 | 1 | 20 |
| 15-20 Yrs | 33 | 63 | 15 | 22 | 133 |
| 21-35 Yrs | 100 | 156 | 32 | 32 | 320 |
| 36-50 Yrs | 16 | 46 | 7 | 12 | 81 |
| 51-65 Yrs | 2 | 10 | 3 | 2 | 17 |
| Above 65 Yrs | 1 | 0 | 4 | 1 | 6 |
| Total | 160 | 285 | 62 | 70 | 577 |

chi-square = 35.0 ; degrees of freedom = 15 ; probability = 0.002

In the above chi square probability for impact of Age on hours watching television per day is $0.002 < 0.05$. Hence the **H0 is rejected**. Age is not independent of television viewing hours.

H0₃ : Education is independent of Hours watched television per day

Table 7: Education and Hours watched per day

| Education / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|---------------------------|-------|--------|--------|-------|-------|
| No formal education | 2 | 12 | 1 | 2 | 17 |



| | | | | | |
|---------------------------|-----|-----|----|----|-----|
| Secondary education | 15 | 35 | 6 | 10 | 66 |
| Intermediate | 19 | 33 | 10 | 11 | 73 |
| Graduation | 78 | 118 | 33 | 33 | 262 |
| Post graduation& Above | 46 | 87 | 12 | 14 | 159 |
| Total | 160 | 285 | 62 | 70 | 577 |

chi-square = 12.6; degrees of freedom = 12; probability = 0.398

As the chi square probability for impact of education on number of hours watching television is higher than 0.05, **H0 is accepted**. It is understood that education has no impact on television viewing habits of respondents.

H0₄ : Occupation is independent of Hours watched television per day

Table 8: Occupation and hours watching television

| Occupation / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|----------------------------|-------|--------|--------|-------|-------|
| Student | 97 | 151 | 26 | 48 | 322 |
| Salaried Employee | 37 | 54 | 10 | 6 | 107 |
| Business | 5 | 24 | 13 | 2 | 44 |
| Professional | 4 | 6 | 3 | 1 | 14 |
| Private | 8 | 14 | 5 | 3 | 30 |
| Other | 9 | 36 | 5 | 10 | 60 |
| Total | 160 | 285 | 62 | 70 | 577 |

chi-square = 41.3; degrees of freedom = 15; probability = 0.000

The above statistics show that the chi square value for occupation impact on hours watching television per day is 0.000 which is less than 0.05. Hence, **H0 is rejected**. It shows that occupation has a significant impact on the television viewing habits of the respondents.

H0₅ : Income is independent of Hours watched television per day

Table 9: Income of the respondent and hours watching television

| Income per Month / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|----------------------------------|-------|--------|--------|-------|-------|
| <5000 Rs | 83 | 142 | 23 | 46 | 294 |



| | | | | | |
|---------------------|-----|-----|----|----|-----|
| Rs.5,000-Rs.20,000 | 43 | 74 | 19 | 14 | 150 |
| Rs.20,000-Rs.40,000 | 14 | 37 | 6 | 5 | 62 |
| Rs.40,000-Rs.60,000 | 10 | 17 | 7 | 1 | 35 |
| Rs.60,000 | - | | | | |
| Rs.1,00,000 | 5 | 9 | 6 | 3 | 23 |
| >Rs.1,00,000 | 5 | 6 | 1 | 1 | 13 |
| Total | 160 | 285 | 62 | 70 | 577 |

chi-square = 21.8 ; degrees of freedom = 15 ; probability = 0.113

The chi square probability for income and hours watching television is $0.113 > 0.05$. Hence H_0 is accepted.

H_{06} : Family size is independent of Hours watched television per day

Table 10: Family size and hours watching television

| Family Size / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|-----------------------------|-------|--------|--------|-------|-------|
| 2 members | 5 | 21 | 4 | 3 | 33 |
| 3 members | 24 | 48 | 6 | 12 | 90 |
| 4 members | 77 | 94 | 20 | 19 | 210 |
| 5 members | 43 | 85 | 18 | 24 | 170 |
| Above 5 | 11 | 37 | 14 | 12 | 74 |
| Total | 160 | 285 | 62 | 70 | 577 |

Chi-square = 25.2; degrees of freedom = 12 ;probability = 0.014

The above values show that the chi square probability of family size and hours watching television per day is $0.014 < 0.05$. Hence, H_0 is rejected. There is a significant impact of family size on the number of hours watching television.

H_{07} : Religion is independent of Hours watched television per day

Table 11: Religion and hours watching television

| Religion / Hours watched | <1 Hr | 1-2 Hr | 2-4 Hr | >4 Hr | Total |
|--------------------------|-------|--------|--------|-------|-------|
| Hindu | 139 | 243 | 45 | 58 | 485 |
| Muslim | 9 | 17 | 0 | 3 | 29 |
| Christian | 6 | 17 | 16 | 8 | 47 |



| | | | | | |
|--------|-----|-----|----|----|-----|
| Others | 6 | 8 | 1 | 1 | 16 |
| Total | 160 | 285 | 62 | 70 | 577 |

chi-square = 36.4; degrees of freedom = 9; probability = 0.000

The chi square value of religion impact on hours watching television is $0.000 < 0.05$. Hence H_0 is rejected. Religion has a significant impact on the number of hours watching television per day.

VII. FINDINGS

1. Majority of the respondents opined that they are more exposed to television than other media.
2. About 50% of the respondents watch 1-2 hours of television per day.
3. Entertainment followed by timely product information are the reasons for watching television by most of the respondents.
4. From the chi square tests it is found that Gender, education and income does not have significant impact on the hours watching television where as Age, occupation, family size and religion have significant impact on the hours watching television.

VIII. CONCLUSION

The above study gives an idea about the reasons why consumers prefer watching television and their viewing habits. As it is found that Age, Occupation, Family Size and Religion have a significant impact on viewing habits of consumers, the marketers can concentrate on these factors to segment the markets and reach them effectively. Consumers feel product information and entertainment are the major reasons for watching television hence the marketers must provide the information about their brands in a unique way so as to entertain consumers and also influence their choice process. It is also found that age, occupation, family size and religion influence the television viewing habits. Hence a deeper study can be undertaken to analyze the preferences and attitudes. Thus the study presents insights on consumer preferences and television viewing habits.

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A STUDY ON CUSTOMER SATISFACTION LEVEL TOWARDS SMART PHONES

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Abstract

Customer satisfaction is person's feeling of pleasure or disappointment resulting from comparing a product performance in relation to his/her expectation. When one product or service falls short of expectation, the customer feels dissatisfied. If the performance of the product or service matches the customer expectations the customer feels satisfied. Due to heavy competition, advancement in technology has propelled the growth of mobile providers in India. From the last few years, the mobile industry is growing tremendously. Today, mobiles have become essential part in individual's life and encourage the services (applications) to use the smart phone beyond their fundamental role of communication such as getting information, shopping, banking, entertainment, gaming and many more. Nowadays; customers have become smarter and consider various factors before choosing their mobile. Therefore, it is very important and beneficial for the organizations and marketers to understand and analyze the preferences of the customers. In this scenario, the present study deals with consumer preferences and their satisfaction level towards the smart phone. The study conducted on various mobile phone users. The results derived from the study indicate that the factors that motivates the consumers to buy a particular smart phone. The findings derived from the study will be helpful for the mobile phone providers in deciding and implementing their sales strategy for the promotion of mobile phones.

Keywords: Customer satisfaction, Smart phone, Applications, Mobile industry.

I. INTRODUCTION

A smart phone is a cellular telephone with an integrated computer and other features not originally associated with telephones, such as an operating system, Web browsing



and the ability to run software applications. The first smart phone was IBM's Simon, which was presented as a concept device (rather than a consumer device) at the 1992 COMDEX computer industry trade show. In the past, mobile phones were mostly about making phone calls. They had a number pad, a digital phone book and a pick-up/hang-up button and not much more. Now smart phones offer so much more – they're really fully-fledged computers that you can fit in your pocket. They can run programs and games; access the internet, send email and much more. Nearly all smart phones now use touch screen controls. Instead of having hardware buttons like before, one side of the phone is taken up mostly by a touch screen that you control using taps and gestures. There aren't even any number buttons; when you want to make a call, a number pad will pop up on the touch screen. Becoming familiar with a smart phone can take a little bit of practice. But when you do become familiar with it, you'll find that a smart phone can do more than you ever thought possible on a mobile phone.

II. OBJECTIVES FOR STUDY

- To analyze the satisfaction level of customers towards the smart phones
- To determine the variables which leads to the satisfaction of the customers

III. SCOPE OF THE STUDY

The scope of the study is confined to know the satisfaction level of customers towards the Smartphone and it is also confined to identification of the parameters for satisfaction.

IV. RESEARCH METHODOLOGY

Sampling Size: The sampling size is 50.

Sampling Method: Simple Random Sampling Method.

Sampling Procedure: The sampling is done in Hyderabad only.

V. LIMITATIONS



The study is restricted to Hyderabad city only.

The study is purely based on sample and hence cannot be generalized.

VI. REVIEW OF LITERATURE

Kotler and Keller define satisfaction as “person’s feeling of pleasure or disappointment which resulted from comparing a product’s perceived performance or outcome against his/ her expectations”.

According to Hansemark and Albinsson (2004), “satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire”.

There are many factors that affect customer satisfaction. These factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service. This is shown in below figure.



According to Hoyer and MacInnis (2001), satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth.

VII. DATA ANALYSIS AND INTERPRETATION

Simple Percentage Analysis:



1. Table showing the age group of the respondents

| S. No | Age Group | No. of Respondents | Percentage |
|-------|------------|--------------------|------------|
| 1 | 15-20 | 14 | 24% |
| 2 | 20-25 | 34 | 58% |
| 3 | 25-35 | 8 | 13% |
| 4 | 35 & above | 3 | 5% |

Interpretation:

From the above table it is found that out of 59 sample respondents 15 respondents are between 15-20 age group, 34 are between 20-25 age group, 8 are between 25-35 and remaining are above 35 years. Hence, it is concluded that 58% of respondents whose age group between 20-25 years are using smart phones mostly.

2. Table shows the preference of smart phone to buy by respondents as primary mobile.

| S. No | Response | No. of respondents | Percentage |
|-------|----------|--------------------|------------|
| 1 | Yes | 49 | 83% |
| 2 | No | 10 | 17% |

Interpretation:

From the above table it is found that most of the respondents are showing interest to buy smart phone as primary mobile.

3. Table showing the reason to buy the smart phone from the respondent.

| S. No | Reason | No. of respondents | Percentage |
|-------|---------------|--------------------|------------|
| 1 | Features | 34 | 58% |
| 2 | Status Symbol | 13 | 22% |
| 3 | Multitasking | 12 | 20% |

Interpretation:

From the above table it is found that most of the respondents are buying smart phone for features and status symbol.



4. Table showing the time the respondents typically spends on their smart phone.

| S. No | Amount of Time | No .of respondents | Percentage |
|-------|------------------|--------------------|------------|
| 1 | 1-2 hrs | 14 | 24% |
| 2 | 2-5 hrs | 33 | 56% |
| 3 | 5-10 hrs | 6 | 10% |
| 4 | More than 10 hrs | 6 | 10% |

Interpretation:

From the above table it is found that most of respondents spending up to 5 hrs on their smart phone.

5. Table showing the type of application the respondents typically use on their smart phone.

| S. No | Type of Application | No .of respondents | Percentage |
|-------|---------------------|--------------------|------------|
| 1 | Voice calls | 13 | 22% |
| 2 | Text messages | 7 | 12% |
| 3 | Video calls | 3 | 5% |
| 4 | Internet | 29 | 49% |
| 5 | Games | 5 | 8% |
| 6 | Other | 2 | 4% |

Interpretation:

From the above table it is interpreted that most of respondents using their smart phone for the purpose Internet.

6. Table showing the usage of smart phone for online shopping.

| S. No | Usage | No .of respondents | Percentage |
|-------|-------|--------------------|------------|
| 1 | Yes | 31 | 52% |
| 2 | No | 28 | 48% |

Interpretation:

From the above table it is interpreted that most of respondents using their smart phone for the purpose online shopping.



7. Table showing using of Smart phone for service oriented applications.

| S. No | Usage | No .of respondents | Percentage |
|-------|-------|--------------------|------------|
| 1 | Yes | 45 | 76% |
| 2 | No | 14 | 24% |

Interpretation:

From the above table it is interpreted that most of respondents using their smart phone service oriented applications.

8. Table showing using of Smart phone for work related tasks.

| S. No | Usage | No .of respondents | Percentage |
|-------|-------|--------------------|------------|
| 1 | Yes | 49 | 83% |
| 2 | No | 10 | 17% |

Interpretation:

From the above table it is interpreted that most of respondents are using their smart phone for work related tasks

9. Table showing the opinion of respondents for using Smart phone is benefit or not.

| S. No | Opinion | No .of respondents | Percentage |
|-------|---------|--------------------|------------|
| 1 | Yes | 56 | 95% |
| 2 | No | 03 | 5% |

Interpretation:

From the above table it is interpreted that most of respondents are feeling, using smart phone is beneficiary

VIII. FINDINGS

Most of the respondents are using smart phone as their primary mobile.

Most of the respondents are using smart phone for various applications like online shopping, work related tasks, and service oriented applications and Internet.



IX. SUGGESTIONS

To gain the more market, mobile organizations have to concentrate more on segment (age group between 25-35 years) by giving more advanced features.

X. CONCLUSION

The customers buying a variety of smart phones which satisfy his needs and wants and purchasing behavior of the customers is influenced by his purchasing activities by considering various factors which lead to select a particular smart phone. Consumers typically preferred smart phone for various applications which are providing benefits for them. This study gives a lot of realistic exposure about consumer buying behavior towards smart phones.

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SERVITIZATION: RE-IGNITING GROWTH

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ABSTRACT

Servitization is a transformation journey- it is the process of increasing value by adding services to the product. It involves firms developing the capabilities they need to provide services and solutions that supplement their traditional product offerings. It is a means to create value added outcomes that are distinctive and sustainable over competitors. The companies are recognizing that firms don't necessarily want a product, they want the outcome that the product brings. This paper will inherit the current research on the emerging field of Servitization which not only focus on the theoretical developments, but also pay attention to practical applications of the methods and techniques. Through this paper we share latest research findings, practical experiences and exchange our innovative ideas.

I. WHAT IS SERVITIZATION?

Servitization is the concept of manufacturers offering services tightly coupled to their products. It's about moving from a transactional (just sell a product) to a relationship based business model (delivering a capability) featuring long-term, incentivized, 'pay-as-you-go' contracts. Servitization is, in fact, becoming a major strategic driver of manufacturing innovation today. Business models and organizational cultures will fundamentally shift. Traditional product lines will rapidly evolve to deliver integrated value-added services at every stage of the customer's value chain. It starts by putting yourself in your customer's shoes – asking how can new products and services help them better achieve their business or personal goals? Then how do you design, produce and support those offerings to yield a sustainably profitable business model? And how can you implement new technologies and best practices – such as remote monitoring and performance-based contracts – to continuously enable higher customer value and at the same time improve your bottom line?



II. FINDINGS

- 1. Servitization promises sustained annual business growth of 5-10%.** The services model triggers product and process innovations, powered by technology, which results in significant year-on-year growth with both new and existing customers. In time, with maturity, this diversification impacts on business resilience, with revenues from products/services typically split 50/50.
- 2. Customers of Servitization are reducing costs by up to 25-30%.** Leading adopters of technology-led services are lowering their own costs while driving business growth in their own services to their customers. Companies that have become customers of Servitization have also been able to improve their financial structure, risk profiles and efficiencies around asset management.
- 3. Adoption is inhibited by a lack of awareness.** The promises of Servitization are fragile, and need to be nurtured while our understanding develops. Businesses and policy-makers must therefore help create a shift in culture, creating the skills; contracting structures; governance; risk management mechanisms and financing systems that will allow companies to deliver services while building their capabilities to innovate technology along the way.

III. GLOBAL CHALLENGES

In the current global competitive environment, many companies are facing growing pressure on

economic margins, a growing uncertainty on revenue streams, and volatility in the price of input factors.

Table 1 : illustrates some of the key drivers that have a strong influence on global manufacturing operations.

| Factors | Trends | Description |
|----------------|-----------------|---|
| Macroeconomic | Globalization | Competition from low cost countries |
| | Commoditization | Competition shifts to cost |
| | Customer demand | Risk aversion and new contract forms |
| Market | | Sale of equipment at low cost to profit |



| | | |
|---------------|--------------------------------------|---|
| | | from spare parts and maintenance |
| | Life cycle offerings | Total cost of ownership calculations |
| | New profit formulas | Fixed costs and long term, outcome based contracts |
| Technology | Internet of Things | Incorporation of sensors and actuators in machines to provide remote maintenance and continuous information |
| | Big Data analytics | Making sense and analysis of the vast amount of field data |
| | Additive manufacturing (3D Printing) | Displacement of inventory and spare parts by installing 3D printers at the customer's site |
| Environmental | Geopolitical | Export controls and conflict regions |
| | Ownership vs. usage | Using rather than owning physical assets is more economically sound for the customer and environment friendly for all |
| | Global resource scarcity | Energy prices, CO2 reduction, design for disassembly, take back systems |

IV. POTENTIALS AND RISK

The contract formation process is very important for manufacturing firms that wish to develop their service business. A “very good” service contract may have negative effects on product sales. In traditional contracts for capital goods, the initial purchasing of a system and the sub-sequent life cycle support are usually procured separately. For example, costs associated with maintenance-repair-overhaul (MRO), are seen as inevitable by buyers. Performance-based or out-come-based contracts peg the provider’s remuneration with specific performance metrics. Thus customers do not pay for activities or tasks but pay for outcomes/jobs to be done.



| | Potential Risk | Example |
|--------------|-------------------------------------|--|
| Recovery | Lack of service infrastructure | Involve partners, create service clusters and networks |
| Availability | Less revenue from service offerings | Penetrate your installed base in order to increase the adoption and capacity utilization |
| Development | Customer-specific development costs | Charge the design and the construction of services separately and offer to equalize them when the product is purchased |
| Outsourcing | Operational risks | Risk pooling, transfer risk to suppliers, integrate risks in pricing mechanism |

V. UNDERSTANDING YOUR CUSTOMERS

Understanding the motivation that drives customer decisions is critical for manufacturers seeking to add value through services. Identifying customer needs is an important first step in designing service offerings and operations capabilities for service delivery. From a customer perspective, servitization can be seen as a “make or buy” decision. For example, a customer may choose to conduct an activity internally or procure it as a service from the product manufacturer or from a third party service provider. Table 7 indicates some of the customer needs that can motivate the outsourcing of activities.

Table 2– Understanding the customer “make or buy” process

| Typical customer needs | Implications for the service provider |
|--------------------------|---|
| Focus on core activities | Design services to seamlessly support and enhance the value of the customer’s core activities |
| Restructuring costs | Evaluate the option of retaining product ownership and offering a “leasing” service |



| | |
|----------------------|--|
| Access to talent | Adopt a customer centric focus and ability to offer expertise adapted to customer needs |
| Manage risk | Consider how scale, specialization and expertise can become a valuable source of mitigating business risks |
| Increase scalability | Increase volume flexibility and ramp up speed |

VI. PARADOX

Servitization promises to strengthen the competitiveness of manufacturers and is expected to deliver growth, profitability and stable revenues. However, practice shows that achieving the expected results from investments in the service business is not easy. A main reason for this servitization paradox is the difficulties in changing the focus of the organization and developing the necessary capabilities for excellence in service delivery.

VII. CHALLENGES TO SERVITIZATION

In order to achieve the desired servitization outcome, firms face a stream of challenges that should be evaluated vis-à-vis the performance objectives, both in the short term and long term. These challenges involve addressing questions such as how to:

- Create leadership support from top management to sales and operations managers
- Make the necessary investments to develop and implement services and solutions
- Change the mind-set and capabilities of the organization to selling and delivering services and solutions
- Coordinate and align the development of new products integrated with new services
- Involve customers in the development process
- Create the necessary flexibility and adaptability to enable customization

VIII. SERVITIZATION EXAMPLES

While a classic manufacturing company and services company may differ in their purposes, increasingly, leading manufacturers are basing their competitive strategies on the delivery of a complete service from the production line through to customer aftercare. Those manufacturers who have chosen to servitize have, invariably, different stories to tell about their motivations and approaches.



1. An example of this trend is seen in the sale of large complex medical devices. One of the divisions of **General Electric (GE)** is GE Healthcare, which not only supplies large medical devices but also offers complex services which may entail fitting out an entire hospital, including post-installation performance monitoring and maintenance with GE and non-GE equipment: “We manage the procurement, logistics, installation, commissioning and training throughout the duration of your project... After operations begin, we can provide maintenance, continuous education and performance solutions throughout the lifespan of the equipment”. (www.gehealthcare.com) In three medical equipment divisions of General Electric, the cost of pursuing a sales opportunity almost doubled in the five years between 2000 and 2005, while the average selling cycle increased by more than 30%.

2.Xerox started looking at the printing environment from a holistic perspective rather than assuming that customers simply wanted cheaper equipment and supplies. The drive was to provide services that would gain control over all aspects of their printing, and the result was the creation of Managed Print Services (MPS). The company continued to develop capabilities in document management (an industry it created), business process and information technology outsourcing. In 2010 it acquired Affiliated Computer Services, the largest independent business process outsourcer in the United States. This now means Xerox can focus on and transform the back-office operations of businesses and governments: for example in HR, customer care and finance. It provides shared scale and access to expertise to make these operations more productive, reliable and sustainable. Service provision has been a financial success for the company. In 2012, 84% of Xerox’s \$22.4 billion revenue was annuity based, with services revenue growing 6% from 2011, to \$11.5 billion.

IX. CONCLUSION

It has been suggested through studies, that advanced services, even when managed well, are proportionately less profitable because they present more challenges. On the other hand, the more “advanced” the service, the greater the potential for revenue generated and opportunities to retain customers and gain an advantage over low-cost competitors. Managing the risk is crucially



important in servitization and an ability to monitor services from production through to aftercare is essential to achieve business success. In an ever changing world, the industry needs to increasingly adopt servitization. Companies can no longer compete successfully through pure product innovation or product efficiencies. Increasingly, a service-led competitive strategy offers opportunities to increase revenue generation and amplify resilience to economic downturns. A multi-service emphasis is essential to strengthening relationships with customers, to create new and resilient revenue streams and to set high barriers for competitors.

X. SUGGESTIONS

In India, it is going to be next successful business technique, which is profitable and attractive by Indians easily. Servitization should be applied to pharmaceutical industry and banking sector to give betters services to the customers. Apart from these industries in each and every sector servitization should be introduced. So that customers will get better quality services from their manufacturers and it also give way for new technological advancement everywhere.

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AVOIDING JUNK IN CUSTOMER RELATIONSHIP MANAGEMENT (CRM) DATA USING DATA MINING TOOLS

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ABSTRACT

CRM is very important in Business administration and is used to create and establish fruitful relationships with the targeted people. The relationship, which is enriched, will result in a purposeful job. The process of CRM delivers excellent results at a very low cost. The heart of CRM process wholly depends on the Database. Database consists of various types of Data including junk. Junk Data is a relative concept as some Data may be junk for some user and useful for another user and vice versa. Classification of junk is dependent on the nature of use. Data mining tools can solve this issue of junk data by considering the overall requirement of the task. Financial Institutions, Banks and Insurance companies are greatly benefited by this filtering process. Elimination of junk data greatly enhances the efficiency of the CRM, which is our ultimate goal to achieve. Hence the integration of CRM and data mining is very much required to achieve the elimination of junk data. Moreover the presence of junk data will result in cost escalations. Data mining recognizes the data pattern. Integration of CRM and data mining will successfully eliminate the junk data and satisfy the business requirements and vendors. This paper will suggest some techniques, which eliminate junk data for the success of CRM process both technically and financially. The next big task will be to implement the concept through software, for which programmed coding is required. If this is applied as a software enhancement to the existing suite, the task will be successfully accomplished.

Indexing terms:CRM, Data mining, Business organization

I. INTRODUCTION



Customer Relationship Management is very important for many Business applications. There are many applications and developed softwares are available. But Customer Relationship Management is such an area, which has scope for improvement and enrichment. The usage of correct Customer Relationship Management benefit the Business Organizations, to improve their Business many fold. Hence, Customer Relationship Management is a very important concept / tool from the Business view point. Therefore, every Business Organization has to think of improving the practices of Customer Relationship Management. There are many ways to improve Business. Customer Relationship Management related issues are very important. Therefore, apart from other procedures, improving Customer Relationship Management is very crucial for the success of the Business Organization.

The aim of this study is to show that it is possible to develop CRM efficiency and to have an effective and rapid response to customer requirements, by integrating CRM and DM techniques [1, 2]. So, to do this, we will examine major concepts of CRM and DM in this study. Using DM techniques in CRM can improve CRM's effectiveness. So, it can provide better forecast ability to organizations, companies, and industries to attain more prosperity.

II. IMPORTANCE OF CRM

Business Organizations are heavily dependent on Customer Relationship Management for their Business continuity and Development. An effective tool is always welcomed by the Business Organizations. Organizations like Banks, Financial Institutions, Insurance Companies, Non Banking Financial Companies, Fast Moving Consumer Goods Companies, Retail Companies etc.. are all using Customer Relationship Management for their Business improvement. Therefore, improvisation of Customer Relationship Management will greatly benefit all these Organizations.

Apex Institution like Institute for Development of Research in Banking Technology, Hyderabad is working on Customer Relationship Management for the benefit of Banks and Financial Institutions. Hence, there is a overall need for developing Customer Relationship Management.

CRM begin with the recognition of customers. This phase includes finding the intended population, the population which may be favorite and commercial for any organizations. This stage includes the customer analysis and customer categorization steps. Analysis of customers includes searching for correct customers through their essential characteristics. The customer classification includes isolating customers into smaller groups. In this step moderately related customers will be classified in a same group.



Customers attraction

After identifying the budding customers, the organizations can straightaway attract the customers. A component to attract customers in direct marketing is defining a procedure that encourages customers to order their desired products through various channels. Direct E-mails or coupons are good examples of the direct marketing.

Customer growth

This stage includes growing number of communications, transaction value and customer productivity. The components of customer growth are: study of customer's life-time value and promotion activities which their objective is to boost the number of services a customer will get in the business. Market analysis objective is to maximize customer's transactions and expose trends in customer's performances.

III. APPROACHES OF CRM

The first condition for successful execution of the CRM is clarity about the idea of the CRM. Among the diverse approaches which exist in this area, the following three areas are separate:

Operational CRM: This technique maintains face to face business and activities with customers. For e.g., answering centers (staff of phone).

Analytical CRM: It provides logical information about customer segmentation, customer's performance and customer's worth.

Collaborative CRM: This technique focuses on relationship incorporation with customers using the appropriate communication channels. For e.g., telephone answering centers.

CRM is familiar as a central customer management (CCM) approaches, so that information system provides necessary data to support CRM developments in the above three categories: Operational CRM, Analytical CRM and Collaborative CRM. Companies can increase customer productivity and customer retention using CRM. Customer retention is a very significant issue in all business, especially in small and medium businesses. Because in these businesses the resources are partial. In addition to that, disappointed customers make the organization weak. Because they harm organization's rivalry, also they try to encourage other customers to avoid deal with the organization. It is clear that CRM is a significant issue in the business world. The key investigators of CRM believed interests and advantages of CRM can be searched based on each businesses structure separately. But the results of the recent examinations in several countries and industries show that the



interest of CRM in different industries and countries does not change very much. The main benefits of CRM can be stated as below:

IV. DATA MINING

DM is one of the current developments in line with database management technologies [3]. In truth we could say that DM is a relatively new technical research area in the field of statistics and machine learning. The purpose of DM is to discover the knowledge from raw data. Extracting unknown knowledge from stored data and information in databases can be essential and important in business and direct marketing. This extracted knowledge can help and support companies to make better and more intelligence decisions. So, in this way powerful decision support systems (DSS) is developed, which help organizations to progress their business and direct marketing processes. Figure 1 shows the process of knowledge discovery from data warehouse (DW). DM in modern decades has been developed very fast with the support of the technologies and sciences such as statistics, artificial intelligence and machine learning. Table 1 shows some of the application and methods of DM.

Database management techniques have significant role in the increased use of information and reduced storage space costs. The quantity of collected and stored data rapidly increased during the past decade. With this rapid and remarkable growth of data which are collected and stored in various databases, we need some powerful tools for analysis. Without these tools collected and stored in databases are not competent and useful. One other hand, decision making based on information stored in the database may be more valuable and more intelligent. Amount of existing data are doubling every 4 years. So organizations must be able to supervise their data. DM is a very vital and powerful technique which can help organizations and business to manage this huge amount of data. Via DM organizations are able to extract useful knowledge about customer's behaviors to expand and make better their business and direct marketing.

V. INTEGRATION OF DATA MINING WITH CRM

The CRM is a main theory with multiple layers and DM can be considered as an important layer of CRM [4, 5]. DM assist companies to move toward customer oriented techniques. Customer's life term refers to different levels of communication among customer's and business. Accepting the customer's lifetime is a significant issue, because it is directly in association with incomes and the customer's expected value. Vendors believe that there are three ways to boost customer's value:

- Increase customer's purchase of products.
- Customer's profits are based on higher sales of products. ☐Customer retention is vital for very long time.



Customer's existence is a general structure to know customer's activities and include the subsequent four basic steps:

- **Vision:** Customers who are not among our customers now, but they are located in the target market.
- **Dynamic Customer:** People who have recently used our products or services.
- **Past Customer:** Bad customers who have unpaid their bill, which creates a high cost.

As cited in earlier sections, CRM is one of the most practical areas of DM. In general, DM has been entered in all fields of CRM, particularly in customer retention field. This point of the CRM is considered as central module of CRM cycle and has great significance. Customer happiness which refers to the difference among the customer's present condition and his hopes are considered as a necessary requirement for customer retention. Customer's faithfulness programs, which are located in this phase as one of the major components, include efforts and supportive activities with the objective of retention the long term associations with customers. Customers perform mechanical analysis; quality of services (QOSs) and customer satisfaction are considered as customer loyalty programs [6]. According to investigations, almost all DM tools have been used in CRM area.



DM is the method of extracting earlier unknown information, clear and potentially useful knowledge from stored raw data in DWs using pattern recognition (PR) techniques, numerical and statistical methods. Two main goals of the DM are forecasting and description. Predictive DM provides a model from system where this model can be forecasted by a set of particular data. Its overall objective is to provide a model for classification, prediction and assessment of data. Descriptive DM offers new information based on a set of data. Its overall purposes are accepting and analysis systems by using of



knowledge and relationships. CRM is one of the most essential applications of DM. CRM has played a vital role in formulating the strategies related to project customers [7].

Basically the aim of CRM is establishing a deep and strong connection with customers to increase their value and lifetime in the society. The analytical CRM can be a good background for the DM techniques. Figure shows the CRM cycle. It shows how to realize the customer via customer's behavior analysis. DM techniques can be used in this section by CRM, deal to the rules and patterns of customer's indefinite behavior.

VI. CONCLUSION

By eliminating the junk data using DM tools slicing, dicing etc..following are achieved

1. Study of existing methods.
2. Study of existing software packages.
3. Identifying the merits and demerits.
4. Studying relevance and redundancy.
5. Identification of problem areas and suggestion of remedial measures.
6. Suggestion of modifications and enhancements.
7. Quantitative and qualitative aspects of all forms of risks associated.
8. Studying the feasibility and economic viability.
9. Taking care of Business continuity.
10. Improving the Data Mining tools, Data Warehousing and Business Intelligence concepts.

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IMPACT OF SERVICE QUALITY FACTORS ON CUSTOMER SATISFACTION – A STUDY IN STATE BANK OF INDIA, ANDHRA PRADESH

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ABSTRACT

The global banking scenario is currently undergoing radical transformation owing to the liberalization, privatization and globalization measures introduced by economies of world. The Indian banking industry is no exception to this situation. In India, banking had been restricted from private participation in India and public sector banks had been enjoying complete protection. The aim of this paper is to explore the relationships between the different service quality factors (physical facilities at the bank, employee responsiveness, reliability, efficiency and empathy), and customer satisfaction in State Bank of India, Andhra Pradesh using the Regression Analysis. The results indicated that there exists a positive relationship between the service quality factors and customer satisfaction. In addition, implications and limitations of this study, as well as directions for future research are discussed.

Keywords: service industry, service quality, customer satisfaction.

I. INTRODUCTION

In the changing global competitive environment, it has become more and more important for service organization like bank to differentiate themselves from their competitors by effectively offering a high quality service with the support of an efficient and strong workforce. Therefore, service organizations in order to be more successful need to improve their strategies not only externally but also internally by managing services which lead to customer satisfaction. The banking industry like many other financial service industries is facing a rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers and the changing climate has presented an unprecedented set of challenges (Bolton and Drew, 1991; Naumann, 1995; Cronin and Taylor, 1994; Khurana, 2010; Kamble et al., 2011; Al-Hawary and Metabis, 2012). Banking is a customer oriented services industry, therefore, the customer is the focus and customer



service is the differentiating factor. Customer service in banks is satisfying the needs of customers, at the right time and in the right manner. Therefore, banking organizations must be in a position to understand the customers' requirements and recommend various schemes (Cronin and Taylor, 1992; Dean, 2002; Zeithaml et al., 1996). The study makes an attempt towards the realization of the service quality factors that lead to customer satisfaction. The main purpose of this study is to identify the various service quality factors that influence the satisfaction of the customers. The findings of the study are helpful to the SBI to identify the factors that require the attention to enhance the satisfaction of the customers.

II. REVIEW ON SERVICE QUALITY & CUSTOMER SATISFACTION

Customer satisfaction is a measure of how products and services supplied by a service organization meet or surpass customer expectation. It is seen as a key performance indicator within business. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Parasuraman et al. (1985) provided the basis for the measurement of customer satisfaction towards service by using the gap between the customer's expectation of performance and their perceived experience of performance based on ten determinants of service quality. They are – Tangibles, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, understanding/knowledge of customer.

Goode et al (1996) tested a hypothesized model which measured the overall satisfaction gained from the services attached with the use of automated teller machines (ATMs) and it is revealed that for banks to increase customers' overall satisfaction and the usage of available services they must target factors which directly affect customers' expectations and perceived risk. **Bahia and Nantel (2000)** developed a scale for the measurement of the perceived service quality of retail banking in Canada. The BSQ comprises 31 items, which span six dimensions: effectiveness and assurance, access, price, tangibles, service portfolio, and reliability.

According to **Luiz and Douglas (1993)** the nature and direction of the satisfactions that are delivered to consumers of bank services. Findings revealed that respondents had high levels



of satisfaction with regard to the location and accessibility of branches and ATMs, and acceptance of the current levels of banking fees; but expressed some dissatisfaction in their evaluation of new and improved services. **Bhat and Gani (2003)** found that customers of public sector banks were least satisfied with the services provided such as physical facilities, automation, behaviour and efficiency of staff, service time etc. A study by **Debashish and Mishra (2005)** on customer satisfaction in branch services provided by nationalized banks showed that customer satisfaction is strongly influenced by computerization in banks, accuracy in transactions, attitude of staff and availability of staff at respective bank counter (Arora 2005). **Texak and Kaur (2009)** compared customer satisfaction in public and private sector banks in India and was found that customers of public sector banks were found to be more satisfied with the traditional banking services such as ATM, demand draft and cheque book facility and bank accounts as compared to customers of private sector banks. **Mishra et al (2010)** opined that human element plays an important role in perceived service quality. **Ravichandran (2010)** examined the influence of perceived service quality on customer satisfaction and was found that the five dimensions: tangibles, Empathy, responsiveness, reliability, and assurance were positive, and that the responsiveness was found to be more significant in predicting the overall satisfaction of the customer with the bank service.

Results from the study by **Sudhahar and Selvam (2007)** revealed that security, reliability and credibility to be more significant in State Bank of India but aspects such as tangibility, fairness, and treatment and more importantly on accessibility and courteous behaviour of employees towards their customers (Chang et al 2008; Khan, Mahapatra and Sreekumar 2009; Johnston 1995). According to **Ismail et al. (2009)** service quality has three salient features: responsiveness, assurance and empathy. Findings showed that the interaction between perceived value and responsiveness and assurance were insignificantly correlated with customer satisfaction. **Ananth et al. (2011)** evaluated the customer perceptions of service quality in selected private sector banks which showed that the dimension of service quality such as empathy and accessibility has more gap, as the customer expectations are high to their perceived service.

III. OBJECTIVES OF THE STUDY

The basic objectives of the study are:



1. To study the demographic profile of customers of State Bank of India.
2. To determine the relationship between service quality factors and customer satisfaction.
3. To offer suggestions for improving customer satisfaction based upon the present study.

IV. RESEARCH DESIGN

The present study is mainly based on two sources of data: Primary data, Secondary data. The Secondary data pertaining to the profile of state bank of India was collected from the official websites of the SBI and RBI. With respect to the review of literature and previous studies it was collected from Dr. V.S. Krishna Memorial Library, Andhra University, and the Departmental Library of Commerce & Management studies. In addition to the above the researcher has collected articles and research papers from various journals, magazines and the e-journal of the university library and INFLIBNET. The survey method was employed for the collection of the primary data from the selected sample respondents. The sample respondents here are the customers of SBI.

For the present study a structured questionnaires have been developed to get the opinions of the customers of SBI. Items of service quality variables are measured on a five point likert scale, with 1 for “Highly Dissatisfied” 2 for “Dissatisfied” 3 for “Neutral” 4 for “Satisfied” and 5 for “Highly satisfied”. A total of 700 questionnaires were collected. The technique used by the researcher for the present study in the case of employees is the self selective sampling (Saunders et.al 2003) that is a non-probability sampling technique. The primary data was analyzed using the Statistical Package for Social Sciences (SPSS -16.0 version). The data is processed by using the Factor analysis and multiple regression to find out the degree of relationship between customer satisfaction and service quality factors.

1. Demographic profile of Customers

It is evident from the opinions of the customers that a majority are satisfied and between the age groups of 30-39 and 40-49 years and are male customers and married and have completed their degree or post graduation and public sector employees earning a monthly income of < Rs. 20,000 to 30,000 and are associated with the bank for more than 1-5 years



and 5-10 years. Many of the customers have opened their account for savings and their salaries. Majority of the customers have opened an account in the bank due to convenience of location and the good service of the employees of the bank and are associated with the bank for 1-5 years. Further, it is found that majority of the customers visit the bank on a monthly basis and have an account only in State Bank of India only.

2. Factor Analysis With Multiple Regressions For Customer Satisfaction

The multivariate data reduction technique of factor analysis has been used for the study. It is used for the identification of the key service quality factors that lead to customer satisfaction. The method used to get the extractions is the principal factor analysis using the Varimax with Kaiser Normalization for Factor rotation for summarizing the original information with minimum factors and optimal coverage. The main intention here is to know the influence of the service quality variables on the ultimate customer satisfaction. The KMO and Bartlett's test for the variables of service quality factors on customer satisfaction. The KMO value for customer satisfaction towards service quality factors is 0.871 which is greater than 0.5. The approximate chi-square value is also shown in the Table. The obtained chi-square value is significant at the .000 level of significance.

The results of the principal factors factor analysis using a Varimax rotation yielded ten factors with Eigen values higher than 1.00 that explained 72.708 per cent of the variance. Table 1 presents the summary of factor analysis. The first factor explained 25.843 per cent of the variance and was named "**Employee responsiveness**". The second factor explained 12.583 per cent of the variance and was labeled "**Reliability**". The third factor explained 6.699 per cent of the variance and was labeled "**Facilities at the bank**". The fourth factor explained 5.539 per cent of the variance and is labeled "**ATMs**". The fifth factor explained 4.828 per cent of the variance and labeled "**Account opening and waiting time**". The sixth factor explained 4.688 per cent of the variance and is labeled "**Physical Evidence**". The seventh factor explained 3.430 per cent of the variance and is labeled "**Location**". The eighth factor explained 3.276 per cent of the variance and is labeled "**Services**". The ninth factor explained 2.967 per cent of the variance and is labeled "**Customer handling**". The tenth factor explained 2.855 per cent of the variance and is labeled "**Efficiency and competency**".

Table 1 Result of Factor analysis- Service Quality factors



| Factors | Factor interpretation | Eigen value | % Variance explained |
|---------|--------------------------------|-------------|----------------------|
| 1 | Employee responsiveness | 11.112 | 25.843 |
| 2 | Reliability | 5.411 | 12.583 |
| 3 | Facilities at bank | 2.881 | 6.699 |
| 4 | ATMs | 2.382 | 5.539 |
| 5 | Account opening & waiting time | 2.076 | 4.828 |
| 6 | Physical evidence | 2.016 | 4.688 |
| 7 | Location | 1.475 | 3.430 |
| 8 | Services | 1.408 | 3.276 |
| 9 | Customer handling | 1.276 | 2.967 |
| 10 | Efficiency & competency | 1.227 | 2.855 |

The model summary for the regression model has been provided in Table 2. The obtained ‘R’ value is 0.501 and R^2 value is 0.251. This means that the model explains approximately 25 per cent of the variance in overall customer satisfaction. The ‘F’ value is 23.087 at the .000 level of significance and indicates that the regression model is significant at .000 level.

Table 2 Model Summary – Service Quality Factors

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | F | Sig. |
|-------|--------------------|----------|-------------------|----------------------------|--------|-------------------|
| 1 | 0.501 ^a | 0.251 | 0.240 | 0.395 | 23.087 | .000 ^a |

Table 3 presents the beta coefficients for the service quality factors. As can be seen from the table, reliability, account opening and waiting time, services, and customer handling have negative beta coefficients and do not make a significant contribution to the overall satisfaction of the customer with the service quality. Also, employee responsiveness, facilities at the bank, physical evidence, and efficiency and competency has a positive beta coefficient but have a lower contribution to the overall customer satisfaction. The factors ATMs and the location have a statistically significant positive relationship with the customers overall



satisfaction with the quality of service of the bank and indicates the greater contribution to the overall customer satisfaction.

Table 3 Coefficients –Service Quality Factors

| Model | Standard Coeff. | t | Sig. |
|-------|----------------------------------|--------|---------|
| | Beta | | |
| 1 | (Constant) | 86.286 | .000 |
| | Employee responsiveness | .076 | .022 |
| | Reliability | -.245 | -.7.419 |
| | Facilities at the bank | .070 | 2.124 |
| | ATMs | .325 | 9.845 |
| | Account opening and waiting time | -.009 | -.272 |
| | Physical evidence | .012 | .357 |
| | Location | .180 | 5.462 |
| | Services | -.148 | -4.477 |
| | Customer handling | -.130 | -3.957 |
| | Efficiency and competency | .061 | 1.842 |
| | | | .066 |

3. Conclusions

It is evident from the opinions of the customers that a majority are satisfied and between the age groups of 30-39 and 40-49 years and are male customers and married and have completed their degree or post graduation and public sector employees earning a monthly income of < Rs. 20,000 to 30,000 and are associated with the bank for more than 1-5 years and 5-10 years. Many of the customers have opened their account for savings and their salaries. Majority of the customers have opened an account in the bank due to convenience of location and the good service of the employees of the bank. The study confirmed that State Bank of India can enhance its customer satisfaction by putting more emphasis on reliability, account opening and waiting time, services and customer handling.



V. SUGGESTIONS

- It is found that customers are not satisfied with the reliability of their banking transactions. Therefore banks need to pioneer new service delivery techniques to strengthen relationships with customers and to suit the underlying dimensions of fast response to customer enquiries, provide accurate information, and also the safety, and quality of service.
- Banks also need to concentrate on reducing the waiting of customers by bringing about awareness about ATMs increasing the use of more technology and equipment which lessens the waiting time of customers. They also need to maintain proper record and account maintenance and lessen the formalities in the process of opening an account.
- Customer handling is another factor which was found to have a negative contribution on the customer satisfaction. Therefore it is suggested to the bank to undertake regular customer meets for effective relationship banking.
- Employee responsiveness has positive contribution to the customer satisfaction. This can help the bank to motivate its human element as it is its greatest asset through which it can provide quality service to its customers.
- Branches must be adequately equipped with hardware and support systems, such as generators, to ensure that business is not disrupted on account of infrastructural problems. When they have to complete a complex transaction, even regular electronic banking users feel the need to visit the branch and consult its staff.
- Adequate and repeated training of branch staff will make them more knowledgeable and empower them to handle most situations with ease.
- Regular customer meets should be held for effective relationship banking. Bank should increase the promotional efforts like conducting customer meets, road shows, campaigns, making presentations of their services in different organizations to create awareness among the employees and customers regarding the products and build positive image about the bank.

VI. CONCLUSIONS



The objective of this study was to determine the influence service quality on customer satisfaction in State Bank of India, which was achieved. The findings revealed that the service quality factors like reliability, account opening and waiting time, and customer handling should be taken care of to increase customer satisfaction which helps in increased customer loyalty. The customer satisfaction was more positive with the employee responsiveness, facilities at the bank, ATMs, tangibles, location and efficiency and competency of the bank employees in delivering service. The findings the study provides some insights for managers in the banking industry.

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VISAKHAPATNAM FOR MICE TOURISM – IT IS FOR DEVELOPING AND PROMOTION OF TOURISM IN ANDHRA PRADESH – A BRIEF APPRAISAL

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ABSTRACT

Tourism has emerged as one of the most dynamic sectors of any country's economy, not only does it make significant contribution to the foreign exchange earnings, employment, income generation and regional development but also it helps for the overall development. Tourism is as much a part of socio-economic development as any other related activity. In India it must be noted that organized tourism began in the 1950's with the genesis of planned development. Despite that, after so many years also we still have a very meager share of 0.4% only of the world tourist trade, but it has now been recognized by the International Monetary Fund and the World Bank as prime generator of income and employment. Visakhapatnam is fast becoming as one of the biggest smart city in the state of Andhra Pradesh for future MICE tourism. For developing MICE tourism both transport and accommodation facilities are necessary, Visakhapatnam not only has good transport facilities like air, rail, road and water ways for MICE tourism but also it has world class star hotel groups namely Novotel, Green park, ITC, The Park, Dolphin, Taj group etc, for the forth coming decade MICE tourism must be developed as one of the important segments of tourism for a popular city like Visakhapatnam in Andhra Pradesh, since it has good basic infrastructure and reliable facilities. With a new proposal for constructing a world class international airport near Visakhapatnam, the city is going to turn into a new avenue for IT, manufacturing and logistics, as a result international tourists, business travelers find the city as a new tourist destination point, by this revenue, foreign exchange, direct and indirect employment can be generated. Geographically and climatically it is good for the MICE tourism, of late A.P government in the year 2015 announced a new state tourism policy, civil aviation policy for the advantage of MICE tourism in Andhra Pradesh which will have a very positive impact on Visakhapatnam. In this research article



important chapters like Introduction, Linkages with MICE tourism, Convention management, Expositions, Visakhapatnam MICE tourism, and Conclusion have been included.

Keywords: *Convention management, expositions, MICE tourism.*

OBJECTIVES

- Learning about the marketing of conventions
- Significance of exhibitions in the MICE industry
- To generate revenue, foreign exchange, direct and indirect employment

I. INTRODUCTION

Visakhapatnam is a developing city and most suitable for the MICE tourism in Andhra Pradesh. Geographically it has a vast land mass and at the same time bestowed with beautiful seashore. Many tourists keep visiting the city as well as the beautiful and serene locations of Ar the city for the sake of sectors like manufacturing and IT. Visakhapatnam is located amidst two important metros like Chennai and Kolkata both in terms of Railway and Road way connectivity, it also has a port which is useful not only for Exports and Imports, but also it is helpful for migration of laborers' who move to Andaman and Nicobar and other foreign nations. Of late there is an increase in passenger air traffic, to address this issue and to cater to the growing needs; a second terminal is likely to be built for domestic and international passengers at the existing airport in Visakhapatnam, in addition to this Andhra Pradesh government has recently announced international airport at Bhogapuram near Visakhapatnam.

II. LINKAGES WITH MICE TOURISM

1. Hotels/Resorts: Accommodation is a very important necessity for the tourism industry and for the emerging MICE sector. Generally smaller in size meetings are no less an important component of MICE marketing, those meetings which are smaller in size, can be held practically at every hotel, resort or club. Now days, even every small hotel and resorts are trying to tap this potential segment located in small towns also. Clubs, associations, unions etc with their own infrastructure are coming forward to offer facilities and professional services for meetings. In this context almost every star hotel, resort are expanding their facilities to cater to the needs of meetings related to MICE tourism. During the lean period



for tourism industry which will have its impact on the hotel industry, the hotel industry can cope with the fall in revenues by facilitating meetings for MICE tourism. Not much would be needed in terms of investments here as is required by the modern day hotels that are fully equipped for the meetings. Visakhapatnam has so many resorts and star category hotels namely Bay-leaf resort that is a part of chain of Dolphin hotels followed by Star category hotels like Green Park, Dolphin hotels, Daspallah, Novotel, Fortune group, ITC Welcome group's Grand Bay, The Park of Apeejay group, Four Points by Sheraton, Gateway by Taj etc.

2. Transport: Road transport facilities from Visakhapatnam to Bhubaneswar, Kolkata, Vijayawada, Tirupati, Chennai and other places, Train facilities from Visakhapatnam to Kolkata, Chennai, Tirupati, Bangalore, Delhi, Mumbai, and other corners around the country are also readily available.

3. Water transport: Water transport services from Visakhapatnam to Andaman & Nicobar Islands, Kolkata, Chennai, Burma, Bangladesh, Singapore, Malaysia, Indonesia etc, are also available.

III. CONVENTION MANAGEMENT

In convention management key players like hotels, transporters and convention centers etc are important.

1. Hotels: Any meeting or convention which has participants from outside the host city will depend on the hotels for accommodation and food. The role of hotel industry has assumed wider dimensions in the context of modern convention business. Hotels have become major providers of convention facilities, meeting halls, secretarial services, audio-visual facilities, sophisticated communication systems, etc. Many hotels are increasingly including convention requirements in their product design. This is because the convention requirements have a bearing on their various departments and operations. For example, the Food & Beverage department will have to cater to the large number of convention delegates besides taking care of such services in the restaurants and room services.



2. Transporters: Conventional transportation has emerged itself in a specialized area of operations. Many leading airlines have separate executives for handling the convention market. Complimentary tickets to convention planners or to the VIPs have become a part of the marketing strategies; practically all airlines offer business class travel and have frequent flier's programmes for the business travelers. They also offer their aircrafts as special charter flights for business and convention delegates.

The local tourist transport operators at the convention destination play a major role for local transportation of delegates either for the venue or for excursions, sightseeing and entertainment. Different types of vehicles are used for ground transportation in this regard.

Even in the case of rail transport, meeting facilities are being offered. Recently, the **Gujarat Tourism Department** has introduced meeting facilities on their tourist train-the **Royal Orient** with facilities like a meeting coach which can accommodate 19 persons. In fact, the **Indian Association of Tour Operators** (IATO) has been demanding such a facility in order to offer as a package business travel tour combined with leisure.

3. Convention centres: At many destinations convention centres have been constructed as venues for hosting conventions. Since the construction costs are high, these have been mostly built by governments or big business organizations.

Peter Murphy's book **Tourism – A Community Approach** has suggested the following five considerations regarding the location of a convention centre:

- i). Site size is critical since space varying from half to a full city block, is needed to house the main building, plus possible support buildings along with delivery and service areas, parking, and entrances.
- ii). The site should be central and accessible to quality accommodation and major inter-city transportation terminals for domestic delegates.
- iii). The site should be close to major shopping and entertainment districts or regional shopping centres.
- iv). Plenty of parking is necessary within the centre, or close by, again because many domestic delegates will drive there, and international delegates, as well as domestic air arrivals, will often rent cars at the airport.



v). proximity to recreation facilities and attractive surroundings is important. Many convention centres also market their facilities for trade shows, fair or exhibitions.

4. Tour Operators and Travel Agencies: The tour operators package special tours as per the requirements of the customers. Besides packaging leisure tours, they have also started catering to the demands of the convention/meeting customers. These packages take into account the customers' needs in this area and accordingly they arrange for convention facilities, accommodation, transportation, entertainment etc.

IV. EXPOSITIONS

The primary purpose of a trade show is to provide an area for the exchange of information between companies and potential clients. Trade shows are profitable for the sponsoring organization and they also provide revenue for the host city and all related businesses. Revenue from a trade show begins with hall rent and includes the employment of all those involved in the setup and move-in of a trade show namely carpenters, plumbers, electricians, florists and associated companies. Those which transfer exhibit properties from point of arrival to exhibit site, are usually hired from within the host city, increasing the employment opportunities within cities that host major trade shows.

V. VISAKHAPATNAM MICE TOURISM

Visakhapatnam to become a major centre for MICE tourism

- Two international convention centres planned to be developed in Visakhapatnam.
- The city has bright scope to emerge as a leading hub for meetings, incentives, conferencing and exhibitions (MICE).
- Central Government had cleared an initial grant of Rs.20 crore for development a convention centre at Mudasarlova with a total investment of Rs.300 crore.
- The State is now in the process of finalizing the bids after completion of evaluation for developing a mega convention centre with a seating capacity of 8,000 to 10,000 opposite Hill No.3 of Rushikonda.
- APIIC said, "The government is keen to promote Visakhapatnam, the largest city in Andhra Pradesh as a major centre for MICE tourism".



- Infrastructure Corporation of AP (INCAP) has been designated as the nodal agency to finalize bids for the beachfront convention centre in an area of 70 to 100 acres.
- The convention centre will have a world-class exhibition centre, a five star category hotel, shopping mall including a multiplex, leisure/amusement zone and multi-cuisine food courts.
- While the Accor group opened the doors of the 225-room Varun Beach Novotel earlier.
- The Novotel property is not only the city's largest hotel but also boasts of a 400-metre walking track on the hotel's roof overlooking the ocean, an ocean view from all rooms and 4,000-people capacity convention facilities.
- AP tourism department is developing a 175-room hotel to be managed by Ritz Carlton.
- Visakhapatnam has an international airport, a deep draft major port and several major industries.
- It contributes 14 per cent of State GDP – the highest among all the districts.
- The United States wants to develop the city as a smart city along with Ajmer and Allahabad.
- Delhi Metro Rail Corporation is conducting detailed project report for Metro Rail.
- The Rushikonda-Yendada convention centre will be developed under Design, Build, Finance, Operate and Transfer (DBFOT) basis to attract industrialists, academics, tourists and pilgrims.
- Rushikonda IT Park Association said "When it materialises, it will give big boost to IT business".

Andhra Pradesh Tourism Policy – 2015

"Andhra Pradesh Tourism Policy 2015-20" – Orders - Issued. Department of Youth Advancement, Tourism and Culture, Dated on 12-06-2015. G.O.Ms. No.09. Details bellowed for the MICE tourism.

Tourism Infrastructure projects

In line with the vision of the Tourism Policy, GoAP is committed to providing maximum incentives and concessions to encourage private investments for setting up and operating Tourism Infrastructure Projects in Andhra Pradesh as detailed below.

Eligible Tourism Infrastructure projects



a) The State Government has identified the following Tourism Infrastructure Projects based on the priorities and alignment with the state's aspirations:

| S.No. | Tourism Infrastructure Project | Definition | Minimum Requirements |
|-------|--------------------------------|---|---|
| 1. | MICE Centers | MICE Centers are designed to hold conventions and exhibitions, where individuals and groups gather to promote and share common business interests. Such centers generally contain at least one large convention hall, mini convention halls, exhibition halls, hotel and parking facilities. The exhibition halls can also be suitable for major trade shows and product exhibitions to promote their products during conventions | <ul style="list-style-type: none">• Minimum seating capacity of 2,000 pax, with built-up area of minimum 20,000 sft of convention area• Three (3) Star or above category hotel (as per guidelines of Ministry of Tourism, Govt. of India)• Exhibition Center with facility for set up of temporary or permanent stalls• Other additional optional facilities may include:<ul style="list-style-type: none">o Shopping mall, with or without multiplexo Food court/Restaurants |

Source from gazette Andhra Pradesh Tourism Policy – 2015-20.

Andhra Pradesh Civil Aviation Policy – 2015

The vision for Andhra Pradesh civil Aviation policy is as follows:

“Creation of world class aviation infrastructure in the State that would help provide reliable and seamless air connectivity to regional, national and international destinations by 2022”

Infrastructure & Investment (Airports) Department: Development of Airports in the state of A.P.-A.P. Civil Aviation Policy, 2015–Orders Issued. Dated on 22-06-2015, G.O. Ms. No. 04.

Current scenario of the Civil Aviation Sector in Andhra Pradesh:

At present there are six operational airports in the State. These are at Visakhapatnam, Tirupati, Vijayawada, Rajahmundry and Kadapa, which are under the operation of Airports



Authority of India (AAI), and the other at Puttaparthi, being managed by Sri Satya Sai Trust. Visakhapatnam Airport, which is a civil enclave, is under the control of the Indian Navy. The airports under AAI together handled 1.66 million passengers. FY 2014-15. Table 1 show the individual traffic handled by each of the airports.

Table 1: Passenger traffic (in millions) at airports in AP

| S. N o. | Airports | FY 2013 – 14 | | | FY 2014-15 (Provisional) | | | Y.O.Y Growth rate (%) |
|---------------|-------------|--------------|---------------|-------|--------------------------|---------------|-------|--------------------------------|
| | | Domestic | International | Total | Domestic | International | Total | |
| 1 | Vizag | 0.94 | 0.07 | 1.01 | 1.03 | 0.05 | 1.08 | 7% |
| 2 | Tirupati | 0.27 | - | 0.27 | 0.24 | - | 0.24 | -11% |
| 3 | Vijayawada | 0.19 | - | 0.19 | 0.21 | - | 0.21 | 10% |
| 4 | Rajahmundry | 0.11 | - | 0.11 | 0.12 | - | 0.12 | 9% |
| | Total | 1.51 | 0.07 | 1.58 | 1.6 | 0.05 | 1.66 | 5% |

Source from AAI

By implementing the aforesaid mentioned proposals and key points of the AP Tourism policy 2015 and AP Civil Aviation policy 2015 in totality, letter and spirit, Visakhapatnam as a city will certainly become a prime location for MICE tourism in the state of Andhra Pradesh.

VI. CONCLUSION

In this research article chapters like Introduction, Linkages with MICE tourism, convention management, expositions, Visakhapatnam MICE tourism and Conclusion chapters are important. While in convention management Tour operators and travel agencies are important, MICE tourism mainly depends on accommodation and transport facilities. In expositions, demonstrations of the products or services are important for the visitors, following which they are purchased by them. After the bifurcation of united Andhra Pradesh and subsequent formation of a new destiny called “NavyaAndhraPradesh”, government of AP has come up with a new A.P. tourism policy – 2015, A.P. civil aviation policy – 2015 that would support the future development of MICE tourism in Andhra Pradesh and will surely in



the days to come will generate revenue, employment (direct and indirect) through the MICE tourism in the state of Andhra Pradesh.

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ROLE OF INTERNET- MARKETING IN BUSINESS GROWTH

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ABSTRACT

Internet marketing is an interesting topic especially for researchers in the marketing field. It is a new way of marketing a product or service globally to the targeted market around the world. Internet Marketing means using digital technologies to help sell goods or services. Internet marketing is one of the most booming and flourishing industry at present. Many people are marketing their products online in order to save time and money in selling their products. This article has been developed from descriptive secondary information. This paper discusses the framework of Internet Marketing and various strategies which can be used by any business to boost customer growth for the particular products they are marketing for. It explains what role Internet Marketing has in Modern Marketing Context, its benefits to the customers & the opportunities it offers to businesses.

Keywords: *Internet Marketing, E-mail marketing, E-Commerce, Growth and Challenges.*

I. INTRODUCTION

Internet Marketing in its simplest terms refers to the marketing and selling of goods and services using the internet as the sales and distribution medium. Internet marketing (IM) is also known as digital marketing, web marketing, online marketing, or e-marketing. Internet introduced in India on 15th August 1995. Since the Internet is being used to support conventional sales and marketing activities. Communication between buyers and sellers becomes more cost effective and time saving as compared to traditional advertising and marketing. It has universal applicability. It permeates all kinds of business like agricultural, retail, industrial, medical tourism, governance, Education and so on.

II. OBJECTIVES OF THE STUDY

- To examine the Importance of Internet Marketing
- To explain the role of Internet Marketing in Business growth



- To study the growth and challenges in Internet Marketing

III. RESEARCH METHODOLOGY

This article has been developed from descriptive secondary information searched by reviewing literature about Internet marketing and concepts published in Journals, books, Magazines and Websites.

IV. INTERNET MARKETING FRAMEWORK

The diagram below is a diagrammatic representation of the framework. The diagram shows a process which highlights key activities involved in the formulation of an Internet marketing strategy.

The framework is divided into 3 primary sections, each consisting of its own set of sub-activities. At the core of the process there are 4 key steps:

- Setting marketing objectives.
- Defining the strategy to get what you want
- Implementing your strategy
- Measuring, analyzing and improving the campaign

Once the marketing objectives are set, you need to define Internet marketing strategies, such as Website, SEO, Banner Advertising, E-mail Marketing etc. The key strategies for internet marketing are

- **Search Engine Optimization (SEO)** SEO is one of the efficient strategies. It is the process of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine. The higher a website ranks in the results of a search, the greater the chance that that site will be visited by a user.
- **Setting up a Website** A website consists of text, images, audio and video elements used to convey the company's message online. It makes the existing and potential customers aware of the features and benefits of the company's product and/or services. Websites can be the Internet equivalents of offline brochures or mail order catalogs and they are a great way to establish your business identity.



- **Pay – Per - Click Marketing (PPC)** It is also called as Cost –per- click. It is the model of internet **marketing** in which advertisers pay a fee each time one of their ads is clicked. Essentially, it's a way of buying visits to your site, rather than attempting to "earn" those visits organically. Search engine advertising is one of the most popular forms of **PPC**.
- **E- Mail Marketing:** **Email marketing** is the targeting of consumers through electronic mail (**email**). Often associated with data mining, **email marketing** can be used to impact consumers in a variety of ways. In general, **email marketing** is a more evolved, digital form of traditional direct mail **marketing**.
- **Banner Advertising:** **Banner ads** are image-based rather than text-based and are a popular form of website **advertising**. The purpose of **banner advertising** is to promote a brand and/or to get visitors from the host website to go to the advertiser's website. Banner Advertising is the placement of ads on a website for a fee.

V. PURPOSE OF INTERNET MARKETING

Internet Marketing defines what you want to achieve through your campaign. Organizations may develop different objectives depending on their individual circumstances.

A useful framework for developing effective Internet Marketing is the five S's framework, which includes:

- Sell – using the internet to sell products and services
- Serve – using the internet to serve customers
- Speak – using the internet to communicate with customers (both existing and potential)
- Save – using the internet to save/ reduce cost
- Sizzle – using the internet to build brand identity

VI. IMPORTANCE OF INTERNET MARKETING

Internet marketing gives organizations of any size access to the mass market at an affordable price .It allows personalized marketing.



- **Internet marketing is Cost effective**

Internet marketing is one of the most cost effective ways of advertising because marketing of products on the internet is less expensive as compared to marketing them on a physical outlet.

- **Convenient**

Internet marketing will enable you to be open for business around the clock without worrying about the opening and closing hours of your store.

- **Increases sales**

Internet marketing will increase sales because it provides the consumers with an opportunity to purchase the products online rather than physically going to a place.

- **Lower cost**

A properly planned and effectively targeted campaign can reach the target customers at a much lower cost than traditional marketing methods.

- Always available to consumers
- One-to-one marketing
- Global reach

VII. ADVANTAGES OF INTERNET MARKETING

Following are some advantages of Internet- Marketing

- Convenient— Internet is convenient as there is no time restriction. It is comfortable since it is in a user friendly environment.
- Interactive & immediate— a one-to-one basis, as well as, a two way communication with customers through the Internet is possible.
- Internet is a fast and flexible.
- It is easier for customers to receive a kind of acknowledgement.
- One of the most important advantages is the fast availability of the information.
- Internet Marketing helps the expansion of the company from a local market to national and international markets
- Customer Relationship Building— companies can interact with customers to learn more about their needs and to build customer databases.
- Access to Global Markets— The Internet is a global medium, which allows buyers and sellers to click from one country to another in seconds.



VIII. DISADVANTAGES OF INTERNET MARKETING

Following are some disadvantages of Internet- Marketing:

- Slow internet connections can cause difficulties.
- Customer is not allowed “to touch” the merchandise before purchasing it
- The lack of trust of the Customers because of the constant virtual promotions that appear to be frauds
- The cash on delivery system. Since it doesn’t guarantee the 100% purchase of the product.
- Dependability on technology
- Security, privacy issues
- Maintenance costs due to a constantly evolving environment
- Worldwide competition through globalization

IX. CHALLENGES FACED BY INTERNET MARKETERS

Since the Internet boom started in the late 1990s, Internet -based companies have been starting up every day. New opportunities for business growth emerge daily, expanding the reach and capabilities of the cyberspace.

Following are the challenges faced by Internet Marketers

Challenge 1: Security and privacy

People completely don't trust Web companies and, thus, are careful about offering information. This is especially true when companies collect data. To address this, it is imperative for Internet Marketers to adopt a sound policies and fool-proof security measures.

Challenge 2: Improving brand awareness

This is a big challenge for companies that primarily use the Internet to sell their products and services. It is all about creating impact. This is because unlike traditional advertising in which the campaign's message can be reinforced and repeatedly introduced to consumers. Famous companies have their trademark signatures, symbols and personalities. Internet marketers should be able to develop a way to drive retention and recall. If there is no branding, then there is no point in building a website business.



Challenge 3: Converting Traffic into Sales

Getting users to view what you have to offer is just the beginning. It's important to convince the users to buy your product or service. A user viewing the website does not exactly translate to profit yet. The challenge is to have the users pay for what you offer. Make sure that the page is not just convincing but it also helps users realize how relevant the product or service is to their lives. In order to guarantee that users will buy the product or pay for the services, it's important to develop a compelling sales pitch. Constant updates and relevant content materials should also help users realize how important the products and services you offer. Having feedback from other known website marketers or credible people in your niche will also help convince a user to buy your product or service.

Challenge 4 – Problems with Shipping

The customers using the online shopping channel should be assured that the products that they have ordered would reach them in due time.

Challenge 5 –Dealing with the Technology and Latest Trend

It's been Technology vs. marketing in many circles for too long. It's time we understood that we need to partner with our IT friends to implement our marketing programs. It's simple, we need them and they need us. To successfully make business on the online, it is important to always keep up with the latest trend because almost every day something new is introduced. The world is constantly changing Internet marketers need to regularly check out the competition and the kinds of tools they can use to market their products better.

Challenge 6: Expectations of the Customer

Managing customer expectations is vital to the Internet marketers. If you don't know your competitors will and customers expectations you will not have a business. You have to take the time to get to know them. Internet Marketer has to treat the customer with care and respect.

Challenge 7: Communication



Aside from the content, internet marketers will also have to write sales/promotional letters and emails to successfully make money online. Sending emails and letters to people is a good way to advertise products and services. It might be good to see what people find interesting to read and what they don't. Are you communicating with your audience? Not every internet marketer is a communications expert. Internet Marketer needs to know his audience and be able to communicate with them.

Challenge 8: Unauthentic Sites are major Risk

Software and technology is providing security systems to prevent hacking of websites and stealing valuable data from systems is the need of the hour.

X. INTERNET MARKETING AND GROWTH FACTORS

E-commerce is recognized for its ability to allow business to communicate and to form transaction anytime and anywhere. Whether the Customer is in India or overseas, business can be conducted through the internet at any time.

Several factors have contributed to the growth of Internet marketing.

- Changing life style of the burgeoning middle class
- Access of Internet and 3G/4G penetration
- Rising standard of living has increased the level of consumption and also the quality of consumption.
- Busy urban lifestyles and lack of time for shopping
- smart phones accessibility to online shopping
- Changing perceptions around branded products

XI. CONCLUSION

This article discussed the growth and the challenges in the ever expanding area of Internet marketing. Consumers are always hungry for modern ways of shopping.. Internet marketing impacts upon businesses in a number of ways. When it used effectively, marketing campaigns and strategies have the potential to reach the targeted customers in a speedy and low-cost manner. It can provide promotion for a wide range of products and services. In the changing times, every day a new challenge arising out of global competition, a single mistake can result into huge customer loss. So it is advisable that even for traditional products, the



strategic use of Internet marketing can result into greater productivity and greater profitability.

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**FACTORS INFLUENCING THE PURCHASE BEHAVIOUR OF FARMERS WITH
RESPECT TO SEEDS AND AGRICHEMICALS IN RURAL INDIA**

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ABSTRACT

Agriculture in India is dominated by small land holding farmers who with their varied requirements of agri inputs such as seed, agrochemicals, credit and energy pose a challenge to the agri input firms. Agri input requirements and the factors that affect the purchasing behaviour of the farmers vary from large farmers to small farmers. Marketing of agri inputs in rural areas has become very competitive and tougher because of the presence of many agri input companies competing for the attention of the farmers. Apart from major multinational and domestic companies the rural agri input market space is also sought by many local players. There is also a substantial threat from local marketers who use the brand names of the established brands with a slight change to push their products in the market. In this scenario it is of utmost relevance for the firms to understand the factors that would influence the farmers purchasing behaviour with regard to agri inputs. This paper tries to throw light on the factors that would influence the purchase behaviour of farmers with respect to two most important inputs of agriculture - seed and agri chemicals based on the primary data collected through survey method.

Key Words: Farmers, Agri inputs, Purchase behaviour.

I. INTRODUCTION



Agriculture inputs play a very important role in sustaining as well as increasing the productivity of agriculture. Marketing of agri inputs should be aligned with the broad objectives for sustainable agriculture and increasing productivity. With the decreasing yields in agriculture and need of the farmers to deal with the vagaries of weather, farmers are looking for inputs which can help them increase their yields and mitigate risks. Marketing of agri inputs thus has become knowledge intensive, as farmer is not only looking for quality inputs, but also dissemination of knowledge which helps him to manage their farms efficiently. Marketing strategies of agri input companies are affected by various factors like the crops cultivated, size of land holding of farmers, the climate conditions, Government policies, prices for various crops and environmental concerns. Farmers in India are enterprising and keep track of the various developments in agriculture. The purchase behaviour of farmers with respect to agri inputs is dependent on various micro environmental factors like social and culture scenario of the region which he lives in, dealer's strategies and company personnel's approach. At the same time it is also affected by macro environmental factors like climate conditions, policies of the government, prices of agri produce and availability of agri inputs.

This paper tries to explore the factors which affect the purchase behavior of farmers with regard to two important agri inputs – seeds and pesticides.

II. SEED AND PESTICIDE INDUSTRY IN INDIA

Seed is the vital input for agriculture production on which performance and efficiency of other inputs depend. The Indian seed industry consists of large public sector firms and large, medium and small private sector firms. The private sector is estimated to have 400 players (Kalyan, 2010). The private sector accounts for 70 percent of the market in terms of market turnover.

Pesticides industry (agro chemicals) consists of 125 technical grade manufactures of which 10 are multinational companies and 800 are formulators. The key segments in this industry are insecticides, fungicides, herbicides, bio-pesticides and others like plant growth regulators. The seed as well as the pesticide industry is highly competitive with large number of players competing for the attention of farmers and a share of the market.



III. METHODOLOGY

The study is based on survey conducted in Nizamabad district of Telangana state. A pre tested schedule was used to collect the data. Four mandals from Nizamabad district were selected and from each mandal three villages were selected randomly. From each village ten farmers were selected randomly. Thus the sample consisted of 120 farmers. The data was analyzed using simple tools like Garrett ranking and percentages.

IV. REVIEW OF LITERATURE

Desai (1970) in an attempt to study the factors determining the demand for pesticide in eight selected villages in Guntur district of Andhra Pradesh found that the demand for pesticides depend on the price or yield expectation of the reference crops, besides the use of inputs such as fertilizers, water and HYVs. He further added that the cultivators demand for pesticide was governed by the nature and intensity of pest attack, the effectiveness of pesticide, and the yield of the crop in the absence of pest attack, the price of crop output and the cost of pesticide used.

Reddy and Raju (1999) studied the buying motives of rural consumers towards purchase of seeds. They identified the factors influencing brand loyalty of farmers as dealer's advice, quality product and fellow farmers' advice. The problems faced by farmers with regard to seed supply were poor quality, high price, adulteration and irregular supply.

Padmanaban (1999) conducted a study on farmers brand loyalty in purchasing seeds and revealed that the price and efficiency of preferred brand as well as impact of advertisement significantly influenced the brand loyalty. Only when the price of a particular brand is lower than price of other competitive brands in the market, the farmers prefer low priced brand, otherwise farmer continued to purchase the same brand.

Sivakumar et al., (2006) studied the buying behaviour, problems and expectations of the farmers with reference to cotton seeds. He reported that seed quality parameters influenced the farmers' choice of brand of cotton seed. Seed delivery logistics should be improved to ensure the timely supply of seeds to almost all dealers.



Hosmani (2007) carried out a study on seed marketing in Belgum district to assess the farmers' preferences in vegetable seed purchases. He concluded that first importance was given to yield, followed by germination percentage and neighbors opinion stood in the second and third place, respectively. Chilli growers bothered the least about seed price.

Dalal and Bishnoi (2008) studied the buying behaviour of the farmers towards cotton seed in Haryan. It was found that with the increasing level of education and land ownership, the farmers were using multiple varieties of seeds. A majority of the farmers buy seeds in anticipation of good yield but largely depend upon private shops and credit purchases.

George and Debabrata (2009) reported in their study on factors affecting the use of agrochemicals that there were no differences in the proportion of farms using pesticides. However, with the increase in the size of the farm there hasn't been any significant change in the use of the pesticides. For the distant farmers all the farmers have to depend on retailers only. Greater is the size of the farm, greater is loyalty for a particular brand of agrochemical. There was no difference between the factors which have led to purchase the agrochemicals between near and distant category of farms. Among the different size of near farms, farmers relying on field demonstrations have increased with increase in the size of the farm. Among source of advertisements, posters put up by various agrochemicals companies on villages had been more effective to both near and distant as well as all category of farmers as compared to all other source of advertisement. Further trust on the company as a source of information had increased with the increase in the size of the farms for both nearer and distant category.

V. RESULTS OF THE STUDY

Farmers purchase behavior of seeds and agri chemicals is influenced by various factors. The factors which govern the purchase behaviour of farmers with respect to seeds and agri chemicals differ.

With respect to the purchase behaviour of seeds, the farmers are highly influenced (93 percent) by yield factor, as the ultimate aim of cultivating of any crop by farmers is to get good yield. Sixty nine percent of the total respondent farmers mentioned that other farmers cultivating the same crop in the vicinity influenced their choice of a particular brand. Around



33 percent farmers said that they are moderately influenced by other farmers. Around half of the farmers were moderately or highly influenced by promotional activities, whereas 47 percent farmers expressed that they are less influenced by promotional activities conducted by the seed companies. Eighty eight percent farmers said that dealers influence was low to moderate. Eighty one percent farmers expressed that the influence of the company personnel on their buying behaviour was very low. Around seventy percent of farmers mentioned that brand name had a low to moderate influence on their buying behavior.

Table 1: Factors influencing buying behaviour of farmers with respect to seeds.
(figs. in percentages)

| S. No | Factors | Amount of influence | | | | |
|-------|---|---------------------|-----|----------|------|-----------|
| | | Very low | Low | Moderate | High | Very high |
| 1 | Yield | 0 | 0 | 0 | 7 | 93 |
| 2 | Brand name | 21 | 39 | 33 | 7 | 0 |
| 3 | Price | 23 | 65 | 22 | 0 | 0 |
| 4. | Extension workers | 100 | 0 | 0 | 0 | 0 |
| 5. | Co-farmers | 0 | 9 | 22 | 37 | 32 |
| 6. | Promotion activities of the company | 5 | 47 | 25 | 24 | 0 |
| 7. | Dealer's influence | 3 | 43 | 45 | 8 | 0 |
| 8. | Efforts of sales personnel of the firms | 81 | 13 | 3 | 3 | 1 |

(Source: Survey data)

From table-1, it can also be noticed that the influence of public extension workers on the choice of a particular brand of seed is very low. Price of seed is also an influencing factor though the influence ranges from low to moderate. Seed being basic input farmers are willing to pay prices fixed by firms if the yields promised by firms are high and quality of produce is good.

In the case of pesticides the most important factor considered by the farmers in selecting a particular brand of pesticide is the price. However a difference in responses was noticed



between farmers cultivating commercial crops and those cultivating traditional crops. In case of farmers cultivating commercial crops performance was the most influencing factor followed by price whereas, in the case of farmers cultivating traditional crops price was most influencing factor followed by performance. The second most influencing factor affecting farmers' choice of a particular brand of pesticide is the information dissemination by company staff. The field staff of the agro chemical firms meet the farmers and explain to them the various benefits of using their product. Most of the farmers ranked dealers advice as the third most importance factor which would affect their purchase of a particular brand of pesticide. Promotional activities conducted by the firms was the fourth most influencing factor where as brand name was the fifth most influencing factor. Fellow farmers experience and advice received sixth rank with respect to the various factors influencing the buying behaviour of farmers with respect to pesticides. The factors - ease of usage, size of the packet and easy availability were ranked as eighth, ninth and tenth most influencing factors.

Table 2: Factors influencing the buying behaviour of farmers with respect to pesticides.

| S. No | Factor | Garrett Rank |
|-------|--|--------------|
| 1 | Price | 1 |
| 2 | Performance | 2 |
| 3 | Information dissemination by company staff | 3 |
| 4 | Dealers advice | 4 |
| 5 | Promotional activities of the companies | 5 |
| 6 | Brand name | 6 |
| 7 | Progressive farmers / fellow farmers experience and advice | 7 |
| 8 | Ease of usage | 8 |
| 9 | Size of the packet | 9 |
| 10 | Easy availability | 10 |

(Source: Survey data)

In the case of pesticides price and performance are very important influencing factors, where as knowledge dissemination and dealers advice are next most influencing factors in the



choice of a particular brand of pesticide. Though promotional activities of firms, brand name, fellow farmer's advice, ease of usage, size of the packet and easy availability also influence the choice of a particular brand, the influence is moderate to low.

VI. CONCLUSION

Seeds and agro chemicals decide the productivity of a farm. Hence, farmers are concerned more about the yield performance of seeds and crop protection performance of agro chemicals when they are choosing a particular brand of seed or pesticide. Though price is an important consideration in case of pesticides it is not so in case of seed. In case of both agri inputs considered the influence of promotional activities and brand name of a product is moderate.

Firms in agri-input sector should realize that performance of the product is the important criteria in choice of a particular brand of seed or pesticide and direct their promotional activities to demonstrate the performance aspects of their product. It must also be taken note that dealer's advice plays a great role in the choice, hence developing a good dealer network and maintaining good relations with dealers is imperative if the company wants to develop a good market for its products. Maintaining good relations with progressive farmers is also important as they are also an influencing force on the choice made by the farmers.

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BUYING PERCEPTIONS OF FARMERS IN AGRICULTURE TRACTORS – A CASE STUDY IN DISTRICT OF KURNOOL, AP, INDIA

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ABSTRACT

The purpose of this study is to investigate the farmer's buying behavior with reference to Agricultural Tractors and also to find whether Live Demonstrations are more effective than the other modes of advertisement or not. The search design was descriptive & the sources of data used were both primary & secondary. The primary data was collected in the form of a questionnaire, obtained directly with interaction of farmers, thus assumed to be original in character. The secondary data was collected from internet websites & through various business magazines. It was found that demonstrations and branding play a vital role in decision making of farmers. They check for the availability of spares and service also. It was evident from the data that companies have to demonstrate their manufactured tractors at the farmer's fields for popularizing. It was also found that price factor does not play major role in decision making of farmer.

Keywords: Farmers buying perceptions, buying behavior of farmers, agricultural tractors selection, case study on agricultural tractors.

I. INTRODUCTION

Every aspect of the economic life in India is influenced by the agriculture. Agriculture contributes nearly 32% of the national income of India and it offers livelihood to nearly 70% of the total population. Indian agriculture is influenced by the tractor industry. Tractor industry plays an important role in the development of agriculture. Indian tractor market is very complex so marketer must care in analyzing consumer behavior.



Decision making is a process of making a choice among alternatives, in order to achieve the goals and objectives. Farmers' decision-making tractors brand choices are the process of making a choice among alternatives also.

Tractor machinery plays an important role in India's GDP. This agricultural tractor, the other agricultural machinery came to India through imports but later on were successfully manufactured with foreign collaborations. The manufacturing process started in year 1961-62. Indian industry of tractor is relatively juvenile but now has become the prime market worldwide. On analyzing it was found that the penetration level of tractor is low as compared to world standards. The recent years study showed that the industry has registered a great sale in terms of domestic and even export. Northern region has become saturated in sale of new tractors like Mahindra, Escorts, Tafe, Eicher and Johndeere but southern part is still penetrating. The horse power ranging 40-50HP is most popular in south India and is considered as fastest elevating segment. The tractor industry increases per capital productivity of people and thus elevates living standard. Tractor industry volume in India in 2014-2015 was domestic is 350,000 and export is about 60,000.

Company around the world is sharply focused on the customer need & demand. His perception, buying behaviour, social acceptance among others, forms the basic input of marketing researchers. Among those companies, which respect their principles & follow, is the Agricultural Tractors.

In today's fast changing competitive world, marketing research has gained immense importance for formulating its strategies. Every organization needs up-to-date information about what their customers want & the organization can work accordingly.

Advertisement has an important effect on a country's economy, society, culture & political system. Most economists believe that advertising has a positive impact on the economy because it stimulates demand for products & services, strengthening the economy by promoting the sale of goods & services. Manufacturers know the advertising can help in selling Agricultural Tractors quickly, enabling them to recoup the costs of developing a Agricultural Tractors. By stimulating the development of Agricultural Tractors, advertising helps increase competition. Many economists believe that increased competition leads to lower prices, thereby benefiting consumer & the economy as a whole. These



economists also argue that by interesting consumers in purchasing goods, advertising enables manufacturers & others to sell their products in larger quantities.

The current study was undertaken with the following objectives:

1. To compare the effectiveness of various Advertisement modes of Agricultural Tractors to take decision among farming community.
2. To analyze the decisionmaking procedures of Agricultural Tractors among Farming community based on the reputation, branding , service and spares availability.
3. To analyze the buying pattern of Agricultural Tractors among the farming community.

II. METHODOLOGY

The marketing research has been defined by som any different authors in so many different ways. The American Marketing Association defines marketing research as follows-Marketing research is the function which links the consumers, customers & public to the market through the information, which is used to identify & defines marketing opportunities & problems, generate, refine & evaluate marketing actions, monitor marketing performance & improved understanding of marketing as a process.

In this work, the research design was descriptive & the source of data was primary and secondary. The primary data was collected in the form of questionnaire and thus happen to be original in character. The secondary data was collected from internet websites & through various business magazines. The search instrument used for primary data was questionnaire & the sample size was 100 which were used in Kurnool region of Andhra Pradesh, India. The various sample elements were Farmers, Agricultural Contract Farming Community, Agricultural Market Yard Members, and Agricultural Labors class. Sampling unit is the total number of samples which differed in different locality.

| S.No | Classes | No. of Classes |
|------|-------------------------------|----------------|
| 1 | Farmers | 36 |
| 2 | Agricultural Contract Farming | 16 |
| | Community | |



Data were collected through the survey method while survey is conducted in one city viz, Kurnool of Andhra Pradesh.

Hypothesis Testing

The Chi-square test is applied when there are 2 categorical variables from a single population. It is used to determine whether there is a significant association between the 2 variables.

Here Chi-square test has been used as a non-parametric test as of goodness off it, chisquare test enables us to see how well does the assumed theoretical distribution fit to the observed data. The test enables us to explain whether or not two attributes are associated.

Chi-square= $\Sigma(O_{ij} - E_{ij})^2 / E_{ij}$, Where, O_{ij} =observed frequency of the cell in i^{th} row& j^{th} column. E_{ij} = expected frequency of the cell in i^{th} row & j^{th} column

If the calculated value of X^2 is less than the table value at a certain level of significant the fit is considered to be a good but if the calculated value is greater than it stable value the fit is not considered to be a good one.

1stHypothesis

H_0 : Live Demonstrations of Agricultural Tractors are more effective

H_a : Live Demonstrations of Agricultural Tractors are not More Effective

Table for 1st Hypothesis

| Class | Observed Frequency, O_{ij} | Expected Frequency, E_{ij} | $O_{ij} - E_{ij}$ | $(O_{ij} - E_{ij})^2$ | $(O_{ij} - E_{ij})^2 / E_{ij}$ |
|---|---------------------------------|------------------------------|-------------------|-----------------------|--------------------------------|
| Farmers | 18 | 14 | 4 | 16 | 1.14 |
| Agricultural Contract Farming Community | 8 | 10 | -2 | 4 | 0.40 |



| | | | | | |
|----------------------------------|----|----|----|----|-------------|
| Agricultural Market Yard Members | 14 | 18 | -4 | 16 | 0.89 |
| Agricultural Labours | 10 | 8 | 2 | 4 | 0.50 |
| | | | | | 2.93 |

Chi-square Value=2.93, Degree of freedom=(4-1)(2- 1)=3, Level of significance=5%

Inference-The table value is 7.815 at 5% level & the calculated value is less than tabled value so the null hypothesis is accepted & the result is that Live Demonstrations are more effective than other modes of advertisement.

2nd Hypothesis

H0 : Farmers Make a Decision Based on the Reputation and Branding Of the Company and spares and service availability of Agricultural Tractors

H1 : Farmers cannot Make a Decision Based on the Reputation and Branding Of the Company and spares and service availability of Agricultural Tractors

Table for 2nd Hypothes

| Class | Observed Frequency, Oij | Expected Frequency, Eij | Oij - Eij | (Oij - Eij)² | (Oij - Eij)² / Eij |
|---|-----------------------------------|-----------------------------------|------------------|--------------------------------|--------------------------------------|
| Farmers | 27 | 21 | 6 | 36 | 1.71 |
| Agricultural Contract Farming Community | 11 | 14 | -3 | 9 | 0.64 |
| Agricultural Market Yard Members | 14 | 18 | -4 | 16 | 0.88 |



| | | | | | |
|----------------------|----|----|---|---|-------------|
| Agricultural Labours | 12 | 10 | 2 | 4 | 0.4 |
| | | | | | 3.63 |

Chi-square = 3.63, Degree of freedom = $(r-1)(c-1) = (4-1)(2-1) = 3$, Level of Significance = 5%

Inference- At 5% significance the table value is 7.815 & the calculated value is Less than the table value, so we Accept the null hypothesis & the result is Farmers Make a Decision Based on the Reputation and Branding Of the Company and spares and service availability of Agricultural Tractors.

3rd Hypothesis

HO : Low price effects the buying pattern of farmers

Ha : Low price can not effects the buying pattern of farmers

Table for 3rd Hypothesis

| Class | Observed Frequency, O_{ij} | Expected Frequency, E_{ij} | $O_{ij} - E_{ij}$ | $(O_{ij} - E_{ij})^2$ | $(O_{ij} - E_{ij})^2 / E_{ij}$ |
|---|--|--|-------------------------------------|---|--|
| Farmers | 20 | 12 | 8 | 64.0 | 5.33 |
| Agricultural Contract Farming Community | 10 | 8 | 2 | 4.0 | 0.50 |
| Agricultural Market Yard Members | 12 | 20 | -8 | 64.0 | 3.20 |
| Agricultural Labours | 8 | 10 | -2 | 4.0 | 0.40 |



Chi-square value =9.43, Degree of freedom=(4-1)(2-1)=3, Level of significance=5%

Inference-The table value at 5% n is 7.815 & the calculated value is 9.43 so the null hypothesis is rejected & the result is that the low price cannot affect the buying pattern of Farmers.

III. FINDING

According to **1st Hypothesis** Test, the result of the test Live Demonstrations of Agricultural Tractors are more effective than other modes of ads so companies have to pay attention on Live demos.

According to the **2nd Hypothesis** Test the result of the test, Farmers Make a Decision Based on the Reputation and Branding Of the Company and spares and service availability of Agricultural Tractors. So companies have to Select and appoint the best dealers for their Agricultural Tractors.

According to the **3rd Hypothesis** result of the test low price of Agricultural Tractors cannot effect the buying behavior of Farmers.

IV. CONCLUSION

According to findings from the collected data and analysis, Live demo sare more effective than other modes of advertisements in defining the purchase behavior of the farmers. So companies have to pay more attention on live demos at farmers' fields. The decisions among the farming community to buy a Agricultural Tractor is taken based on the reputation, branding, service and spares availability of the Agricultural Tractors. Hence companies have to select and appoint the qualified dealers to full fill the farmer's choices to purchase the tractors. The test also shows that low price of Agricultural Tractors cannot significantly effect on the buying behavior of Framers as the farmers are showing the interest in the quality and performance characteristics of the individual Agricultural tractors.

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INVESTIGATING THE MOBILE BANKING CUSTOMER SATISFACTION IN INDIA

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ABSTRACT

The tremendous advances in technology and the aggressive usage of information technology in the modern ages have brought about a shift in how banks conduct their day to day operations. This shift can be seen from both the banks point of view and the customers. For bankers, technology has emerged as a strategic source for achieving higher efficiency, control of operations, productivity and profitability. For customers, it is the realization of the anywhere and anytime banking dream. This has prompted many of the banks in the modern era to embrace newer technology so to meet the increasing customer expectation and the tough competition. The purpose of the paper is to investigate the various factors that influence mobile banking customer satisfaction model. The study is based on secondary data like past literature. The present study has adopted literature review approach to identify mobile banking customer satisfaction variables to develop a model which highlights the factors responsible for customer satisfaction.

Keywords: *customer satisfaction; mobile banking; technology adoption banks.*

I. HISTORY OF MOBILE BANKING

The earliest mobile banking services used SMS, a service known as SMS banking. With the introduction of smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers. Mobile banking has until recently (2010) most often been performed via SMS or the mobile web initial success with iPhone and the rapid growth of phones based on Google's Anroid



(Operating system)have led to increasing use of special client programs, called apps, downloaded to the mobile device.

II. MOBILE BANKING ON THE RISE IN INDIA

Mobile banking is the latest happening in India due to the convenience attached to it. According to Reserve bank of India (RBI), a total of 3.7 crore mobile transactions happened between February and November 2012. The increasing smart phone usage, their adoption and initiatives in the form of media promotions and various customer education programmes for mobile banking. Mobile banking is convenient for both customers as well as banks benefit through a low-cost channel. In India, Around three per cent of SBI's total customer base is into mobile banking transactions. For ICICI Bank, over 10 million customers have currently registered for mobile banking. The services as Prepaid mobile recharges, DTH recharges, ticket bookings (movies/travel) are among the fast growing transactions in mobile banking. India has a huge potential for mobile banking with a mobile phone penetration of over 80 per cent. A recent study by the MasterCard Mobile Payments Readiness Index (MPRI), India has ranked 21st among 34 countries. Singapore topped the charts with a score of 45.6 followed by Canada and the US with scores of 42 and 41.5, respectively.

Top Ten Countries in Mobile Phone Subscribers Base

Mobile phone technology has become very common in all the countries of the world. According to Merrill Lynch Global research report 2011, China has the maximum number of mobile phone subscribers i.e. 1112 million and India stands on the Second position with 865 mobile phone subscribers.

III. LITERATURE REVIEW

Mobile Banking, is also known as M-Banking, can perform various functions like mini statement, checking of account history, SMS alerts, access to card statement, balance check, mobile recharge etc. via mobile phones (Vinayagamoorthy and Sankar, 2012). Banks are constantly updating their technology and want to increase their customer base by reaching to each and every customer. In their study Kolodinsky et al. (2004) examined the acceptance of phone and internet banking by the customers as alternative channels for their various bank transactions and found that customer's gender, age, and education level proved to be linked with the adoption of the internet channels. There are many advantages of using mobile banking, such as people in the rural or remote areas can also get an easy access to mobile



banking whenever required. First mobile banking transaction services in India were offered by ICICI bank in (Vaidyanathan, 2008) but SMS alerts started in 2005-06 (Alpesh Patel, 2013). Wireless phone subscribers in India crossed 867.8 Million in 2013, as per TRAI (Telecom Regulatory Authority of India Act, 1997) as compared to 261.07 in March 2008. The speed of download depends on the nature of the site downloaded content, the computing hardware and method of connection used to download information (Jayawardhena and Foley, 2000; Johnston, 1997; Jun and Cai, 2001).

The literature review has provided useful insights related to the customer satisfaction in service organisations especially banks and financial institutions in today's business environment. Based on the literature it can be summarized that quality is an important antecedent for customer satisfaction and a major differentiator among the banks. The determinants that are identified are ease of usage, convenience, problem handling by the banks, efficiency, responsiveness, contact facilities, fees and service charges, content and website design, trust, accessibility, security, privacy, confidentiality of information, speed of login and logout, service fees charged, technological update, and the privacy policy have been concentrated more.

IV. RESEARCH METHODOLOGY

This paper reviews the literature by identifying different articles, reports and research papers related to mobile banking.

V. OBJECTIVES OF THE STUDY

1. To study the barriers in using Mobile banking services.
2. To study the perceived utility of various Mobile banking services.
3. To suggest ways to improve the usage of Mobile Banking.
4. To suggest ways to improve the usage of Mobile Banking.

VI. MOBILE BANKING USES

Mobile banking can be used in both business situations as well as financial. The typical mobile banking services may include:

Account information

- Mini-statements and checking of account history



- Alerts on account activity or passing of set thresholds
- Monitoring of term deposits
- Access to loan statements
- Access to card statements
- Mutual funds/ equity statements
- Insurance policy management

Transaction

- Fund transfers between the customer's linked accounts
- Paying third parties, including bill payments and third party fund transfers
- Check remote Deposits

Investments

- Portfolio management services
- Real-time stock quotes
- Personalized alerts and notifications on security prices

Support

- Status of requests for credit, including mortgage approval, and insurance coverage
- Cheque book and card requests
- Exchange of data messages and email, including complaint submission and tracking
- ATM Location

Content services

- General information such as weather updates, news
- Loyalty-related offers
- Location based services

The table 1 presents the trends in mobile banking in india. From the table it is evident that the number of mobile banking users were 112.96 in 2011-12 and in 2013-14 they have reduced to 35.53 by 2013-14.

Table 1: Trends in Mobile Banking

| Year | No. of Users (Million) | Volume (Million) | Value (Rs.Billion) |
|---------|---------------------------|---------------------|-----------------------|
| 2011-12 | 112.96 | 25.56 | 18.21 |
| 2012-13 | 22.51(73.69%) | 53.31(108.56%) | 59.90(228.94%) |



| | | | |
|---------|---------------|----------------|-----------------|
| 2013-14 | 35.53(57.84%) | 94.71 (77.66%) | 224.38(274.59%) |
|---------|---------------|----------------|-----------------|

Source: RBI

With the advancement in the operating systems of the mobile phones and mobile technology like 2G, 3G, 4G has brought a significant change in the way of working of mobile banking services providers. Since the introduction of 2G and the subsequently 3G, the demand for mobile phone has increased many folds. This can be interpreted by a rapid increase in the number of mobile phone subscribers. There are many wireless operators in India but Bharati Airtel has got the maximum share of 21.7% after the Vodafone Essar (17.6%) (The Indian Telecom Services Performance Indicators, TRAI March, 2013)

VII. CONCLUSIONS

The purpose of the present study was mainly to investistudy the satisfaction of the customers with the various dimensions and the influence of the demographic variables like the gender, marital status, age of the respondents, monthly income and their educational qualification. In general the study found that the proposed model has been supported by the results.

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A STUDY TO ANALYSE THE AWARENESS LEVELS OF CONSUMER TOWARDS JUTE PRODUCTS AN EMPIRICAL STUDY

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ABSTRACT

World environment Day emphasises on the positive environment action to protect nature & the planet earth. Green marketing plays an important role in parallel to WED to protect the environment. Green marketing is all about business practices taking into account consumer concerns about promoting preservation and conservation of the natural environment by providing environment-friendly products. Jute products top the list of 100% bio-degradable & eco-friendly products. Jute also known as “Golden Fiber” has been cultivated in Indian for over a decades, In this research paper the main emphasis is on knowing the present scenario of Jute market, its growth & development & also to know the demand of various jute products availability in market ranging from Jute bags, Jute carpets, Jute rugs, Jute Furniture, Jute Raw material, Jute Textile, jute craft, Jute apparel, Jute Furnishing, Jute footwear to Jute Stationery. The present paper also measures and highlights the various efforts and initiates taken by Indian government for upliftment of jute industry

I. CULTIVATION OF JUTE

In terms of usage & cultivation Jute is one of the most important natural fiber is after cotton, **jute cultivation** is concentrated in the Ganges delta amounting to 85% of world jute cultivation which is dependent on the climate, season, and soil. This fertile geographic region is shared by both Bangladesh and India (West Bengal). China also has a dominating place in jute cultivation. On a smaller scale, Thailand, Myanmar (Burma), Pakistan, Nepal, and Bhutan also cultivate jute. It's a season crop, sown from according to rainfall and type of land

| | |
|------------------------|--------------|
| Season for Cultivation | March to May |
|------------------------|--------------|



| | |
|------------------|--|
| Harvested | June to September |
| Suitable climate | warm and wet climate |
| Temperatures | 20°C to 40°C |
| Humidity | 70%–80% |
| Rainfall | 5–8 cm(weekly- during the sowing period) |

JUTE PRODUCTION IN INDIA FROM YEAR 2009-2013 IN TONNES

| Year | Value |
|-------------|--------------|
| 2009 | 2.021.500,00 |
| 2010 | 1.799.100,00 |
| 2011 | 1.960.380,00 |
| 2012 | 1.912.000,00 |
| 2013 | 1.944.000,00 |

Source: FOA Statistics 2013

II. MAJOR PRODUCERS

The Ganges delta contributes more than 80% of the jute production in the world. The Ganges delta can be sub-divided into the following geographical regions in terms of jute cultivation:

- *Jat Area* (Brahmaputra Alluvium):
- *District Area (Ganges Alluvium)*
- *Northern Area (Teesta Silt)*

III. PRESENT SCENARIO OF JUTE MARKET

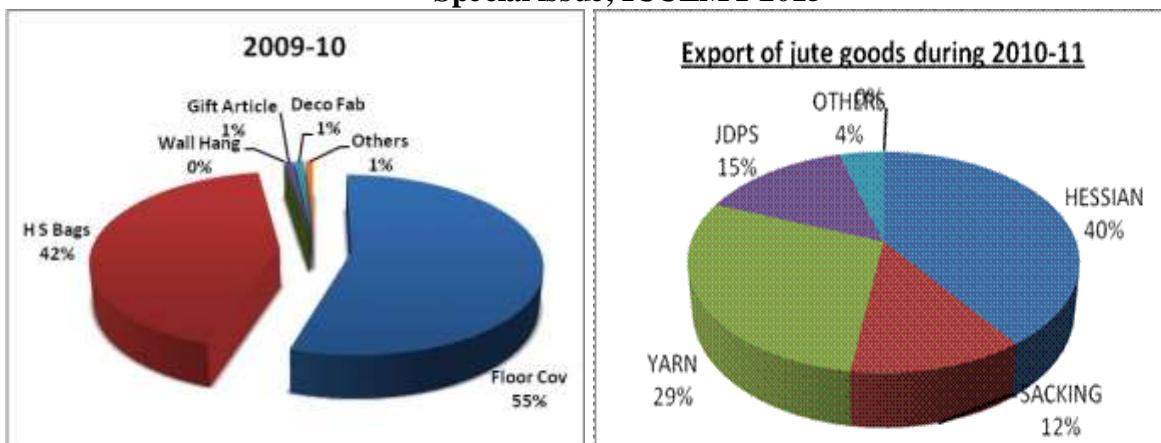


Figure 1: Country wise Product Demand

Figure 2: Export of Jute 2010- 2011

Table 1: Export of major Jute Diversified Products in 2010-2011

| Value:Rs./Million | | |
|-----------------------------------|-------------------------|-------------------------|
| Products | 2010-11 | 2009-10 |
| Floor Coverings | 1342.36 | 1268.90 |
| Hand & Shopping Bags | 1264.22 | 981.32 |
| Wall Hangings | 29.90 | 1.24 |
| Gift Articles | 22.86 | 17.62 |
| Decorative Fabrics | 28.61 | 21.47 |
| Others | 9.53 | 17.73 |
| Total JDPS | 2697.28 (US\$ 60.01) | 2308.28 (US\$ 50.78) |
| Total jute goods exports | 18541.46 | 8594.64 |
| % share of JDPS to all jute goods | 15 | 27 |

Source: DGCI&S

IV. MULTI USES OF JUTE

A. Geotextiles /Jute floor coverings -

One of the diversified jute product is Geotextiles, It is a lightly woven fabric made from natural fibres that is used for soil erosion control, seed protection, weed control, and many other agricultural and landscaping uses. The Geotextiles can be used more than a year and the bio-



degradable jute Geotextile left to rot on the ground keeps the ground cool and is able to make the land more fertile

B. Jute bags

Jute has gained an eco-friendly advantage over poly and paper bags which are made from petroleum and are non-biodegradable and for manufacturing paper bags requires large quantities of wood. Jute does not have these problems and is therefore being used widely for these purposes but higher cost is a setback for it. Now a day it is also used for making fashion & promotional bags.

C. Food

Jute leaves are consumed in various parts of the world. It is a popular vegetable in West Africa, Philippines, The leaves are rich in betacarotene, iron, calcium, and Vitamin C. The plant has an antioxidant activity with a significant α -tocopherol equivalent Vitamin E.

Other uses:

Jute can be used in cosmetics, medicine, paints, and other products.

V. MEASURES TAKEN BY INDIAN GOVERNMENT FOR JUTE INDUSTRIES

United Nations Development Programme (UNDP)

Govt. of India National Jute Development Program was launched in 1992 with a UNDP assistance of US \$ 23 million (find US \$ 20.35 million) and a Govt. of India commitment of Rs 500 million, a program to revitalise the jute sector and to diversify its products to realise higher values for the jute fibre. The Terminal Evaluation of the programme was carried out in May 1998. The evaluation teams finds that the National Jute Development programme was highly successful to meet its principal objective to revitalise India's jute industry and its R&D.

The Fibre and Handicrafts Programme (FHAP) consists of a number of sub-programmes pertaining to jute, non-mulberry silk, angors wool, hand knotted carpets and cane and bamboo.

DOMESTIC MARKET PROMOTION INITIATIVES

National Jute Board promotes Indian Jute Products and creates awareness a series of market promotion activities in various parts of the country with active participation of Jute Entrepreneurs, SHGs (Self Help Groups), NGOs(Non Governmental Organizations) engaged in jute diversification activities. National Jute Board through internationally reputed institutes conducts research studies on new product development through new applications of jute in



various products. The board provides opportunity to prospective customers of jute products regarding availability of the varieties of jute products for purchase through retail outlets "Sonali" and other outlets run by Government and private agencies.

SCHEMES IMPLEMENTED

The Government of India has launched "**Jute Technology Mission (JTM)**" with a total outlay of Rs.355 crores with effect from 2007-08, spanning a period of 5 years. The Scheme has since concluded.

VI. JUTE TECHNOLOGY MISSION – MINI-MISSION IV (STATUS UPTO 31.03.2012)

TABLE 2 :JTM MINI-MISSION IV - PROGRESS UPTO 31.03.2012

| Sl. No. | SCHEMES | MISSION TARGET | PERFORMANCE TILL 31.03.2012 | | | | | |
|------------|---|-------------------|--|-------------|-------------|-------------|-------------|---------------|
| | | | Approved Fund for Total Mission Period | 2007- 08 | 2008- 09 | 2009- 10 | 2010- 11 | 2011-12 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9=(4+5+6+7+8) |
| 6 | SCHEMES FOR MODERNISATION OF ORGANISED JUTE MILLS | | | | | | | |
| 6.1 | Training of Workers & Supervisors | 4.50 | 2.00 | 0.77 | 0.50 | 1.00 | 0.23 | 4.50 |
| 6.2 | Machinery Development | 28.00 | 0.08 | 5.75 | 7.62 | 5.38 | 1.39 | 20.22 |
| 6.3 | Productivity Improvement & TQM Facilitation | 6.00 | 0.04 | 0.12 | 1.00 | 2.95 | 0.39 | 4.50 |
| 6.4 | Acquisition of Machinery and Plant (subsidy) | 80.00 | 5.86 | 7.46 | 11.24 | 21.75 | 12.11 | 58.42 |



| | | | | | | | | |
|-----|---|--------|-------|-------|-------|-------|-------|--------|
| | TOTAL (6) | 118.50 | 7.98 | 14.10 | 20.36 | 31.08 | 14.12 | 87.64 |
| 7 | SCHEMES FOR PROMOTION OF JUTE DIVERSIFICATION | | | | | | | |
| 7.1 | Design and Development of JDP | 14.00 | 2.20 | 2.56 | 1.52 | 1.98 | 1.88 | 10.14 |
| 7.2 | For helping the NGOs and Women Self Help Groups (WSHGs) for developing JDPs | 17.00 | 0.38 | 1.52 | 1.79 | 3.15 | 3.33 | 10.17 |
| 7.3 | Scheme for Promotion of Jute Diversification: | 23.52 | 1.97 | 5.21 | 4.91 | 4.79 | 3.63 | 20.51 |
| 7.4 | Scheme for Commercialisation of Technology | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7.5 | Scheme for setting up Jute Parks for the Diversified sector | 60.00 | 0.06 | 0.83 | 1.50 | 13.31 | 3.84 | 19.54 |
| | TOTAL (7) | 115.52 | 4.61 | 10.12 | 9.72 | 23.23 | 12.68 | 60.36 |
| | Total Mini Mission-IV (Schemes) | 234.02 | 12.59 | 24.22 | 30.08 | 54.31 | 26.80 | 148.00 |
| | Administrative / Monitoring Expenses | | 0.35 | 0.97 | 1.58 | 2.03 | 1.62 | 6.55 |
| | Total Mini Mission-IV | 234.02 | 12.94 | 25.19 | 31.66 | 56.34 | 28.42 | 154.55 |

VII. POLICIES TAKEN UP GOVERNMENT OF INDIA

The Ministry of Textiles, Government of India has constituted the National Jute Board (NJB) in exercise of the powers conferred by Sub-Section (1) of Section 3 of the National Jute Board Act, 2008 (No.12 of 2009).



NATIONAL TEXTILE POLICY - 2000

The Government of India announced the National Textile Policy (NTP) 2000, with the objective of facilitating the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. In furtherance of these objectives, the strategic thrust is to be placed on technological up gradation, enhancement of productivity and quality, product diversification, and strengthening the raw material base in the country.

NATIONAL JUTE POLICY-2005, MINISTRY OF TEXTILES, GOVT. OF INDIA.

Government announces *National Jute Policy 2005*. To provide the much needed thrust to the jute sector, the UPA government announced the National Jute Policy 2005 of India. The **National Common Minimum Programme (NCMP)** of the Government, recognizing the importance of jute to farmers and workers, and to the economy of jute growing states, and its special ecological importance world-wide, resolved that "the jute industry will receive a fresh impetus in all respects".

NATIONAL FIBRE POLICY

The National Fibre Policy has been designed with a decadal perspective of 2010-20 and seeks to place India firmly on the World Fibre map by strengthening the existing policy framework and providing institutional and technological support for rapid Fibre growth in the country in the coming decade. The projected growth trajectories envisaged under the National Fibre Policy are ambitious and would benefit all stake holders in the Textile Industry value chain

VIII. MAJOR ISSUES OF BUYERS THAT NEED TO BE ADDRESSED

- High & unstable prices
- Lack of marketing efforts / Lack of information about Indian suppliers / jute products
- Poor service levels / Lack of relationship building by suppliers
- Unsatisfactory or inconsistent quality
- Limited designs & product variety
- Technical limitations of jute usage
- Supply chain is not streamlined resulting in high lead times and inefficiencies
- High duty and taxes / Tariff and non tariff barriers in specific markets
- Inaccessibility to jute related data (e.g. prices etc.)



**IX. STEPS UNDERTAKEN BY NATIONAL JUTE BOARD FOR ABOVE
MENTIONED ISSUES:**

- Formation of PPP based "export body" for JDPs under NJB
- Product standardization
- Organize Stake holder Education Program
- Open Marketing / liaison offices in key locations
- Open warehouse for JDPs at select markets
- Develop Online information portal
- Developing brand India for Jute products
- Promotional activities like organizing road shows, workshops, trade fair participation etc.

X. CONCLUSION

The above study reveals that there is good demand for Jut at the international level & government is also taking up measure but simultaneously private sector too should also take measure for the upliftment of jute. And there is in turn a very urgent need of promotion of use of jute which could not only protect the environment but improve it too

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A CRITICAL STUDY ON EMERGING TRENDS IN MARKETING MIX – P&G

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ABSTRACT

Marketing is to know and understand our customers so well that the product or service fits them and sells itself .The fast-moving consumer goods (FMCG) sector is an important contributor to India's GDP. FMCGs constitute a large part of consumers' budget in all countries. This study is aimed at to aim to challenges faced to marketing mix. Marketing is the process used to determine what products of services may be of interest to customers, and the integrated marketing strategy to use in sales, communications and business development. It generates the strategy that underlies sales techniques, business communication, and business developments. The case study reveals the products relating to P&G Company and intense competition between the organized segments. The Indian buyers were a bit conservative partly due to lesser disposable income and partly due to fewer competitive and more variety of products. Marketers are skilled in stimulating demand for their products. However, this is too limited a view of the tasks that marketers perform. Just as production and logistics professionals are responsible for supply management, marketers are responsible for demand management. To meet the organization's objectives, marketing managers seek to influence the level, timing, and composition of these various demand states. The product marketing consists of actions undertaken to elicit desired responses through questionnaire a target audience sample has taken from 300 respondents to elicit the desired responses from their target markets.

Key words: FMCG, Integrated marketing strategy, organized segments , stimulating demand, consumers, Quality Price



I. INTRODUCTION

Marketing is the process used to determine what products or services may be of interest to customers, and the strategy to use in sales, communications and business development. Marketing deals with identifying and meeting human and social needs. One of the shortest definitions of marketing is “meeting needs profitably.” Marketers are skilled in stimulating demand for their products. They may have to manage avoidance of a product, unawareness of product ,declining demand . Marketers use numerous tools to elicit the desired responses from their target markets. These tools constitute a marketing mix. Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market.

The Procter & Gamble Company,

Vision: "Be, and be recognized as, the best consumer products and services in the world",
Mission:"Procter and Gamble will continue to serve consumers by continuously innovating products .

P&G together operates through five segments: Beauty, Hair and Personal Care, Grooming, Health Care, Fabric Care and Home Care, and Baby, Feminine and Family Care. The Beauty, Hair and Personal Care segment offers deodorants, personal cleansing, cosmetics, skin care, hair care and color, prestige, and salon professional products under the Head & Shoulders, Olay, Pantene, SK-II, and Wella brands. The Grooming segment provides blades and razors, post-shave products, and other shave care products, as well as electronic hair removal devices under the Fusion, Gillette, Mach3, and Prestobarba brands. The Health Care segment offers gastrointestinal, rapid diagnostics, respiratory, vitamins/minerals/supplements, and other personal health care products; and toothbrushes, toothpastes, and other oral care products. This segment markets its products primarily under the Crest, Oral-B, and Vicks brands. The Fabric Care and Home Care segment provides fabric care products, such as laundry additives, fabric enhancers, and laundry detergents; and home care products comprising air care, dish care, P&G professional, and surface care products.

| Product Mix Width | | | |
|-------------------|-------------------|----------------------|------------------|
| uct Prod | Product line-1 | Product line-2 | Product line-3 |
| | Beauty & Grooming | Health and Wellbeing | House House hold |



| Brands | Brands | care Brands |
|--------------------|--------------|-------------|
| Olay | Eukanube | Tide |
| Sk2 | Always | Bold |
| Venus | Pringles | Dawn Dash |
| Pantene | Vicks | Charmin |
| Welle | Oral B | Downy |
| Head and Shoulders | Lams | Fereze |
| Rejoice | Tampax | Duracell |
| Dolce n Gabbana | creast | Mr.Clean |
| Safeguard | Prilosec Otc | Ace |
| Cover Girl | Nuturella | Ariel |
| Hugo Boss | Whisper | |
| Braun | Ausonia | |

P

Table1: Product line Vs Product Width

Ambipur: P&G experts have bottled the fragrance of freshness with the new Ambi Pur range for both homes and cars.

Ariel: Ariel contains safe ingredients for all fabrics under recommended usage conditions for laundry. The Ariel product range in India includes different variants to meet your specific needs like Ariel Oxy Blu, Ariel Oxy blu,Ultramatic, Ariel Front O Mat, Ariel 2in1.

Gillette: Innovative razors and shaving products designed for the unique needs of men – helping them to look, feel and be their best every day. It includes Gillette Vector, Gillette Mach3, Gillette Mach3 Turbo, Gillette Guard and Gillette Mach3 Turbo Sensitive and Gillette Fusion. Gillette Fusion Hydra Gel, Gillette Series Sensitive Skin Foam, Gillette Series After Shave & Gillette Classic Shave Foam Sensitive Skin. . The Gillette Skincare regimen is a efficient solution in caring for the health and appearance of men's skin and includes a special range of designed-for-men Gillette Skincare Foaming Wash, Gillette Skincare Scrub, Gillette Skincare Facial Moisturizer with Aloe Vera, Gillette Skincare Facial Moisturizer with SPF and Gillette Skincare Lotion .

Duracell :Duracell batteries have a history of providing dependable power when and where you need it the most. Our range of Batteries gives you the right power for all your device needs,



providing up to 10x performance. The product range includes Duracell and Duracell Ultra. Duracell is available in sizes AAA, AA, C, D, and 9-volt while Duracell Ultra is available in sizes AA and AAA sizes.

Head & Shoulders : It has been at the forefront of scalp and hair science, significantly advancing the treatment of dandruff and scalp problems. Different variants in India including Men Hair Retain, Complete Care for Dry Scalp, Anti Hair fall, Smooth & Silky, Cool Menthol, Clean & Balanced, Thick & Long & Silky Black.

Olay: Today, Olay is one of the most recognizable brands in the world, helps women look and feel beautiful and Challenge what's possible with their skin. The Olay portfolio in India covers Base Moisturizer, Anti Ageing and Olay Whitening. The Anti Aging range includes Olay Regenerate, Olay Total Effects, and Olay Age Protect. The Olay Whitening range includes Olay White Radiance and Olay Natural White. The Base Moisturizer includes Olay Moisturizing Lotions and Creams.

Oral-B: Marketing toothbrushes for children & adults, as well as inter-dental products such as Dental Floss. In India, Oral-B has an innovative range of toothbrushes including Cross Action Pro-health.

Pampers: As a result of constant research and innovation in understanding the needs of babies at various stages of development, Pampers Active Baby. Indian moms with the guarantee of superior dryness for an uninterrupted sleep of 12 hours. Pampers has an answer for all your needs with its innovative product range that includes Pampers, Pampers Active Baby, Pampers Active Baby Pants, all designed especially for providing a night of Golden Sleep for the baby.

Pantene: The New Pantene Amino Pro-V Complex range of shampoo & conditioner comes in three variants suited for individual needs - Pantene Nourished Shine, Pantene Hair Fall Control & Pantene Smooth & Silky. Enriched with the goodness of pro-vitamins and three essential aminos, Pantene restores your hair with its lost beauty while making your hair ten times stronger.

Tide: Tide is the World's Oldest & Most Trusted Detergent brand and is the Market Leader in 23 Countries around the world.. Tide's Fabric Whitening Agents clean clothes without bleaching or removing colour from a garment. The Tide range in India includes Tide Detergent and Tide Bar .



Tide Naturals was launched in India in December 2009. Packed with the benefits of lemon and *chandan*, it provides great cleaning while keeping the hands soft.

Vicks : Vicks has long been invested in the science and research of respiratory health and through that dedication has developed a wide range of therapeutic products that offer effective relief for all the major signs and symptoms of the common cold, flu and sinus pain and pressure. The Vicks product range in India includes Vicks Cough drops, Vicks Vaporub, Vicks Inhaler, Vicks Vapocool, and Vicks Action 500 Extra.

Whisper: Whisper understands that we're each very different, and offers a wide range of sanitary napkins to suit every girl or woman's needs. With the right menstrual pad, you could take the first step to having a Happy Period. Whisper has a wide range of products in India which includes Whisper Ultra Regular Wings, Whisper Ultra XL Wings, Whisper Ultra Heavy Flow Overnights Wings, Whisper Maxi Regular, Whisper Maxi XL Wings, Whisper Choice Regular, Whisper Choice Wings and Whisper Choice Ultra Wings.

II. DISTRIBUTION STRATEGY

- Specialty distribution,
- Extensive distribution
- Intensive distribution

The distribution is of **five types** which are being followed :

Distribution channels in marketing are one of the classic “4 Ps” product, promotion, price, placement. They’re a key element in your entire marketing strategy — they help you expand your reach and grow revenue.

Product Differentiation Strategies:

- Form: Differentiated by changing the size, shape or physical structure Aspirin, for example can be differentiated by dosage size shape, action time etc
- Performance & conformance Quality: Buyers of costly products generally compare the performance characteristics of different brands. They will pay more for better performance (McDonald’s Burger, Barista, coffee, Surf Excel detergent powder Parker pen etc) as long as the higher price does not exceed the higher perceived value



- Durability: Buyers are willing to pay more for durable product. Which of course is not very expensive and is not subject to high fashion or technological obsolescence.
- Reliability: Buyers are willing to pay a premium for more reliable that is, the product will not malfunction or fail within a specified time period.
- Reparability: Quality of repair service available to buyers of the company's product .
- Services : Inbound , outbound and operational services, ordering ease. Delivery how well the product or service is delivered to the customer

III. SWOT ANALYSIS OF P&G

Strengths: Profitable, Adaptability of Product Line to meet consumer needs.

Weakness: Turnaround time for Research and Development products. Complexity of organization structure

Opportunities: Global marketing, New Products, improvement in existing products, manufacturing and marketing techniques.

Threats: Ecological Factors, Sales are dependent on consumer spending. International expansion to markets with potential for growth and limited competition exists, Decrease turnaround time for research and development products.

Top FMCG Companies in 2014:

1. Hindustan liver Limited
2. ITC
3. Nestle India
4. GCMMF - AMUL
5. Dabur India
6. Asian Paints
7. Cadbury
8. Britannia Industries
9. Procter and Gamble
10. Marico Industries

Table 2: oTop ten FMCG companies:



| Product Name | Sales growth | Profit Growth |
|------------------|--------------|---------------|
| H.L.L | 16.4 | 30.1 |
| ITC | 34.5 | 11.9 |
| NESTLE INDIA LTD | 35.9 | 40.6 |
| GCMMF(AMUL) | 15.4 | 44.8 |
| DABUR INDIA LTD | 29.4 | 21 |
| ASIAN PAINTS | 20 | 74.5 |
| CADBURY | 18.6 | 10.7 |
| BRITANIA | 15.9 | 15.2 |
| P&G | 27.5 | 10.3 |
| Marico | 12.1 | 78.4 |

IV. STRATEGY ANALYSIS

Generic Strategy: Differentiation A long term strategy must be based on a core idea or generic strategy that gives direction to the company to strategically compete in the consumer marketplace.

Grand Strategy: Concentric Diversification, Grand strategies are the basis of coordinating and sustaining efforts toward achieving long-term business objectives by providing basic direction for strategic actions.

V. CONCLUSION

The study reveals the Product mix of P&G with reference to Indian context and Intense competition between organized segments of FMCG. However it is too limited in view of the tasks that marketers perform. The product marketing consisting of actions undertaken to elicit desired responses through target audience. It concludes that Indian buyers were a bit conservative partly due to lesser disposable income and partly due to fewer competitive and more variety of products.

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A STUDY ON RETAILERS PERCEPTION TOWARDS LOCAL BRANDS OF SELECTED FMCG PRODUCTS

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ABSTRACT

Brand is a name, sign, symbol, mark, logo, sentence or a combination of these that the marketer used to distinguish his product/service from competitors. The study was conducted on retailers to know their perception towards local brands. The study used a pre-structured questionnaire to know retailer perception. A sample of 100 small and medium unorganized retailers was chosen from Hyderabad and Secunderabad markets. The study found that in food category especially in snacks and salt category local brands are dominating branded items. The study has also shown that local brands are good in terms of quality and availability and their price is less compared to branded products. The study concludes that local brands are as strong as any other brand items in Salt and snacks category.

Key words: Retailer, Branding, Local Brands, FMCG, Snacks and salt

I. INTRODUCTION

Definition of 'Brand'

A distinguishing symbol, mark, logo, name, word, sentence or a combination of these items that companies use to distinguish their product from others in the market

Brand is the "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. Initially, Branding was adopted to differentiate one person's cattle from another's by means of a distinctive symbol burned into the animal's skin with a hot iron stamp, and was subsequently used in business, marketing and advertising.

1) Brand awareness



Brand awareness refers to customers' ability to recall and recognize the brand under different conditions and link to the brand name, logo, jingles and so on to certain associations in memory. It consists of both brand recognition and brand recall. It helps the customers to understand to which product or service category the particular brand belongs and what products and services are sold under the brand name. It also ensures that customers know which of their needs are satisfied by the brand through its products (Keller). Brand awareness is of critical importance since customers will not consider your brand if they are not aware of it.

2) *Brand identity*

The outward expression of a brand – including its name, trademark, communications, and visual appearance – is brand identity. Because the identity is assembled by the brand owner, it reflects how the owner *wants* the consumer to perceive the brand – and by extension the branded company, organization, product or service. This is in contrast to the brand image, which is a customer's mental picture of a brand. The brand owner will seek to bridge the gap between the brand image and the brand identity.

Need and Importance of the study

After LPG (Liberalization, Privatization and Globalization) in 1990s, India has become the destination for many international and global brands. Rise in the income and expenditure level of Indian consumers and their awareness has made it easy for many foreign brands to occupy a position in Indian market. Indian FMCG market has also changed a lot. But still in many parts of the India local brands are posing threat to global brands. In this context the present study was conducted to know how local brands are effective in some categories and why retailers are selling local brands.

II. OBJECTIVES OF THE STUDY

- To know the impact of local brands on retailers and consumers.
- To study in which FMCG categories local brands are dominating
- To know how retailers perceive price, quality and availability of local brands
- To find out what extent they suggest local brands to customers.

Scope of the Study

The scope of the study is to find out retailer perception on towards local brands of selected FMCG products. The study has been conducted in Hyderabad and Secunderabad cities. Data has



been collected from the small and unorganized retailers by personal interviews. The project study is to provide an insight to local brands in FMCG.

III. RESEARCH METHODOLOGY

Research Design:

The study has been carried out in conclusive of nature. It describes the perception of retailer with respect to some local brands in selected FMCG products in terms of price, availability, quality, and customer loyalty.

- **Research Instruments:** A pre-structured questionnaire was used to collect the required data.
- **Data Collection Technique:** Direct interviews were conducted with the help of structured instrument i.e., questionnaire to collect primary data. Some useful information was obtained through personal interaction with the respondents. The survey has been done to obtain primary data. The questions used were close as well as open ended. The questionnaire has been designed keeping the objective of the study in mind. The study was conducted exclusively in Hyderabad and Secunderabad.
- **Secondary data:** Secondary data was collected from text books, internet, journals, and magazines

IV. SAMPLING PLAN

- **Sampling Procedure:** The sampling technique used here was Convenience Sampling, which is one of the most commonly used non-probability sample design.
- **Sampling Unit:** The target population from which the sample is chosen unorganized small and medium retailers in twin cities
- **Sample Size:** The sample of 100 from the target population was chosen.
- **Analysis Used:** The data collected in form of questionnaires was tabulated and analyzed using basic statistical method percentages.

V. LIMITATIONS OF THE STUDY

Each and every thing has a limit; one has to be in certain boundaries that determine the aspect of the study. While working on this project the research came along with some difficulties, these



difficulties frame up to form errors that were not easy to erase.

They are as follow;

- Respondent's inability to give the correct answers or lack of information or unwillingness to give correct answers.
- The sample size was 100 retailers and the study was based only on those samples.
- Questionnaire has its own limitations.
- The study is limited to geographical area of HYDERABAD & SECUNDERABAD only therefore the same cannot be applicable to any other city.
- The time of the study is limited.

VI. LITERATURE REVIEW

Retailer is a business or person that sells goods to the consumer, as opposed to a wholesaler or supplier, who normally sell their goods to another business. A brand is a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers (American Marketing Association Dictionary, 1960). Brand is considered as one of the most valuable resources of the organization and advertising theme. Careful brand management seeks to make the product or services relevant to the target audience. Brand represents the sum of all valuable qualities of a product to the consumer rather than difference between selling price and actual cost. (Duncan & Moriarty, 1997) it is always a dilemma for the marketers for which brand the consumers be loyal always. (Duncan & Moriarty, 1997) Greater brand loyalty leads to greater sales of the brand (Howard and Sheth, 1969) Brand loyalty leads to many marketing advantages like marketing costs reduction, new customer gaining and greater trade leverage (Aaker 1991). But retailers' perception also plays a key role in customer choosing a brand. Local brand is defined (definition according to product development) as a brand of product that is marketed (distributed and promoted) in a relatively small and restricted geographical area encompasses more than one metropolitan market (American Marketing Association).

VII. FINDINGS

1. The study found that most of the unorganized retailers are selling local brands in FMCG sectors.



2. Local brands are much popular in Food items and salt followed by shampoos and hair oil. And most of the retailers are also selling local brands in these categories.
3. Local brands in Salt, Snacks are rated high by the retailers in terms of Quality and availability, and customer loyalty.
4. The price of the local brands in salt, snacks and chocolates category is less compare to many branded items.
5. In chocolates category the quality and customer loyalty is not as high as in Salt and Snacks category.
6. The profit margins to the retailers are high in snacks, followed by Salt.
7. Retailers are not getting that much profit margins from local chocolate brands.
8. 60% of the retailers said that they suggest local brands in snacks category to their customers, 40% in salt and 25% in chocolates.
9. Majority of the Retailers are satisfied with the local brands in salt, snacks and chocolates.

VIII. SUGGESTIONS

The study was conducted to know the local brands acceptance in the market and to know the retailers' perception towards local brands. Meanwhile the study suggests some action to local manufacturers as well as big FMCG companies.

To Local manufacturers:

1. The local brands are accepted by the customers in food items and salt category mostly. In shampoos and detergents category they are well recognized. They can use the same brand name to promote soaps and toiletry category also.
2. Retailers are ready to promote local brands. So the manufacturers need to motivate them in proper manner to increase the sales.
3. If they improve profit margins, then retailers may promote the local brands more.
4. Most of the retailers and customers are happy with the local brands; they can push their products through retailers. If they maintain the same quality they can become tough competitors to Big FMCG manufacturers.

Suggestions to Large FMCG companies



1. The study has shown that local brands are accepted well by customers in food category, salt, because of their quality, price and availability. The large manufacturers need to improve in these areas, if not their market share would be eaten up by local brands.
2. In snacks and salt categories local manufacturers are giving more margins that may become a threat to big FMCG manufacturers. They need to look in to this aspect.

IX. CONCLUSION

The study is a preliminary enquiry in to its area. It has been conducted in small scale and is restricted to some areas of Hyderabad only. But the study tried to give some insights in to local brands acceptance by retailers and customers. Local brands, we consider that are manufactured in Hyderabad and which are not well known brands in the market, have become very popular especially in salt and snacks category. It has also been found that they are managing good quality that is acceptable to consumers, less price and more availability. They are also providing better profit margins to the small retailer. Though the findings are supporting local brands are doing well in the market, much further investigation is needed in this context. So the study is suggesting further research on a large scale to know the potentiality of local brands.

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A STUDY ON AGRONOMY OF GROUNDNUT

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ABSTRACT

Groundnuts are a popular source of food throughout the world, including South Africa. In many countries groundnuts are consumed as peanut butter or crushed and used for the groundnut oil or simply consumed as a confectionary snack roasted, salted or in sweets. In other parts of the world they are boiled, either in the shell or unshelled. Groundnuts are produced in the tropical and subtropical regions of the world, on sandy soils. The production practices vary from highly sophisticated commercial ventures in the western world to more traditional cropping practices in third world countries. Yields vary from about 400 kilograms to several tons per hectare depending on production system and production area. In South Africa, groundnuts are grown in the summer rainfall regions under irrigated or rain fed conditions. Resource limited farmers, especially in the northern and eastern parts of South Africa grow groundnuts mainly for own consumption. Groundnuts are an important source of nutrition in the northern KwaZulu-Natal and Mpumalanga areas. The crop can also contribute to more viable and sustainable cropping systems in other parts of the country. It is expected to become more important for the following reasons: It is an excellent rotation crop which can replace maize as a monoculture crop since it enriches the soil with nitrogen. Secondly it is a crop with high economic value which can fetch a high price on local markets. Groundnut production requires more management skills than many other crops. Successful farmers are those who apply the prescribed management practices throughout the production process. Groundnut which is known as Archishypogaes Linnaeus is one of the world's important oilseed crops. Ground nut seeds are a rich source of edible oil with 43.55% and



protein with 25-28%. The approximate weight of the groundnut kernels is 70% in shells and kernels have an oil recovery of 40-42%. The annual global production of groundnut seed and oil vary between 21-24 and 5-5.5 million tons.

China and India are the major producers of groundnut oil followed by Sub-Saharan African countries and Central and South America. Global trade of groundnut oil is to the maximum of 1 lakh tons a year European Union and United States of America are major importers. Senegal and Argentina are the major exporters

I. INTRODUCTION

Groundnuts are a popular source of food throughout the world, including South Africa. In many countries groundnuts are consumed as peanut butter or crushed and used for the groundnut oil or simply consumed as a confectionary snack roasted, salted or in sweets. In other parts of the world they are boiled, either in the shell or unshelled. Groundnuts are produced in the tropical and subtropical regions of the world, on sandy soils. The production practices vary from highly sophisticated commercial ventures in the western world to more traditional cropping practices in third world countries. Yields vary from about 400 kilograms to several tons per hectare depending on production system and production area. In South Africa, groundnuts are grown in the summer rainfall regions under irrigated or rain fed conditions. Resource limited farmers, especially in the northern and eastern parts of South Africa grow groundnuts mainly for own consumption. Groundnuts are an important source of nutrition in the northern KwaZulu-Natal and Mpumalanga areas. The crop can also contribute to more viable and sustainable cropping systems in other parts of the country.

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II. SOIL REQUIREMENTS

The groundnut plant produces runners (horizontal stems) which in turn produce flowers at each node. These flowers self-pollinate and produce an anchor or peg which penetrates the ground. The groundnut pod is produced underground at the tip of the pegs. The topsoil must thus have low clay content (less than 20%) with a loose structure so that the peg may penetrate the soil freely. Soils with a high clay percentage in the topsoil may cause the groundnut pegs to break at harvest. Soil compaction can also be a problem if the fine sand fraction of the topsoil is high. This situation can be aggravated in soils where the organic residues are low. The seedbed should be deep, without compaction layers, to accommodate the groundnut plants root system. Shallow soils must be avoided due to the low water retention capacity, as well as the possibility of water logging. Soils with a high potential for the production of groundnuts are thus typically deep (900- 1200 mm), structure-less yellow, yellow-red or red soils with a sandy loam to sandy texture in the topsoil, without physical limitations, such as compaction. Suitable soil forms are Avalon, Bainsvlei, Clovelly, Hutton, Pinedene and Glencoe.

III. MOISTURE REQUIREMENTS

Runner type groundnuts are unsuitable for production in South Africa because of the longer growth season and the higher moisture requirements of these types. The only groundnuts suitable for South African conditions are the Spanish types with an upright growth habit and short growth season. It is difficult to form an impression of where groundnuts would be best adapted in South Africa by referring only to rainfall distribution. However, in order to illustrate the adaptation of groundnuts in terms of rainfall, Potchefstroom can be used as an example.



The long term average rainfall in Potchefstroom is 659 mm per year. The period July to end of September has a long term average rainfall of only 32 mm. At this time moisture in the soil is limiting, so in order to plant groundnuts in October, 45 mm of additional water is required. The average rainfall for October is 46 mm and planting in October is possible. However, due to the large variation in rainfall patterns from year to year, from 3 mm in 1961 to 151 mm in 1951, this month also has limitations. The probability of receiving 5 mm of rain every fifth day is only 16%. During November this position improves somewhat with the probability of 10 mm of rain being 45%, which still being rather low is, however, better than 16% in October. Sufficient moisture in the soil at planting time is essential. Too much rain at harvest, however, can reduce the quality of groundnuts if the crop is left to dry in the field.

IV. TEMPERATURE REQUIREMENTS

Groundnuts originate from the tropical areas in South America and require a growth period with high temperatures of which at least 160 days are frost free. The lower limit for germination of groundnuts is around 18°C. Temperatures between 20-30°C result in 95% germination. However at 33°C this declines to 84%. Optimum germination temperatures are thus between 20-30°C with a minimum of 18°C. The temperature of the water absorbed by the seed is also critical as far as germination is concerned. If the water temperature is initially low and gradually increases we find reduced germination. Planting in cold wet soil is therefore unsuitable. Planting in the warm soils results in fast germination and healthy seedlings. Do not plant in dry soil and irrigate with cold water. The warmer the environment, the faster the plant reaches the reproductive phase. Flower formation is closely related to mean temperature on condition that the variation between day/night temperatures does not exceed 20°C. The most flowers are formed at a day temperature of 27°C, while a warm day (29°C) and a cool night (23 °C) gives the highest pod formation.

V. GROWTH REQUIREMENTS AND NUTRITION

Substantial evidence exists to show that groundnuts respond to additional fertilizer applications, even though in rural situations this is not imperative. Groundnuts are adapted to a soil with a pH (H₂O) of 5, 3 or higher, if the pH is higher than 3, 5 to 8.0, certain elements become unavailable



eg. Iron and zinc. Being a leguminous crop, groundnuts can fix atmospheric nitrogen (N) with the aid of root bacteria. For this reason this crop is not dependent on nitrogen fertilisation. Root nodules which fix nitrogen effectively have a pink coloured appearance when dissected. Groundnuts with effective root bacteria do not need additional nitrogen. It has often been accepted that groundnuts prefer residual phosphorus to freshly applied P. In rural fields, however, the level of P is usually low and it should be applied. Like other crops, groundnuts require sufficient levels of potassium for normal growth and development. An oversupply of potassium in the soil can induce a calcium deficiency, which is reflected in a lower yield and quality. In situations where the soil potassium level is low, additional potassium can be applied. In most cases, approximately 10 kg ha⁻¹ of potassium is probably sufficient although it is very seldom required. **Calcium (Ca) is very important for seed development. Groundnuts are particularly susceptible to a calcium deficiency in the soil.** Where a crop is grown on calcium deficient soils, the producer will have a direct seed loss as well as indirect damage to the seed which is not always visible. Seed produced under such conditions is not suitable for planting. Seedlings are often misshapen with a low vigour and mostly the heart or embryonic axis is damaged to such an extent that no germination takes place. In situations where less than 100 mg kg⁻¹ Ca is present in the soil, gypsum is added at a rate of 200 kg ha⁻¹. Boron (B) deficiency symptoms occur in very sandy soils and can affect quality. In cases where boron deficiency symptoms have been observed 1 kg ha⁻¹ of boron may be applied with or after planting. In acid soils in which the pH (KCl) is lower than 4.8, molybdenum may not be available. In these situations it is advisable to treat the seed with molybdenum by applying 50 g sodium molybdate per 50 kg seed. Molybdenum can also be applied to the plant row 10-14 days post emergence.

VI. SEED QUALITY AND THE HANDLING OF SEED

Groundnut seed is extremely susceptible to physical damage and should be handled with care at all times. Damaged or split kernels will not germinate and grow. It is also important to plant high quality seed. Better seed will produce healthier. Poor quality kernels should not be kept for seed for the following season.

VII. ARTIFICIAL CONDITIONING (DRYING OF THE SEED)

Wherever possible, only naturally dried groundnuts should be utilised for seed purposes. Unless heat application in artificial drying is controlled very carefully, germination of groundnut seed



can be greatly impaired. Sun-dried groundnuts usually result in poor germination. It is always recommended to test the germination capacity of seed prior to planting.

VIII. SEED COATING AGENTS

Groundnut seed is susceptible to fungal rot in the soil. A fungicidal seed treatment will limit this decay and increase the stand in the field. **It is therefore recommended that all seed be treated before planting.** Two seed coating agents are currently registered for use on groundnuts, namely Mancozeb and Thiram. Comprehensive directions for the use of these agents are indicated on the label. Complete coating of the seed is essential and the use of a mechanical mixing apparatus is strongly recommended.

IX. CULTIVAR CHOICE AND PRODUCTION POTENTIAL

All cultivars can be grown under irrigation. For later plantings (late November to mid December) Kwarts can be considered, while Harts is the cultivar with the shortest growing season. Anel does well without irrigation and is suitable for the developing farmer. KanGwane Red is also a cultivar that is suitable for developing farmers. The seed yield that can be expected depends largely on the cultivar used and the conditions of production. Under irrigation and with optimal managerial practices Akwa can yield between 3, 75 and 4 t ha⁻¹. Under low yield conditions (for example under drought) Robbie, Sellie, Kwarts, Anel, PAN 9212 and Akwa will still produce an acceptable yield. These cultivars are also recommended for warm, dry areas such as the North West Province, Northern Province, North Cape and the Western Free State. Under high potential conditions the choice would be between Akwa, Anel, Jasper, Kwarts, Robbie, PAN 9212 and Sellie. The final choice is determined by the presence or absence of black pod rot, pod nematode or scab nematode.

X. CROP ROTATION

A well planned, crop rotation system can ensure good yields of high quality. In order to reduce risk in the farming system, groundnuts should be grown in rotation with other crops, especially grass type crops. Groundnuts have been shown to improve the yield of subsequent maize and other grain crops up to 20%. One of the best crop rotation systems is one in which a grass fallow is followed by groundnuts. Fewer diseases are also present in groundnuts following a grass crop. Usually groundnuts also produce a better crop on fields that have been fallowed.



Groundnuts should be grown after a main crop such as maize, small grains, sorghum or millet. Groundnuts should not follow cotton or soybeans due to the risk of diseases. Groundnuts following tobacco also have a risk of diseases. Circumstances may force a farmer to plant groundnuts in succession in which case disease problems can be expected, especially leaf and pod diseases. This can be improved by deep ploughing which may reduce the disease problem. However, monoculture cannot be recommended.

XI. SOIL AND SEEDBED PREPARATION

A uniform seedbed with sufficient planting depth and spacing, good germination, weed control and good moisture retention is imperative for good yields. All plant residues should be well incorporated into the soil. Producers often grow groundnuts in a minimum till system. This cannot be recommended as the soil layer where the pods develop should be devoid of plant residues. Where plant residues are present, pod rot diseases increase, which influence yield and quality. For successful groundnut production deep ploughing should be implemented.

XII. PLANTING DATE

The normal planting time for groundnuts in South Africa is mid October to mid November. However several factors, the most important being rainfall, will determine the precise date. Planting after the first rains in September is not recommended. Groundnuts planted at this time of the year usually encounter cool soil conditions (lower than 18°C) which reduce germination. Farmers must be aware that irrigation directly after planting also has a cooling effect on the soil. **Groundnuts must thus be planted as early in the season as possible when the danger of cold spells has already been reduced.** Groundnuts planted later, usually produce lower yields and also have higher demands in terms of foliar disease control.

XIII. PLANTING DEPTH

The correct planting depth of 50-75 mm ensures that the plant develops and produces optimally. Seed which germinates slowly as a result of deep planting, takes longer to emerge and a substandard plant will be produced. Seed germination is rapid if the soil moisture and temperature are optimal (above 18°C). Shallow planting of seed (less than 50 mm) can only be considered when enough moisture is available and the climate is moist. In situations where moisture is not limiting 50 mm is the ideal planting depth.



XIV. SPACING

Generally 150 000 plants per hectare are recommended for dry land production, while 300 000 plants per hectare are ideal for irrigation. Various plant patterns can be followed, namely single row, double row, tram lines, etc. The particular pattern selected is not important, as long as the growing space of plants is adequate.

XV. INTRA ROW SPACING

Groundnuts should not be planted closer than 50 cm in the row. Plantings that are too dense or too sparse both present problems. Plants growing in isolation are subject to tomato spotted wilt and rosette virus infection resulting in yellow, stunted or dead plants and poor yield. On the other hand, plants in low populations produce large quantities of pods per plant but total yield per hectare will be poor. The ideal spacing is between 50- 75 mm for all available cultivars.

XVI. INTER ROW SPACING (ROW WIDTH)

The ideal row width for Spanish type groundnuts is 90 cm under rain fed conditions and between 30 and 45 cm under irrigation. This, however, depends on the variety that is being used. The runner types (Norden and Selmani) require a row width of between 60 and 72 cm and are only produced under irrigation. Such types are generally not well suited to production in South Africa.

Planting practices:

Success or failure is determined at planting. Warm soil at the time of planting is recommended. It is also generally recommended not to plant too early in the morning, but rather to let the soil warm up. When planting in irrigated soil, the soil must first be moistened prior to planting. Groundnuts which are planted in dry soil and then irrigated normally germinate slower than groundnuts which have been planted in moist soils. If the soils should dry out too soon, irrigation after one or two days can be considered.

Planters and planting:

The best planter for use in groundnuts has to comply with the following requirements: accurate and regular spacing of the seed (75 mm apart); good depth control; does not damage seeds; the formation of a press wheel track ridge adjacent to the plant row is undesirable as it can lead to earthing up. A better seed spacing can be achieved if the planting process is done at a low speed.



Earthling up of groundnuts:

Earthling up of groundnuts is not recommended as it limits yields. Earthling up of groundnuts (where soil is piled up around the main stem of the peanut plant) is an important yield limiting factor as it influences pod formation of the lower highly productive nodes, and promotes disease development. Earthling up, especially in the early stage, has an influence on plant development leading to deformed plants with poor or no production at the lower nodes. Flowers cannot develop at the nodes, and thus no pegs or pods are formed. Earthling up later in the season normally does not lead to deformed plants (as in the previous instance) but does lead to lower yields.

Weed control:

Weeds compete with the crop for moisture, nutrition, light and space. Effective weed control implies good control of weed throughout the growing season. Weeds can be controlled chemically, mechanically or with a combination of the two. However, the ultimate choice depends on the species of weeds involved and the level of infestation.

Diseases:

Diseases in groundnuts can be classified as leaf, stem and pod diseases and in addition to these particular viral diseases are also encountered. Insect pests such as termites could also plague the groundnut farmer. All of these diseases can be identified with the publication "**Groundnut Diseases and Pests**" of the ARC-Grain Crops Institute. The most important diseases remain early leafspot and Sclerotium stem rot. These diseases are both difficult to control. Early leafspot is recognisable by the brown spots on the leaves which are surrounded by a yellow halo. Stem rot may be identified by the white mycelium (fungal growth) in the stems, pegs and pods. Both diseases are particularly devastating when the weather is warm and the soil is moist. For information on chemical control "**A guide to the use of pesticides and fungicides in the Republic of South Africa**" published by the National Department of Agriculture should be consulted.

XVII. WHEN TO HARVEST

In order to determine the best harvest date a farmer must scout his crop on a regular basis.

The groundnut plant usually gives an indication when to harvest. In order to determine the



correct harvest date, the development of the plant must be considered. The groundnuts should be harvested when approximately 75% of the pods have reached maturity. The inner wall of the pods usually has a dark discolouration at maturity. When 75% of the pods of a selected number of plants already show the dark discolouration (indicating maturity), the harvest process can start. When groundnut pods are scraped with a knife, the inner cell layer displays various colour shades. Depending on the degree of maturity, this colour will vary from white, (in immature pods) to yellow, orange, light brown, brown to black in mature pods. The colour of the seed in the pod can also be used as an indication. The colour of the young immature seed is usually white, gradually becoming pink as the seed reaches maturity. When the seeds are matured, the colour turn light pink. Diseases can also have an influence on the determination of harvest date. Plants in which the leaves have been lost due to leaf spot diseases, do not lead themselves to the making of a professional stack, as water easily penetrates the stack. In such a case the farmer will be forced to harvest at an earlier stage. Prevailing weather conditions can also influence the determination of the harvest date, as it influences quality. Drought determines the harvest date when the soil is desiccated to such an extent that the plant withers and the seeds in the pods begin to shrivel and take on a ripe appearance. Such groundnuts must be harvested immediately.

XVIII. HARVESTING PROCESS:

Groundnuts can be harvested either by means of the stacking method or mechanically. In the mechanical harvesting method, groundnuts are placed in wind rows after being lifted, harvested with a combine and conditioned in a drying unit. In the stacking method, the taproots are cut and the plants are collected and stacked by hand. In this process the plant are loosened to be removed from the soil by hand. After the plants have been lifted they are collected in bundles of 10-20 plants and placed in stacks. A stack which has been properly made will not collapse or allow moisture to penetrate with rain. Groundnuts are left in the stack until picking commences. Groundnuts are ready for picking once the pods can be removed from the stems without causing long shreds to form. At this stage the groundnut seeds clearly rumble when the pods are shaken and the seed already has a nutty taste. Picking should commence when the moisture content of the seeds is approximately 10% when shelling is to be done on the farm, otherwise it should be 7%. Feeding of the picker machine must be as regular as possible, to ensure an efficient picking action. If the picking action is too fast, more stems and foreign matter will end up in the bag. Mechanical harvesting of groundnuts can be divided in the following processes, lifting, drying in



wind rows, picking and conditioning (artificial drying). The harvested groundnuts have a moisture content of approximately 25%. As groundnuts with such high moisture content tend to rot easily, it is necessary that they be subjected to a conditioning or drying process as soon as possible. Approximately three days are required to dry the groundnuts to 8% moisture level before delivered to the buyer at 7% moisture content.

XIX. AVAILABLE LOW COST HARVESTING APPARATUS

At the ARC in Potchefstroom a basic groundnut picker and sheller have been developed. These are available from the address given below at R80 for the picker and R700 for the sheller. Both are mechanical and require no electricity and very little upkeep. The prices quoted are subject to change.

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THE PRICING OF CAPITAL ASSET WITH INVESTORS PREVIEW

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ABSTRACT

Investing in securities such as shares, debentures and bonds is profitable as well as exciting. It is indeed rewarding, but involves a great deal of risk and call for scientific knowledge as artistic skills. In such investments, both rational as well as emotional responses are involved. Investing in financial securities is now considered to be one of the best avenues for one's savings while it acknowledged to b one of the most risky avenues of investment. As the economic and financial environment keeps changing, the risk-return characteristics of individual securities as portfolios also change. This calls for periodic review and revision of investment portfolios of investors. The Objective of the study is to examine whether the IT scripts are overvalued or undervalued using CAPM model, whether the CAPM is able to predict the stock returns in the case of IT stocks in India. The report examines the practical application of CAPITAL ASSET PRICING MODEL in the real investment world. The scope of the research comprises of information derived from secondary data from various sources. The various information and statistics were derived from the different sources e.g. websites, journals, books etc. Sensex was a natural choice for inclusion in the study, as it is the most popular market index and widely used by market participants for benchmarking. The study period covered under this is for the years 2003- 2014. The study conducted is empirical in nature and hence descriptive research has been conducted. The main source of obtaining necessary data for the study was Secondary Data. This study is empirical in nature and hence secondary data is used to conduct the research. The secondary data constitutes of Daily prices of the IT stocks data and the daily prices of SENSEX from BSE website respectively. The analysis has been made by calculating Returns, Risk and systematic Risk of Sample units for the study period, so that CAPM Returns can be calculated to compare the expected returns



with the actual returns. The statistical tool “Chi-Square” is been used to test the Hypothesis. Findings are included which transmits the important points, which were gathered from the study. In the present paper, it was attempted to suggest some valid points on the basis of findings which can be used by Investors.

Key words: CAPM, Systematic risk, Asset pricing, portfolio returns, Beta.

I. INTRODUCTION

Capital Market theory is concerned with how asset pricing should occur if investors behaved as Markowitz suggested. The Capital Asset Pricing Model uses the results of capital market theory to derive the relationship between the expected returns and systematic risk of individual securities and portfolios.

Capital Market theory is a major extension of the portfolio theory of Markowitz. Portfolio theory is really a description of how rational investors should build efficient portfolios. Capital market theory tells us how assets should be priced in the capital markets if, indeed, every one behaved in the way portfolio theory suggests. the Capital asset pricing model is a relationship explaining how assets should be priced in the capital markets.

The real world is complex, to be sure. To understand it and build models of how it works, we need to sweep away those complexities we think have only a minor effect on its behaviour. Most of the complexities that have to be removed in the stock market concern institutional fictions. These include such things as commissions, taxation, short selling rules and margin requirements, to name a few.

II. OBJECTIVES OF THE STUDY

The Objective of the study is to examine whether the IT scripts are overvalued or undervalued using CAPM model and whether the actual return from the market is equal to the CAPM calculated or not. That is whether the CAPM is able to predict the stock returns in the case of IT stocks in India.

Hypotheses to be tested



- H0: There is no significant difference between CAPM returns and Annual Market Returns.
- H1: There is significant difference between CAPM Returns and Annual Market Returns.

III. METHODOLOGY

The report examines the practical application of CAPITAL ASSET PRICING MODEL in the real investment world. The scope of the research comprises of information derived from secondary data from various sources. The various information and statistics were derived from the different sources e.g. websites, journals, books etc. Sensex was a natural choice for inclusion in the study, as it is the most popular market index and widely used by market participants for benchmarking. The study period covered under this is for the years 2003- 2014. The study conducted is empirical in nature and hence descriptive research has been conducted. The main source of obtaining necessary data for the study was Secondary Data. This study is empirical in nature and hence secondary data is used to conduct the research. The secondary data constitutes of Daily prices of the IT stocks data and the daily prices of SENSEX from BSE website respectively. The analysis has been made by calculating Returns, Risk and systematic Risk of Sample units for the study period, so that CAPM Returns can be calculated to compare the expected returns with the actual returns. The statistical tool “Chi-Square” is been used to test the Hypothesis.

IV. SAMPLE & DATA SOURCES

The sample consists of 5 IT stocks quoted at the Bombay Stock exchange over the period 2003 to 2014, This study uses only the secondary data collected from research work on the topic, working papers, NSE and BSE websites and Directories.

V. LITERATURE REVIEW

It is striking how little we understood about risk as late as the 1960s whether in terms of theory or empirical evidence. After all, stock and option markets have been in existence at least since 1602 when shares of the East India Company began trading in Amsterdam (de la vega, 1688) ; and organized insurance markets became well developed by the 1700s (Bernstien, 1996). By 1960, Insurance businesses have been for centuries relying on diversification to spread risk. But despite the long history of actual risk bearing and risk sharing in organized financial markets, the



Capital Asset Pricing Model was developed at a time when theoretical foundations of decision making under certainty were relatively new and basic empirical facts about risk and return in the capital markets were not yet known. Below are the excerpts from a few studies, which have carried out research on similar lines.

Litner (1965) estimated efficiency of 301 stocks quoted at New York Stock exchange for the period 1954-63 by regressing individual stocks yearly return against the S&P Industrial Stock Price Index Return. The Result from this analysis rejected CAPM.

Douglas (1969) tested the CAPM by using average realised return of common stock for seventy five period during the year 1926. This study regressed the common stock return on its own variance and covariance with index constructed from the sample. The return showed a significant positive variance and insignificant covariance for the period. Hence these results are inconsistent with the CAPM due to the zero coefficient of variance term.

Friend and Blume (1970) pursued their study on portfolio performance and the results confirmed the existence of two factors of risk and return of CAPM. Jacob (1971) tested the standard CAPM by using 593 securities listed in the NYSE for the period 1946-65. The Results rejected the CAPM by showing random risk return relationship.

Sharpe and cooper (1972) examined whether higher return was associated with higher risk. They calculated Individual security beta for every year using previous data for all the NYSE stock during the period 1932-67. These stocks were grouped into deciles based on beta rank and a weighted portfolio of stocks is constructed that comprise of each decile. They followed various strategies with each different from the other for each composition of deciles. They Calculated return and beta for each strategy and showed that a higher return was associated with big beta and that they were linearly related. They further showed that the intercept is higher than risk less rate and hence it supported the two- factor model of CAPM.

This was estimated for the entire 35 years period as well as for 4 sub- periods. The estimate of intercept term was significantly different from zero estimates of slope, and significantly less than average excess return on market portfolio for all the sub periods as for the 35 years period.

Fama and Mac Beth (1973) in their study divided the sample stocks into 20 portfolios on the basis of estimated beta rankings. The data used for this study are mostly percentage returns



including dividend and capital gain for all the stocks in the NYSE for the period between January 1926-June 1968. They used three separate periods for portfolio formation, beta estimation and final testing. Beta estimation from the data in each period of portfolio formation was used to rank the shares and form 20 equal sized portfolios.

The Authors have estimated an equation as well as forms for equation where values of the coefficients of both beta square and residual error are separately and simultaneously forced to zero. If both theory and empirical evidence indicate that one or more variables have no influence, better estimates can be made when those variables are excluded. The results indicate that neither the beta squared term nor the residual risk has any influence on stock returns. The performance of beta coefficient over the entire period indicates that the relationship between expected return and beta is linear and positive.

VI. DATA ANALYSIS & INTERPRETATION

Average Actual Returns

| YEAR | HCL | WIPRO | TCS | INFOSYS | TECHM |
|------------------|------------|--------------|------------|----------------|--------------|
| 2003-2004 | 5.335274 | -1.68996 | | 4.341136 | |
| 2004-2005 | 1.703104 | 3.02786 | 2.475483 | 4.855743 | |
| 2005-2006 | 2.126821 | -1.57204 | 2.086023 | 1.965098 | |
| 2006-2007 | -1.16282 | -0.16849 | -2.30494 | -2.78901 | 10.80699 |
| 2007-2008 | -1.95182 | -0.95413 | -2.19149 | -0.78321 | -4.66073 |
| 2008-2009 | -2.27826 | 0.085763 | -4.00222 | 0.38294 | 3.275764 |
| 2009-2010 | 6.414165 | 1.272876 | 6.139299 | 4.014648 | 0.298431 |
| 2010-2011 | 2.325656 | 0.837915 | 3.911223 | 0.387947 | -0.18926 |
| 2011-2012 | -0.20606 | -0.46693 | 0.700908 | -0.95289 | 0.021826 |
| 2012-2013 | 4.115034 | -0.94585 | 1.653405 | 0.073127 | 3.422319 |
| 2013-2014 | 5.624289 | 4.044114 | 4.283371 | 2.715573 | 6.10775 |

(*risk and return is calculated from the historical data of Bseindia.com)

Interpretation

In table 1 we can observe the average annual returns of IT companies. In the Annual year 2013-14 HCL has given highest return (5.62). In total TECH Mahindra has given a highest return of



10.8 in the year 2006-07. In the year 2009-10 all the companies have given moderate positive returns

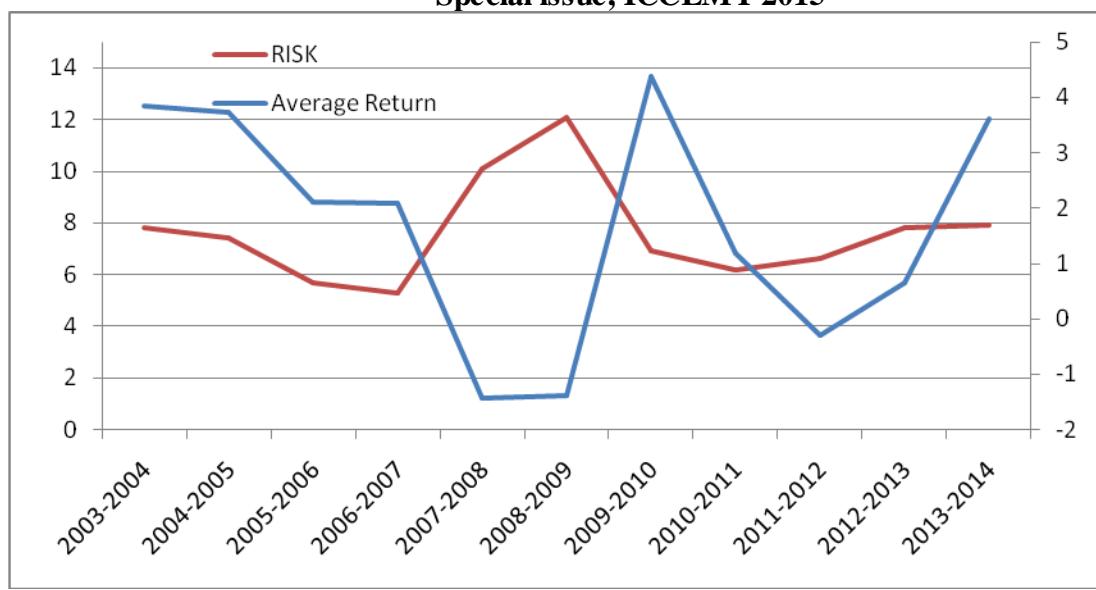
BSE- IT INDEX Return & Risk

| YEAR | Average Return | RISK |
|------------------|-----------------------|-------------|
| 2003-2004 | 3.839335 | 7.831728 |
| 2004-2005 | 3.731688 | 7.396281 |
| 2005-2006 | 2.117884 | 5.682534 |
| 2006-2007 | 2.07556 | 5.293228 |
| 2007-2008 | -1.42767 | 10.10271 |
| 2008-2009 | -1.39636 | 12.08408 |
| 2009-2010 | 4.375523 | 6.931363 |
| 2010-2011 | 1.183789 | 6.161197 |
| 2011-2012 | -0.28655 | 6.632109 |
| 2012-2013 | 0.644179 | 7.817866 |
| 2013-2014 | 3.616922 | 7.901884 |

(*risk and return is calculated from the historical data of Bseindia.com)

Interpretation

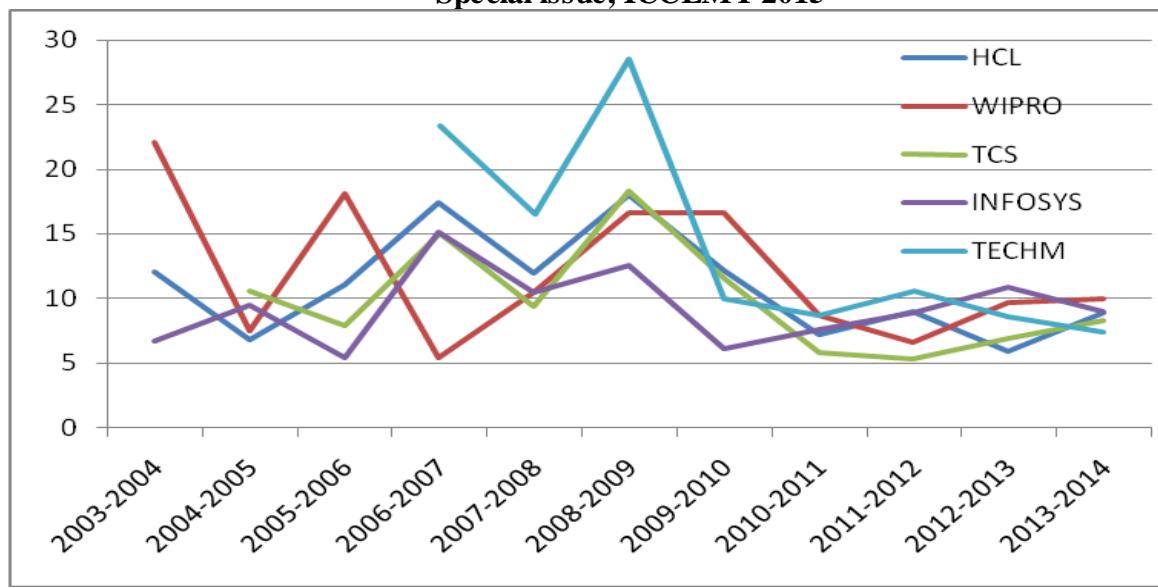
In Table 2 In the year 2009-10 BSE IT Index has given highest return of 4.37. In the year 2008-09 it has shown highest risk



Risk of all IT stocks (std.dev)

| YEAR | HCL | WIPRO | TCS | INFOSYS | TECHM |
|-----------|----------|----------|----------|----------|----------|
| 2003-2004 | 12.0127 | 22.09351 | 0 | 6.67847 | 0 |
| 2004-2005 | 6.808501 | 7.484643 | 10.56444 | 9.442747 | 0 |
| 2005-2006 | 11.05024 | 18.15024 | 7.902879 | 5.423802 | 0 |
| 2006-2007 | 17.40995 | 5.431132 | 15.05756 | 15.10105 | 23.39703 |
| 2007-2008 | 11.90043 | 10.49193 | 9.434938 | 10.49064 | 16.45016 |
| 2008-2009 | 18.01706 | 16.61598 | 18.30915 | 12.50994 | 28.51735 |
| 2009-2010 | 12.10798 | 16.62889 | 11.60215 | 6.090795 | 9.927085 |
| 2010-2011 | 7.155257 | 8.67331 | 5.84331 | 7.5965 | 8.650505 |
| 2011-2012 | 8.91772 | 6.599036 | 5.323099 | 8.919634 | 10.53519 |
| 2012-2013 | 5.882589 | 9.659623 | 6.888279 | 10.86436 | 8.508267 |
| 2013-2014 | 8.90122 | 9.948003 | 8.309895 | 8.96818 | 7.352736 |

(*risk and return is calculated from the historical data of Bseindia.com)



Interpretation

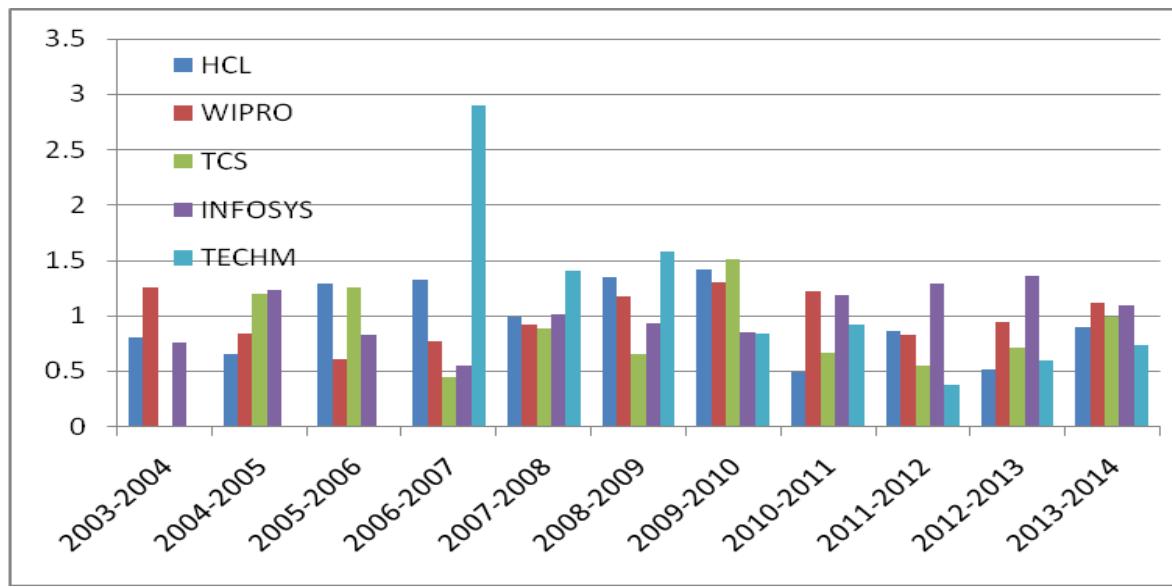
In Table 3 In the above graph and table we can know the Tech Mahindra scrip is highly risky one.

| IT Stocks Beta calculations | | | | | |
|-----------------------------|----------|----------|----------|-------------|----------|
| YEAR | HCL | WIPRO | TCS | INFOSYS | TECHM |
| 2003-2004 | 0.813488 | 1.25766 | | 0.759917106 | |
| 2004-2005 | 0.657162 | 0.846789 | 1.206268 | 1.241212756 | |
| 2005-2006 | 1.292052 | 0.616651 | 1.262425 | 0.829065094 | |
| 2006-2007 | 1.327447 | 0.770757 | 0.454222 | 0.559750823 | 2.899233 |
| 2007-2008 | 0.995983 | 0.92327 | 0.886531 | 1.012208716 | 1.410853 |
| 2008-2009 | 1.354977 | 1.179281 | 0.65574 | 0.93365843 | 1.587504 |
| 2009-2010 | 1.422684 | 1.301454 | 1.516133 | 0.850939378 | 0.844331 |
| 2010-2011 | 0.49967 | 1.224832 | 0.675575 | 1.193545735 | 0.928153 |
| 2011-2012 | 0.863629 | 0.830891 | 0.551083 | 1.288731967 | 0.377907 |
| 2012-2013 | 0.515842 | 0.945803 | 0.71388 | 1.36158085 | 0.595714 |
| 2013-2014 | 0.895739 | 1.123319 | 0.995303 | 1.096337129 | 0.743331 |

(*risk and return is calculated from the historical data of Bseindia.com)



In Table 4 From the above beta table we can know Tech Mahindra is highly sensitive scrip in the year with 2.89 beta. That is with the index movement of 1 point Tech Mahindra moves 2.89 points. Infosys is highly sensitive in overall with 6 beta points more than 1.



| EXPECTED RETURNS (CAPM RETURNS) | | | | | |
|---------------------------------|------------|--------------|------------|----------------|--------------------------|
| | HCL | WIPRO | TCS | INFOSYS | TECH MAHINDRA |
| 2003-2004 | 3.141904 | 4.802811 | 0 | 2.941585 | |
| 2004-2005 | 2.486607 | 3.175275 | 4.093197 | 4.607697 | |
| 2005-2006 | 2.707211 | 1.34433 | 2.647428 | 1.772957 | |
| 2006-2007 | 2.72245 | 1.622677 | 0.997343 | 1.205821 | 4.966281065 |
| 2007-2008 | -1.42153 | -1.31045 | -1.25433 | -1.44632 | -2.055316689 |
| 2008-2009 | -1.92754 | -1.66463 | -0.88122 | -1.29709 | -2.275481454 |
| 2009-2010 | 6.182717 | 5.664397 | 6.582263 | 3.738211 | 3.70995675 |
| 2010-2011 | 0.641536 | 1.427459 | 0.83218 | 1.393551 | 1.105921777 |
| 2011-2012 | -0.23384 | -0.22118 | -0.11302 | -0.39816 | -0.046081537 |



| | | | | | |
|-----------|----------|----------|----------|----------|-------------|
| 2012-2013 | 0.380711 | 0.614686 | 0.488479 | 0.840944 | 0.424174903 |
| 2013-2014 | 3.250244 | 4.050624 | 3.600403 | 3.955733 | 2.714236916 |

(*risk and return is calculated from the historical data from Bseindia.com)

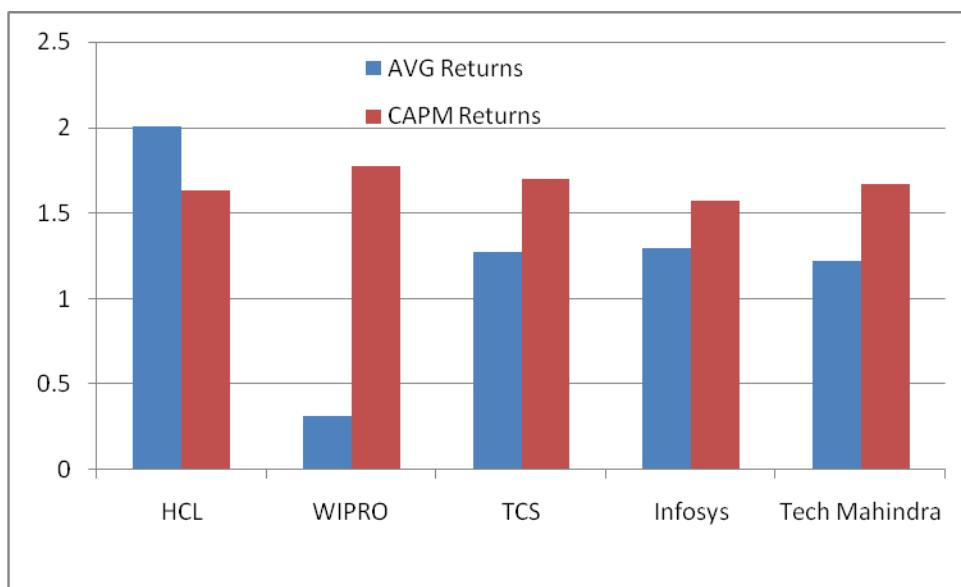
Interpretation

In Table 5 In the above graph HCL is giving highest average return. Wipro is having the highest difference in the expected return and the actual return.

Average Actual Returns and CAPM Returns

| Companies | AVG Returns | CAPM Returns |
|----------------------|--------------------|---------------------|
| HCL | 2.004124356 | 1.630042873 |
| WIPRO | 0.315557783 | 1.773271965 |
| TCS | 1.275105475 | 1.69927193 |
| Infosys | 1.291918641 | 1.574083975 |
| Tech Mahindra | 1.221676564 | 1.669167686 |

(*risk and return is calculated from the historical data from Bseindia.com)



| Companies | AVG Returns | CAPM Returns | Result |
|------------------|--------------------|---------------------|---------------|
| HCL | 2.004124356 | 1.630042873 | Under Valued |
| WIPRO | 0.315557783 | 1.773271965 | Over Valued |
| TCS | 1.275105475 | 1.69927193 | Under Valued |



| | | | |
|----------|-------------|-------------|-------------|
| Infosys | 1.291918641 | 1.574083975 | Over valued |
| Tech | | | |
| Mahindra | 1.221676564 | 1.669167686 | Over valued |

Interpretation

In Table 6 In the overall observation 2 IT stocks are undervalued and 3 stocks are overvalued. If we purchase over valued stocks there is a chance of losing higher. If we purchase Undervalued stocks there is a chance of gaining a lot.

Chi-Square Test

| Companies | AVG Returns | CAPM Returns | O-E | (O-E) ² | (O-E) ² /E |
|---------------|-------------|--------------|----------|--------------------|-----------------------|
| HCL | 2.004124356 | 1.630042873 | 0.374081 | 0.139937 | 0.085848635 |
| WIPRO | 0.315557783 | 1.773271965 | -1.45771 | 2.124931 | 1.198310625 |
| TCS | 1.275105475 | 1.69927193 | -0.42417 | 0.179917 | 0.105878982 |
| Infosys | 1.291918641 | 1.574083975 | -0.28217 | 0.079617 | 0.050580069 |
| Tech Mahindra | 1.221676564 | 1.669167686 | -0.44749 | 0.200248 | 0.119968956 |

Chi-square = 1.560587266

Degrees of freedom = $(n-1) = (5-1) = 4$

So, @ 5% level of significance and @ 4 degrees of freedom, table value is 9.488

Calculated value is lesser than the table value, we accept H0 and conclude that there is no difference between CAPM return and Annual Market Return.

VII. CONCLUSION

The CAPM is appealing in its elegance and logic. When you look at the math the theory becomes most appealing. However, doubts begin to arise when one examines the assumptions more closely and these doubts are as much reinforced by the empirical tests. The model is focus on market rather than total risk is clearly a useful way of thinking about the riskiness of assets in general. Thus as a conceptual model the CAPM is of truly fundamental importance. Although the CAPM is enticing with its precision of numbers we do not know precisely how to measure any of



the inputs required implementing the CAPM. These inputs should all be ex-ante, yet we only have ex-post data available. Historical data for R_m and betas vary greatly depending on the time period studied and the methods used to estimate them. The estimates used in CAPM are subject to potentially large errors. Because the CAPM represents the way people who want to maximize returns while minimizing risk ought to behave, assuming all the necessary data, the model is definitely here to stay.

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INTERNET BANKING FRAUDS IN INDIA – AN ANALYSIS

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ABSTRACT

Certainly the use of technology in the financial services sector for their development has been a tremendous encouragement. However, business and payment transactions to be carried out due to heavy reliance on electronic and digital equipment, a serious threat to the safety and reliability of financial operations is imposed. With the growing trend of online and cyber transactions, banking scandals, the number of banking technology tool use is increasing more and more people are affected. Online payments, ATM machines, electronic cards and net banking transaction fraud has become a serious issue. Damage to people and institutions, electronic money transaction after the tight security measures, these cyber banking firms is due to fraud every year. Causing huge losses to the bank itself to its customers on a large scale has been found to be involved in fraudulent practices. Banks themselves have been found to be involved in fraudulent practices in a big way causing their customers enormous losses. This study is an effort to analyze the subject in Indian context with a comparative touch between foreign, private and public sector banks in the country.

Keywords: Cyber fraud, banking, transaction, Indian Banking sector

I. INTRODUCTION

A robust Banking system is the backbone of any economy. Banks in India have adopted best business practices, extended their customer services across the globe and espoused innovations in technology to accelerate the development of e-commerce. Banking technology facilitated customer - centric business operations like use of Debit and credit cards and electronic channels like ATMs, Internet Banking and Mobile Banking for transfer of cash through NEFT and RTGS etc. While bank customers are enjoying enriched services, they are equally or more concerned about the underlying cyber fraud threats. Online transactions are prone to hacking of account information, theft of PIN of credit cards/ debit cards, data manipulations, identity theft to steal



confidential and personal information, illegal downloading of files to steal billions of rupees from online bank accounts etc.

II. REVIEWS OF LITERATURE

Some specific literature has been reviewed to find research work being done by professionals, scholars and organizations. Except a few articles on Internet banking frauds, no analytical studies are made in the area of cyber frauds in banks in India. The RBI reports are the main basis of the present analysis.

III. STATEMENT OF THE PROBLEM

Safe electronic banking was made mandatory by the Gopalakrishna Working Group (GGWG) report and having a separate security policy by each bank is its natural fall-out. In 2009, there were as many as 21966 internet banking frauds involving an amount of Rs. 7233.31 lakhs. If all the banks conformed to the recommendations of GGWG, there would not have been so many internet banking frauds as stated above. An increasing trend in the volume of cyber frauds in private and foreign banks, urged the researcher to review the roles of banks individually and also as a part of the public sector banks, private sector banks and as a part of foreign sector banks. A pilot study revealed that banks in public sector are responsible for a very negligible portion of the total internet banking frauds. Identifying reasons and remedies for the alarming situation is the need of the hour. Of the private banks, foreign banks segment seem to cause more internet banking frauds compared to those by other private banks. It is therefore necessary to study the reasons and suggest remedies to either prevent totally or at least minimize the internet banking frauds.

It is in this context, a need is felt to review the role of each bank, each segment in the total internet banking frauds and identify causes and suggest remedial measures. No one till now attempted to analyse each bank's roles individually and collectively as a segment.

IV. OBJECTIVES

The present study aims to

1. To give an overview of the volume and value of internet banking frauds in India



2. To discuss the role of each bank separately and also role of each segment of banking viz. Public sector, private sector and foreign sector banks
3. To identify the causes and suggest ways and means of minimising or preventing occurrence of internet banking frauds

V. METHODOLOGY

Data of 28 banks in public sector, 14 banks in private sector and 6 in foreign sector which were involved in cyber frauds are provided by the RBI reports. Data pertaining to cyber frauds for 4 consecutive years ending 2012 were made available in the RBI website. The data thus collected was further processed and recomputed to suit the proposed analysis in the present study. The sources of data are therefore entirely from secondary sources.

Simple statistical tools like averages and percentages are used for analysing the data.

VI. PERIOD OF STUDY

The total internet banking frauds for 4 consecutive years ending 2012 are considered for the study.

VII. LIMITATIONS OF THE STUDY

Since the data of all banks operating in India is not considered for the study, the findings may vary if a larger sample is taken.

VIII. ANALYSIS & INTERPRETATION

TABLE No.1

TOTAL INTERNET BANKING FRAUD CASES IN PUBLIC SECTOR BANKS - YEAR-WISE AND BANK-WISE



| S.NO. | Bank Name | Internet Banking fraud cases and their share in total | | | |
|-------|--------------------------|---|-----------------------------|----------------------------|----------------------------|
| | | 2009- | 2010- | 2011- | 2012- |
| | | Total cases 21966 | Total cases 15018 | Total cases 9588 | Total cases 8322 |
| 1 | Allahabad Bank | 0 (0%) | 0 (0%) | 1 (0.0104%) | 0 (0%) |
| 2 | State Bank of India | 0 (0%) | 0 (0%) | 2 (0.0208%) | 0 (0%) |
| 3 | Andhra Bank | 0 (0%) | 1 (0.0066%) | 1 (0.0104%) | 0 (0%) |
| 4 | Bank of Rajasthan Ltd. | 0 (0%) | 1 (0.0066%) | 0 (0%) | 0 (0%) |
| 5 | Central Bank of India | 2 (0.0091%) | 2 (0.0133%) | 0 (0%) | 0 (0%) |
| 6 | Dena Bank | 0 (0%) | 1 (0.0066%) | 1 (0.0104%) | 0 (0%) |
| 7 | State Bank of India | 0 (0%) | 0 (0%) | 2 (0.0208%) | 0 (0%) |
| 8 | State Bank of Indore | 1 (0.0045%) | 0 (0%) | 0 (0%) | 0 (0%) |
| 9 | Indian Overseas Bank | 2 (0.0091%) | 3 (0.0199) | 10 (0.1042%) | 0 (0%) |
| 10 | Oriental Bank of Comm. | 0 (0%) | 1 (0.0066%) | 0 (0%) | 0 (0%) |
| 11 | Vijaya Bank | 0 (0%) | 0 (0%) | 0 (0%) | 1 (0.0120%) |
| 12 | Canara Bank | 6 (0.0273%) | 0 (0%) | 1 (0.0104%) | 1 (0.0120%) |
| 13 | SBBJ | 2 (0.0091%) | 2 (0.0133%) | 2 (0.0208%) | 1 (0.0120%) |
| 14 | State Bank of Patiala | 0 (0%) | 0 (0%) | 4 (0.0417%) | 2 (0.0240%) |
| 15 | Syndicate Bank | 2 (0.0091%) | 1 (0.0066%) | 1 (0.0104%) | 2 (0.0240%) |
| 16 | State Bank of Travancore | 0 (0%) | 0 (0%) | 6 (0.0625%) | 3 (0.0360%) |



| | | | | | |
|----|--------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| 17 | Bank of Baroda | 6 (0.0273%) | 5 (0.0332%) | 5 (0.0521%) | 3 (0.0360%) |
| 18 | Bank of Maharashtra | 4 (0.0182%) | 4 (0.0266%) | 2 (0.0208%) | 3 (0.0360%) |
| 19 | Indian Bank | 0 (0%) | 1 (0.0066%) | 1 (0.0104%) | 4 (0.0482%) |
| 20 | UCO Bank | 2 (0.0091%) | 1 (0.0066%) | 0 (0%) | 4 (0.0482%) |
| 21 | State Bank of Hyderabad | 0 (0%) | 0 (0%) | 4 (0.0417%) | 6 (0.0720%) |
| 22 | United Bank of India | 1 (0.0045%) | 0 (0%) | 0 (0%) | 6 (0.0720%) |
| 23 | Bank of India | 5 (0.0227%) | 2 (0.0133%) | 2 (0.0208%) | 7 (0.08411%) |
| 24 | Union Bank of India | 5 (0.0227%) | 7 (0.0466) | 2 (0.0208%) | 9 (0.1081%) |
| 25 | Firstrand Bank | 0 (0%) | 0 (0%) | 0 (0%) | 14 (0.1682%) |
| 26 | Punjab National Bank | 33 (0.1502%) | 108 (0.7191) | 28 (0.2920%) | 14 (0.1682%) |
| 27 | Corporation Bank | 2 (0.0091%) | 2 (0.0133%) | 5 (0.0521%) | 47 (0.5647%) |
| 28 | IDBI Bank Limited | 24 (0.1092%) | 13 (0.0865%) | 50 (0.5214%) | 87 (1.0454%) |
| | Total | 97 (0.4415%) | 156 (1.0387) | 128 (1.3350%) | 214 (2.5714%) |

The internet banking frauds as per table no.1 were nil in 13 banks out of 28 public sector banks in 2009. Nearly 50% of the Banks, i.e. 11 banks had internet banking fraud cases between 1-5 in 2009. Their share in the total internet banking fraud cases and amount involved is negligible (below 1%). The maximum number of cases 87 was exhibited by IDBI bank. It started with 24 cases in 2009 and instead of improving; the bank showed deterioration with 50 cases in 2011 and rose to 87 in 2012. Its footsteps were followed by Corporation bank that registered an increase in the number of frauds from 2 in 2009 to 47 in 2012.



**AMOUNT INVOLVED IN TOTAL INTERNET BANKING FRAUD CASES IN PUBLIC
SECTOR BANKS - YEAR-WISE AND BANK-WISE**

| S.NO. | Bank Name | Internet Banking fraud cases amount and its share in total | | | |
|-------|------------------------|--|---|---|---|
| | | 2009- Total amount Rs.7233.31 Lakhs | 2010- Total amount Rs.4048.94 Lakhs | 2011- Total amount Rs.3672.19 Lakhs | 2012- Total amount Rs.5266.95 Lakhs |
| 1 | Allahabad Bank | 0 (0%) | 0 (0%) | 3.3 (0.0898%) | 0 (0%) |
| 2 | Andhra Bank | 0 (0%) | 31.85 (0.7866%) | 0.52 (0.0141%) | 0 (0%) |
| 3 | Bank of Baroda | 6.88 (0.0951%) | 12.4 (0.3062%) | 31.82 (0.8665%) | 62.45 (1.1856%) |
| 4 | Bank of India | 5.21 (0.0720%) | 14.61 (0.3608%) | 54.49 (1.4838%) | 15.82 (0.3003%) |
| 5 | Bank of Maharashtra | 3.55 (0.0490%) | 4.69 (0.1158%) | 2.9 (0.0789%) | 105.26 (1.9985%) |
| 6 | Bank of Rajasthan Ltd. | 0 (0%) | 0.31 (0.0076%) | 0 (0%) | 0 (0%) |
| 7 | Canara Bank | 1.39 (0.0192%) | 0 (0%) | 0.6 (0.0163%) | 10.24 (0.1944%) |
| 8 | Central Bank of India | 0.84 (0.0116%) | 2.15 (0.0531%) | 0 (0%) | 0 (0%) |
| 9 | Corporation Bank | 0.72 (0.0099%) | 6.21 (0.1533%) | 6.44 (0.1753%) | 21.69 (0.4118%) |
| 10 | Dena Bank | 0 (0%) | 2.07 (0.0511%) | 0.53 (0.0144%) | 0 (0%) |
| 11 | Firstrand bank | 0 (0%) | 0 (0%) | 0 (0%) | 4.82 (0.0915%) |
| 12 | IDBI Bank Limited | 16.29 (0.2252%) | 15.29 (0.3776%) | 44.64 (1.2156%) | 203.04 (3.8549%) |
| 13 | Indian Bank | 0 (0%) | 1.41 (0.0348%) | 0.41 (0.0111%) | 20.9 (0.3968%) |
| 14 | Indian Overseas Bank | 0.39 | 1.44 | 176.03 | 0 |



| | | (0.0053%) | (0.0355%) | (4.7935%) | (0%) |
|-----------|---------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| 15 | Oriental Bank of Comm. | 0 (0%) | 4.75 (0.1173%) | 0 (0%) | 0 (0%) |
| 16 | Punjab National Bank | 50.15 (0.6933%) | 248.64 (6.1408%) | 170.19 (4.6345%) | 99.43 (1.8878%) |
| 17 | SBBJ | 6.66 (0.0920%) | 0.15 (0.0037%) | 3.49 (0.0950%) | 49.32 (0.9364%) |
| 18 | State Bank of Hyderabad | 0 (0%) | 0 (0%) | 63.33 (1.7245%) | 50.52 (0.9591%) |
| 19 | State Bank of India | 0 (0%) | 0 (0%) | 14.62 (0.3981%) | 0 (0%) |
| 20 | State Bank of Indore | 0.8 (0.0110%) | 0 (0%) | 0 (0%) | 0 (0%) |
| 21 | State Bank of Mysore | 0 (0%) | 1.01 (0.0249%) | 0 (0%) | 0 (0%) |
| 22 | State Bank of Patiala | 0 (0%) | 0 (0%) | 80.45 (2.1907%) | 31.42 (0.5965%) |
| 23 | State Bank of Travancore | 0 (0%) | 0 (0%) | 10.3 (0.2804%) | 3.2 (0.0607%) |
| 24 | Syndicate Bank | 0.53 (0.0073%) | 2.32 (0.0572%) | 0.56 (0.0152%) | 7.87 (0.1494%) |
| 25 | UCO Bank | 0.58 (0.0080%) | 1.6 (0.0395) | 0 (0%) | 31.22 (0.5927%) |
| 26 | Union Bank of India | 10.45 (0.1444%) | 19.22 (0.4746%) | 7.86 (0.2140%) | 70.17 (1.3322%) |
| 27 | United Bank of India | 1.37 (0.0189%) | 0 (0%) | 0 (0%) | 32.86 (0.6238%) |
| 28 | Vijaya Bank | 0 (0%) | 0 (0%) | 0 (0%) | 8.4 (0.1594%) |
| | Total | 105.81 (0.0146%) | 370.12 (9.1411%) | 672.48 (18.3127%) | 828.63 (15.7326%) |

But all said and done, all public sector banks put together fared very well by recording just 97 cases which accounted for only 0.44% involving an amount of Rs.105.81 crores accounting for a mere 0.0146% (see table no.2). Most of the other public sector banks showed frauds in single digits and improved gradually to show nil cases by 2012, which is a very healthy sign for the nation and a big solace to the bank customers.

Table No.3



| S.NO. | Bank Name | Internet Banking fraud cases and its share in total | | | |
|-------|-----------------------------------|---|---|--|--|
| | | 2009- Total cases 21966 | 2010- Total cases 15018 | 2011- Total cases 9588 | 2012- Total cases 8322 |
| 1 | Axis Bank Ltd. | 20 (0.0910%) | 14 (0.0932%) | 23 (0.2398%) | 85 (1.0213%) |
| 2 | Development Credit Bank | 2 (0.0091%) | 2 (0.0133%) | 0 (0%) | 0 (0%) |
| 3 | Dhanlaxmi Bank Limited | 0 (0%) | 3 (0.0199%) | 1 (0.0104%) | 4 (0.0480%) |
| 4 | Federal Bank Ltd. | 0 (0%) | 2 (0.0133%) | 0 (0%) | 3 (0.0360%) |
| 5 | HDFC Bank Ltd. | 211 (0.9605%) | 208 (1.3850%) | 386 (4.0258%) | 525 (6.3085%) |
| 6 | ICICI Bank Ltd. | 15666 (71.3193%) | 9811 (65.3282%) | 6013 (62.7138%) | 3428 (41.1920%) |
| 7 | Indus Ind Bank Ltd. | 0 (0%) | 3 (0.0199%) | 3 (0.0312%) | 2 (0.0240%) |
| 8 | Jammu & Kashmir Bank | 1 (0.0045%) | 2 (0.0133%) | 0 (0%) | 1 (0.0120%) |
| 9 | Karur Vysya Bank Ltd. | 0 (0%) | 1 (0.0066%) | 0 (0%) | 0 (0%) |
| 10 | Kotak Mahindra Bank Ltd. | 57 (0.2594%) | 31 (0.2064%) | 52 (0.5423%) | 78 (0.9372%) |
| 11 | Lakshmi Vilas Bank Ltd. | 0 (0%) | 0 (0%) | 0 (0%) | 1 (0.0120%) |
| 12 | South Indian Bank Ltd. | 1 (0.0045%) | 1 (0.0066%) | 2 (0.0208%) | 2 (0.0240%) |
| 13 | Tamilnad Mercantile Bank | 0 (0%) | 0 (0%) | 1 (0.0104%) | 1 (0.0120%) |
| 14 | The Royal Bank of Scotland | 142 (0.6464%) | 51 (0.3395%) | 46 (0.4797%) | 14 (0.1682%) |



| | | | | | |
|--|--------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| | Grand Total | 16100 (73.2950%) | 10129 (67.4457%) | 6527 (68.0746%) | 4144 (49.7957%) |
|--|--------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|

TABLE No. 4

**AMOUNT INVOLVED IN TOTAL INTERNET BANKING FRAUD CASES IN
PRIVATE SECTOR BANKS - YEAR-WISE AND BANK-WISE**

| S.NO. | Bank Name | Internet Banking fraud cases amount and its share in total | | | |
|-------|-------------------------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|
| | | 2009- | 2010- | 2011- | 2012- |
| | | Total amount Rs.7233.31 Lakhs | Total amount Rs.4048.94 Lakhs | Total amount Rs.3672.19 Lakhs | Total amount Rs.5266.95 Lakhs |
| 1 | Axis Bank Ltd. | 110.58 (1.5287%) | 44.59 (1.1012%) | 209.59 (5.7074%) | 1225.41 (23.2660%) |
| 2 | Development Credit Bank | 0.96 (0.0132%) | 0.3 (0.0074%) | 0 (0%) | 0 (0%) |
| 3 | Dhanlaxmi Bank Limited | 0 (0%) | 2.29 (0.0565%) | 3.02 (0.0822%) | 1.09 (0.0206%) |
| 4 | Federal Bank Ltd. | 0 (0%) | 20.5 (0.5063%) | 0 (0%) | 83.69 (1.5889%) |
| 5 | HDFC Bank Ltd. | 165.58 (2.2891%) | 125.98 (3.1114%) | 276.68 (7.5344%) | 409.56 (7.7760%) |
| 6 | ICICI Bank Ltd. | 3731.95 (51.5939%) | 1920.28 (47.4267%) | 1096.67 (29.8641%) | 676.51 (12.8444%) |
| 7 | Indus Ind Bank Ltd. | 0 (0%) | 7.59 (0.1874%) | 1.19 (0.0324%) | 4.61 (0.0875%) |
| 8 | Jammu & Kashmir Bank | 4.51 (0.0623%) | 6.58 (0.1625%) | 0 (0%) | 13.88 (0.2635%) |
| 9 | Karur Vysya Bank Ltd. | 0 (0%) | 23.14 (0.5715%) | 0 (0%) | 0 (0%) |
| 10 | Kotak Mahindra Bank Ltd. | 75.26 (1.0404%) | 29.63 (0.7317%) | 33.11 (0.9016%) | 67.64 (1.2842%) |
| 11 | Lakshmi Vilas Bank Ltd. | 0 (0%) | 0 (0%) | 0 (0%) | 10 (0.1898%) |
| 12 | South Indian Bank | 2.47 | 0.54 | 0.84 | 0.49 |



| | Ltd. | (0.0341%) | (0.0133%) | (0.0228%) | (0.0093%) |
|----|----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 13 | Tamilnad Mercantile Bank | 0 (0%) | 0 (0%) | 0.27 (0.0073%) | 1.49 (0.0282%) |
| 14 | The Royal Bank of Scotland | 141.3 (1.9534%) | 44.52 (1.0995%) | 49.35 (1.3438%) | 12.1 (0.2297%) |
| | Grand Total | 4232.61 (58.5093%) | 2225.94 (54.9758%) | 1670.72 (45.4965%) | 2506.47 (47.5886%) |

It can be seen from table no.3, out of 14 private sector banks 6 banks i.e. roughly 50% of the banks had nil fraud cases in 2009; and 3 banks had just 1 -2 fraud cases. The highest no. of banking fraud cases 15666 were noted in ICICI bank which accounted for 71.4% of the total internet banking fraud cases. But it improved commendably from 15666 frauds in 2009 to 9811 in 2010 to 6013 in 2011 to 3428 by 2012. It is followed by The Royal Bank of Scotland which showed fine improvement from 142 frauds in 2009 to 14 by 2012. Reversely HDFC bank showed deteriorating performance from 211 in 2009 to 525 frauds in 2012.

As a contrast, Karur Vysya bank exhibited noteworthy performance by showing nil cases in 3 out of 4 years (2009, 2011 and 2012) under study. Lakshmi Vilas bank also presented praise-worthy performance by having nil fraud cases in 3 consecutive years (2009, 2010 and 2011) and one single case in 2012. Development Credit Bank showed nil cases for both 2011 and 2012.

The private sector banks put together accounted for 73.3% of the total internet banking fraud cases in 2009; out of which, ICICI bank alone is responsible for 71.31% in 2009. But it is a big solace when Private sector banks showed tremendous improvement by causing only fifty per cent of the total cases in 2012. But again ICICI bank had its lion's share of 41% in them.

In so far as amount involved in internet banking fraud cases is concerned 58.5% of the total amount involved is caused by the private sector banks in 2009; out of which ICICI bank was responsible for 51.65 but by the end of 2012, private sector banks were responsible for 47.6% and ICICI bank's share reduced remarkably to a mere 12.8% in it. On the contrary, Axis bank appeared to be very irresponsible by putting up a declining performance with its share of 1.5% (Rs. 110.58 lakhs) in 2009 to 23.35 per cent (Rs.1225.4 lakhs) in the total amount involved in internet banking fraud cases. Karur Vysya bank and Lakshmi Vilas bank stood as ideals by causing nil amount in frauds in 3 out of 4 years during the period under study. It can be noticed from the table no.4 that ICICI bank is the main culprit for major portion of the frauds and amount involved in frauds in private sector during the period under study.



**TOTAL INTERNET BANKING FRAUD CASES IN FOREIGN SECTOR BANKS YEAR-
WISE AND BANK-WISE**

| S.NO. | Bank Name | Internet Banking fraud cases and its share in total | | | |
|-------|---|---|--------------------------------------|-------------------------------------|-------------------------------------|
| | | 2009- Total cases 21966 | 2010- Total cases 15018 | 2011- Total cases 9588 | 2012- Total cases 8322 |
| 1 | American Express Banking Corp. | 980 (4.4614%) | 819 (5.4534%) | 908 (9.4701%) | 1231 (14.7921%) |
| 2 | Barclays Bank Plc | 35 (0.1593%) | 48 (0.3196%) | 14 (0.1460%) | 7 (0.0841%) |
| 3 | Citibank N.A. | 1226 (5.5813%) | 925 (6.1592%) | 774 (8.0725%) | 1504 (18.0725%) |
| 4 | Deutsche Bank (Asia) | 61 (0.2777%) | 35 (0.2330%) | 9 (0.0938%) | 2 (0.0240%) |
| 5 | Hongkong & Shanghai Banking Corporation Ltd. | 3093 (14.0808%) | 2520 (16.7798%) | 793 (8.2707%) | 709 (8.5195%) |
| 6 | Standard Chartered Bank | 374 (1.7026%) | 386 (2.5702%) | 435 (4.5369%) | 511 (6.1403%) |
| | Grand Total | 5769 (26.2633%) | 4733 (31.5155%) | 2933 (30.5903%) | 3964 (47.6327%) |

There are 6 foreign banks out of which Hong kong & Shanghai Banking Corporation Ltd was responsible for 3093 out of 5769 internet banking fraud cases accounting for 14.1% out of 26.3% of the total internet banking fraud cases in 2009 (see table no.5). This is followed by CITI bank NA that showed 1226 internet banking fraud cases accounting for 5.6% of the total internet banking fraud cases. Third position for maximum number of internet banking fraud cases goes to American Express Banking Corp. accounting for 4.5% approx. Barclays bank had least share (0.16%) followed by Deutsche bank with 0.28% in the total internet banking fraud cases. But the



point of worry is 3 out of 6 foreign banks have not got bettered and on the other hand had worsened by 2012 by causing nearly 40% out of 47.6% of the total cases in 2012.

TABLE No. 6

**AMOUNT INVOLVED IN TOTAL INTERNET BANKING FRAUD CASES IN
FOREIGN SECTOR BANKS - YEAR-WISE AND BANK-WISE**

| S.NO. | Bank Name | Internet Banking fraud cases amount and its share in total | | | |
|-------|---|--|---|--|--|
| | | 2009- Total amount Rs.7233.31 Lakhs | 2010- Total amount Rs.4048.94 Lakhs | 2011- Total amount Rs.3672.19 Lakhs | 2012- Total amount Rs.5266.95 Lakhs |
| 1 | American Express Banking Corp. | 904.57 (12.5056%) | 360.75 (8.9097%) | 522.76 (14.2356%) | 816.99 (15.5116%) |
| 2 | Barclays Bank Plc | 21.68 (0.2997%) | 8.38 (0.2069%) | 6.03 (0.1642%) | 1.11 (0.0210%) |
| 3 | Citibank N.A. | 773.18 (10.6891%) | 521.27 (12.8742%) | 420.01 (11.4375%) | 690.32 (13.1066%) |
| 4 | Deutsche Bank (Asia) | 116.64 (1.6125%) | 81.94 (2.0237%) | 13.67 (0.3722%) | 34.74 (0.6595%) |
| 5 | Hongkong & Shanghai Banking Corporation Ltd. | 722.45 (9.9878%) | 293.02 (7.2369%) | 181.41 (4.9401%) | 180.73 (3.4313%) |
| 6 | Standard Chartered Bank | 356.37 (4.9267%) | 187.52 (4.6313%) | 185.11 (5.0408%) | 207.96 (3.9483%) |
| | Grand Total | 2894.89 (40.0216%) | 1452.88 (35.8829%) | 1328.99 (36.1906%) | 1931.85 (36.6787%) |

As per table no.6, the foreign banks were responsible for as large as 40% of the total amount involved in internet banking fraud cases in 2009. Out of this, American Express bank and Citi bank were responsible for more than 24%. There was a slight decrease in the share of foreign banks (36%), in the amount involved by 2012 but the foreign banks have to buck up their performance to a great extent in order to secure the confidence of the public.



While 28 public and 14 private sector banks put together (42 banks) were responsible for 8322 fraud cases in 2012, just six foreign banks were responsible for 3964 cases. In other words, number of frauds per public sector bank is 7.6 and 296 per private sector bank whereas number is astonishingly as high as 661 per foreign bank on an average.

IX. CONCLUSIONS

Foreign banks are found to be the major contributors to the deteriorating condition of banks in India. The private sector banks though initially caused 76% of the total internet banking frauds; they improved their performance significantly by reducing their share to 46% approximately by the end of 2012. Public sector banks' share in the total internet banking frauds was nominal and did not cross over 1% in any year. Following traditional methods and operating on a safe scale appear to be the major reasons for the public sector banks to remain trust-worthy in spite using modern internet technology. Stringent adherence to the rules and regulations seem to be the main reason for safe and fraud-free banking offered by public sector banks.

Poor conformity to the recommendations of GGWG, laxity in adhering to the sound banking policy and standards, lack of revision of security policy seem to be the major reasons for the large dimension of internet banking frauds in private and foreign banks. It is concluded from the study that poor awareness of both bank employees as well as customers made banking technology more susceptible to frauds.

X. SUGGESTIONS

Remedies seem to be stringent action by RBI against private sector and foreign banks especially against the erring banks that caused more cyber frauds, by withdrawing permission to do banking business; by reviewing the performance of all banks annually or half-yearly, by making Information Technology(IT) audit mandatory, by arranging conduct of IT audits as frequently as half-yearly or quarterly so that security mechanism is corrected in time before the occurrence of the frauds; by compelling all the banks to update their software; by advising every bank to train its employee in using internet technology; by making it compulsory for banks to conduct fraud vulnerability reviews; by conduct awareness programmes to customers etc



There is a need to bring changes in the Information Technology Act 2000 to make it more effective to combat cyber crime. Apart from making laws, making the application of the laws more stringent is the need of the hour, to check crime.

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A STUDY OF SELECT RESPONDENTS ABOUT THEIR CHOICE OF RETAIL CHAIN STORES

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ABSTRACT

Retail transformation has been considered as one of the latest trends of marketing and India has seen the upsurge of various International, National, Regional retail chain stores coming up in a big way. Generally it is observed that customers are shifting their loyalties from Neighborhood Kirana Shops to these Retail chain stores. One of the major reasons for the customers to choose retail chain stores (when compared to Neighborhood Kirana Shops) is the availability of all product categories under one roof. However, with the gradual intensification of competition among the different retail chain stores, increased awareness of customers, explosion of middle class economy and due to rapid advancement of technology customers' choice seems to have changed. In this phenomena, a field level survey of select respondents of different bio-graphical characteristics has been undertaken with the primary objective of understanding whether any such change has taken place or not and with the understanding of their product choice as the secondary objective. Results of the survey indicate that in contrast to the original belief; customers are not choosing the same retail chain stores for the purchase of all product categories and also that they have become choosy about the retailer in relation to product category.

Key words:

Retail transformation, Neighborhood kirana shops, Retail chain stores, Intensified Competition, Increased Awareness of Customers.

I. INTRODUCTION

Retailing has always played an integral part in economic development of every nation. Nations with strong retail activity have enjoyed greater economic and social progress.i Retail activity



provides a clear indication of the spending pattern of the consumers of the country. In the Indian context; from the year 2000 onwards, the pace at which traditional retailing is getting transformed into modern retailing is incredible. This is evident from the straggling shopping malls, huge complexes that offer shopping, entertainment and food under one roof. This sector has grown at a CAGR of 19.5% during the period of 2010-11 with food and grocery accounting for the major share. In this scenario some major retail chain stores like Big Bazaar, MORE, Brand Factory, Reliance, Heritage, D.Mart etc., have come in a big way.ⁱⁱ

On the other hand, shopping patterns have been changing in India. Indian consumers are becoming increasingly sensitive in their expectations of products and services and are seeking a higher standard of quality of delivery (service). The demands on their time at work and home made them extremely selective about how they spend their leisure hours. Shopping is vying with leisure activities. It means that retailers must be better at knowing their customers, predicting their needs and wants, and delivering products and shopping experiences that constantly exceed their expectations so that shoppers keep coming back to them.

II. REVIEW OF LITERATURE

To analyse the previous research that is being undertaken by different researcher so as to have a clear idea of the existing data and also to identify the probable research gaps the following existing literature is being searched-

SushmaRani (2013) concluded that as the retail market place changes shape and competition increases; the potential for improving retail productivity and cutting costs is likely to decrease.ⁱⁱⁱKusuma et al (2013) showed that industry status should be given to improve Indian retail development, to facilitate organized retailing, and to establish insurance norms.^{iv}SukhpalSingh (2013) observed that many market linkage arrangements just provide another alternative to the primary sellers without any commitment to buy or additional value or surplus as is the case with most of the fresh F&V retail chains in India which procure only A grade produce without any contract and the producer is left to sell the rest of the produce in other channels.^vDash (2011) examined that the retail industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them.^{vi}



Mukherjee (2012) proved that retail industry in India is greatly fragmented comparing to the developed and other developing countries. This presents enormous prospective for the structured industry to flourish throughout the country as the market for the final product is huge. vii

Piyush Kumar (2005), revealed that shoppers may have their own choice of product based retail chain stores. viiiMinten and Reardon (2008), observed that quality of the product especially in F & V sector plays a major role in the purchase decision of the consumer. The consumer tends to buy them in some other retail shop. ixDr.S.V.Ramana (2015) observed that customers are very choosy in selecting the retail shops and products. xSunita Sikri (2012)concluded that Indian retail offers lot of challenges as the customers have become much more intelligent. xiMrs.Meenakshi (2013), exhibited that there is a constant growth of retail sector in India and it is going to stay. xii

III. SIGNIFICANCE OF THE WORK

Though lot of research work has taken place in the field of retailing in India; there seems to be a need for a specific research work with regard to the choice of retail chain stores by the customer. Hence, this work is significant.

IV. STATEMENT OF THE PROBLEM

This work is undertaken to analyse whether the changed consumption pattern of the consumers led to a phenomenon where they are purchasing different categories of products from different retail chain stores.

V. OBJECTIVES OF THE STUDY

This work is undertaken with the following objectives-

To know whether customers make any selective purchase of products based on retail chain stores

To understand whether their choices are based on any particular reason

To offer pertinent suggestion and conclusions.

VI. METHODOLOGY

The present study is mainly based on primary data being collected from select respondents of twin cities of Telangana state. In order to meet the objectives of the study purposive sampling techniques is used.



VII. DISCUSSION OF THE WORK

The opinions expressed by the respondents are discussed as under:

Purpose of visit : The respondents were asked to extend their reason of visit to any retail chain stores and the same is presented below-

Table-1: Purpose of visit to retail chain stores (n=150)

| Sl.no | Purpose of visit to retail chain stores | No. of respondents | % |
|-------|--|--------------------|-----|
| 1 | To purchase Food & Beverages like Fruits, Diary items, confectionary etc., | 150 | 100 |
| 2 | Home appliances like Electricals, Electronics, Furnishings, Kitchen ware etc., | 150 | 100 |
| 3 | House hold items like pulses, floor cleaners etc., | 150 | 100 |
| 4 | FMCG products like soaps, Shampoos etc., | 150 | 100 |

The table reveals the fact that customers are visiting retail chain stores for the purchase of all products.

a) Preference towards a retail chain stores while buying Food & Beverages: The preferences of the customers towards a particular retail chain stores while purchasing Food & Beverages is presented below:

Table-2: Preferred retail chain stores to purchase Food & Beverages



| Sl.no | Retail chain stores | Number | % |
|-------|---------------------|--------|------|
| 1 | Heritage | 70 | 46.6 |
| 2 | Big Bazaar | 20 | 13.3 |
| 3 | MORE | 30 | 20 |
| 4 | Brand Factory | 10 | 6.66 |
| 5 | Reliance | 10 | 6.66 |
| 6 | D .Mart | 10 | 6.66 |

It can be found out from the data that Heritage is the most preferred retail chain stores by the respondents followed by MORE for the purchase of Food and Beverages.

b) The reason behind the preference: The respondents were requested to express the reason for their preference.

Table-3: Reason for the preference

| Sl.no | Reason for preference | No. of respondents | % |
|-------|----------------------------------|--------------------|------|
| 1 | Prices ,Discounts, offers etc., | 10 | 6.66 |
| 2 | Quality & Service | 5 | 3.33 |
| 3 | Range | 45 | 30 |
| 4 | Fresh stock, Proper presentation | 90 | 60 |

It can be observed that fresh stock and proper presentation followed by range are the major reasons for them to prefer Heritage followed by MORE to buy food and beverages.

a) Preference towards a retail chain stores while buying Home appliances: The opinions of the respondents about their preference in this category are exhibited in the following table:

Table 4: Preferred retail chain stores to purchase Home appliances



| Sl.no | Retail chain stores | Number | % |
|-------|---------------------|--------|-------|
| 1 | Heritage | 5 | 3.33 |
| 2 | Big Bazaar | 20 | 13.33 |
| 3 | M ORE | 5 | 3.33 |
| 4 | Brand Factory | 35 | 23.33 |
| 5 | Reliance | 55 | 36.66 |
| 6 | D Mart | 30 | 20 |

While buying Home appliances the same respondents have given first preference to Reliance and second preference to Brand factory.

b) The reason behind the preference: data generated from the respondents about the reasons for the purchase are presented in table no.5

Table 5: Reason for the preference

| Sl.no | Reason for preference | No. of respondents | % |
|-------|---------------------------------|--------------------|-------|
| 1 | Prices ,Discounts, offers etc., | 60 | 40 |
| 2 | Quality & Service | 20 | 13.33 |
| 3 | Range | 40 | 26.66 |
| 4 | New stock, Proper presentation | 30 | 20 |

The data reveals the fact that prices, discounts, offers etc., is becoming the first reason given by the respondents followed by range in the category of home appliance.

a) Preference towards a retail chain stores while buying House hold items: Respondents were asked to give their preference towards the purchase of House hold items and the same is presented below:

Table- 6: Preferred retail chain stores to purchase House hold items



| Sl.no | Retail chain stores | Number | % |
|-------|---------------------|--------|-------|
| 1 | Heritage | 35 | 23.33 |
| 2 | Big Bazaar | 25 | 16.66 |
| 3 | M ORE | 45 | 30 |
| 4 | Brand Factory | 5 | 3.33 |
| 5 | Reliance | 5 | 3.33 |
| 6 | D Mart | 35 | 23.33 |

Retail chain stores MORE got the first priority by the respondents followed by Heritage and D.MART getting the same points.

b) The reason behind the preference: The reasons for the preference are presented below:

Table-7: Reason for the preference

| Sl.no | Reason for preference | No. of respondents | % |
|-------|---------------------------------|--------------------|-------|
| 1 | Prices ,Discounts, offers etc., | 15 | 10 |
| 2 | Quality & Service | 35 | 23.33 |
| 3 | Range | 25 | 16.66 |
| 4 | New stock, Proper presentation | 75 | 50 |

It can be noted that Quality and Service preceded by New stock, Proper presentation are the reasons mentioned by the respondents while choosing MORE retail chain stores to buy household items.



a) Preference towards a retail chain stores while buying FMCG products like soaps, shampoos etc.,: The responses of the select respondents about their preferred retail chain stores while buying FMCG products is presented below-

Table-8: Preferred retail chain stores to purchase FMCG products

| Sl.no | Retail chain stores | Number | % |
|-------|---------------------|--------|-------|
| 1 | Heritage | 25 | 16.66 |
| 2 | Big Bazaar | 40 | 26.66 |
| 3 | M ORE | 30 | 20 |
| 4 | Brand Factory | 20 | 13.33 |
| 5 | Reliance | 10 | 6.66 |
| 6 | D .Mart | 25 | 16.66 |

As per the above data Big Bazaar is the most preferred retail chain stores by the respondents while buying FMCG products

b) The reason behind the preference: The reasons for their preference are depicted in the following table:

Table-9: Reason for the preference

| Sl.no | Reason for preference | No. of respondents | % |
|-------|---------------------------------|--------------------|-------|
| 1 | Prices ,Discounts, offers etc., | 50 | 33.33 |
| 2 | Quality & Service | 15 | 10 |
| 3 | Range | 45 | 30 |
| 4 | New stock, Proper presentation | 40 | 26.66 |

The data reveals the fact that prices, discounts, offers etc., are the top most reasons mentioned by the respondents followed by range that made them to prefer BigBazzar in the category of FMCG products.



a) Preference towards a retail chain stores while buying Lifestyle products like Garments, Footwear etc.,: The information given by the respondents regarding their preferred retail chain stores while buying Lifestyle products is shown below-

Table-10: Preferred retail chain stores to purchase Lifestyle products

| Sl.no | Retail chain stores | Number | % |
|-------|---------------------|--------|-------|
| 1 | Heritage | 5 | 3.33 |
| 2 | Big Bazaar | 35 | 23.33 |
| 3 | M ORE | 5 | 3.33 |
| 4 | Brand Factory | 65 | 43.33 |
| 5 | Reliance | 30 | 20 |
| 6 | D .Mart | 10 | 6.66 |

For the purchase of Life style items Brand factory has been given the first priority by the respondents.

b) The reason behind the preference is as follows:

Table-11: Reason for the preference

| Sl.no | Reason for preference | No. of respondents | % |
|-------|---------------------------------|--------------------|-------|
| 1 | Prices ,Discounts, offers etc., | 35 | 23.33 |
| 2 | Quality & Service | 20 | 13.33 |
| 3 | Range | 30 | 20 |
| 4 | New stock, Proper presentation | 65 | 43.33 |

New stock, Proper presentation have been mentioned as the major reason followed by prices, discounts, offers etc., by the respondents for the purchase of Life style products in Brand factory.



VIII. FINDINGS

The analysis of the data yielded the following findings:

The consolidated findings are presented in the following table:

Table -12: Consolidated Findings

| Sl.no | Retail chain stores | Product category | Rank | Reasons for the preference |
|-------|---------------------|------------------|------|--|
| 1 | Heritage | Food & Beverage | 1 | Fresh Stocks, Proper Presentation followed by Range. |
| 2 | MORE | House hold items | 1 | New stocks, Proper presentation followed by Service & Quality |
| 3 | BigBazaar | FMCG | 1 | Prices, Discounts, Offers etc., followed by Range |
| 4 | Reliance | Home Appliances | 1 | Prices, Discounts, Offers etc., followed by Range |
| 5 | Brand Factory | Life style items | 1 | New stock, Proper presentation followed by Prices, Discounts, Offers etc., |

It is evident that customers prefer different retail chain stores for the purchase of different products. Specific findings and other findings are presented below-

The data indicates three specific findings which are as follows:

Customers prefer to purchase different products from different retail chain stores.



Reasons for a customer to decide retail chain stores for the purchase of different products: New stock, Proper presentation have been mentioned as reasons (3 out of 5 times) and Prices, Discounts, Offers etc.,(2 out of 5) are the reasons why a customer is preferring a particular retail chain stores instead of buying all items from one retail chain stores.

Purchase of different products from different retail chain stores: It is evident from the data that customers are preferring different retail chain stores to purchase different products which is in contrast to the original reason of the origin of retail chain stores concept.(originally customers shifted from traditional kirana shops to retail chain stores so that they can buy all products in one roof).

Other important findings of the research are presented below:

It is found that respondents preferred Heritage to purchase Food & Beverages.

It is observed that Fresh stocks, Proper presentation of the products followed by range are the main reasons for their preference.

The same respondents have shown preference to Reliance followed by Brand factory while purchasing Home appliances.

It is pertinent to note that Heritage which was given first preference in Food & Beverages got the last priority in this category of Home appliances.

The reason for the preference to Reliance and Brand factory while purchasing Home appliances are Prices, Discounts, Offers etc., followed by Range.

Retail chain stores MORE got first priority among the 6 select retail chain stores in the category of House hold items.

Reliance and Brand factory which got first and second priority (in the category of Home appliances) got the least priority in the category of House hold items.

Reasons such as New stock, Proper presentation followed by Quality and Service have been mentioned by respondents while purchasing House hold items.

In the category of FMCG products Bigbazaar got the first priority.



Prices, Discounts, Offers etc., closely followed by Range have been mentioned as their reasons of preference.

MORE retail chain stores which got the first priority in the category of House hold items got the second priority in the category of FMCG products.

Brand factory is given the first priority by the respondents while purchasing Lifestyle products.

New stock, proper presentation etc., followed by Prices, Discounts, Offers etc., are the reasons mentioned by the respondents for the said priority.

IX. SUGGESTIONS

Based on the data, analysis and findings; the following suggestions are offered to the industry:

Top Managements and Floor level supervisors must make all efforts to see that customers purchase all category products form their retail chain stores only.

Importance must be given to Proper presentation of the stock so that the environment becomes self-explanatory for the customers.

Efforts must be put for an effective inventory management so that customers always feel freshness of the stores.(As per the study this is one of the top most reasons why customers are choosing a retail chain stores)

To increase the foot falls; competitive prices, offers must be planned for product categories like FMCG, Home appliances so as to enjoy the positive spill over effect on other products as well.

To collect customers' feedback in a professional manner CRM cells must be created at least in important branches of the retail chain stores. This will help the managements to understand the needs of the customers on a constant basis for a better strategic planning.

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EMPLOYER BRANDING: A NEW STRATEGIC DIMENSION OF GLOBAL COMPANIES

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ABSTRACT

In today's world the Sustainability has become one of the key strategies of the business as the current markets are becoming more sophisticated, competitive, and the war for talent intensifies. The leaders of Human Resources understand the importance of creating employer brand in attracting and retaining skilled talent that adds value to the organization. The employer brand is a set of attributes and qualities often intangible that make an organization distinctive, promise a particular kind of employment experience, and appeal to those people who will thrive and perform their best in its culture. In this article the concept of employer brand, employer branding, internal and external employer branding, success factors and employer branding benefits have been briefly characterized. This article explains the working of employer branding, utilization of employer branding to position the organization in the minds of customers, employees, and other stakeholders. This article focuses on the Companies that are using different strategies to attract and retain best talent.

Key words: *Employer Branding – Advantages & Disadvantages, Management strategies, Internal Branding, External Branding, Global companies.*

I. INTRODUCTION

Brand is regarded as a critical means for differentiating between products and creating competitive advantage for organizations. Branding was originally used to differentiate tangible products, but over the years it has been applied to differentiating people, places and firms. Similarly, employer branding has become a new approach for gaining an edge in the competitive world.

“Employer branding” is an emerging discipline with its roots in HR principles. The employer branding is focused on building the brand name of the employer on the job market. Its aim is to develop an image of the organization as an “employer of choice” in the minds of existing and potential employees, as well as other stakeholders like customers and recruiters by applying traditional marketing principles, promoting strengths and confirming values to ensure that a company stays ahead. By using strategy of Employee Value Proposition (EVP) that is the unique set of benefits which an employee receives in return for the skill, capabilities and experiences they bring to a company.

The employer branding is the essential part of the recruitment and staffing area through a process of placing an image of being a “great place to work” in the minds of the targeted employee pool with the development and communication of an organization’s culture as an employer in the market place. Organizations have realized that being a “great place to work”



helps them to create an image among existing employees that the organization lives up to the commitment of employer branding, leading in employer brand consistency and also communicates to prospective employees that this organization is the right place for them to realize their dreams and potential.

Employer Branding is functionally a Marketing Strategy applied to Human Resources. Just as companies realize marketing and communication activities to attract and retain high value clients, at the same time communication and marketing strategies can be realized in order to attract and retain high value people for own business performances. The employer brand is a commitment and promise to employees which assists in the development of a strong organizational identity and constitutes a psychological contract that exists in hearts and mind of current and past staff, their friends and family and anyone who has ever applied for a job in that organization .

II. OBJECTIVES

- 1) To Acquire talent
- 2) To Retain talent
- 3) To create an Employer Value Proposition

III. NEED AND IMPORTANCE

In the environment of uncertainty in global economy the war for talent continues to intensify. Thus the need to attract and retain top performers remains key to business success. By distinguishing oneself from the competition, by promoting strengths and confirming values ensures that a company stays ahead of the pack and becomes an employer of choice during both recession and boom times.

IV. EMPLOYER BRANDING

It is defined as the package of functional, economic and psychological benefits provided by employment and identified with the employing company. The starting point for employer branding is the identity of the organization. It is the process of creating an identity and managing the company's image in its role as an employer. Employer branding is a "targeted, long-term strategy to manage the awareness and perceptions of potential employees and related stakeholders with regards to a particular firm.

Branding is of 2 types:

- 1) **Internal Branding:** Internal Branding is concerned with the current and potential employee's information about the employment experience and what is expected of them. The objective of internal branding is to ensure that employees transform espoused brand messages into brand reality for customers and other stakeholder. Successful internal branding engenders employee's commitment and loyalty to the brand. When employees internalize the brand values, they will consistently deliver on the brand promise across all contact points between the company and its stakeholders.



The internal sources of Branding are Front office, stay interviews, Exit interview, employee satisfaction, customer orientation, policy information, Employee participation, trained employees.

- 2) **External Branding:** External branding refers to branding which is done by using external sources. Such as job sites, Banners, Organizing seminar, presentation's, corporate social responsibility, public events ,news papers, Email.

V. FACTORS DETERMINING THE EMPLOYER BRAND

The factors that impact the employer brand are Reputation/ integrity, People and Culture, Recruitment / orientation, Pay and Benefits, Work /Life balance and corporate social responsibility, Leadership and management, Performance management, growth and development, Location, work environment, economic conditions, Quality of products and service, Attractiveness of the sector.

VI. ADVANTAGES OF EMPLOYER BRANDING

- 1) **Reduced Employee Acquisition Cost**
- 2) **Increased Workforce Productivity**
- 3) Increased revenue
- 4) Increased Retention rates, Decreased Recruitment expenses with decreased turnover rate.
- 5) Larger, More Accessible Pool of Talented Interested Candidates.
- 6) It enhances External Reputation of organization.
- 7) It boosts Employee Passion, Engagement & Productivity
- 8) It creates a sense of pride in people working for the organization.

VII. DISADVANTAGES OF EMPLOYER BRANDING

- 1) Can be an expensive effort.
- 2) If not implemented efficiently can lead to misrepresentation.
- 3) Requires extra time and effort.

Hence we can conclude by stating that building an employer brand is a fruitful exercise if done with passion, proper understanding, trust, belief and leadership support.

VIII. EMPLOYER BRANDING ON GLOBAL COMPANIES



Microsoft

Microsoft is a large, multinational corporation headquartered in the US, which provides a wide range of computing products through several different divisions. Named one of the World's Best Multinational Workplaces in 2014, some of their most popular products include Microsoft Windows, Microsoft Office and Xbox. In recent years, the computing giant has revamped its recruitment and employer branding strategies, and social media is at the forefront.

Microsoft embarked on a major recruitment overhaul nearly 5 years ago, as competition from companies made the battle for top talent even more challenging. The foundation of this recruitment marketing initiative was made up of key business and marketing goals such as creating a consistent global message, managing their own employer brand and improving user experience.

Microsoft's employer branding strategy starts with their Microsoft Careers site. As well as posting job openings, they feature a Jobs Blog and a section of the site dedicated to 'life at Microsoft,' with details of the company's values and career development opportunities. The new and improved Microsoft Careers site is a pleasure to navigate, and the company's online presence also includes channels like Twitter, Face book, LinkedIn and YouTube in order to engage, impress and inspire potential job candidates. Microsoft also has a separate Face book page for 'Women at Microsoft,' which is almost as popular as their primary careers page and is a unique insight into the women working at the company. In 2014, Microsoft increased new hires by 300%, and the company is expecting continuous improvement as the social recruitment techniques and tools get more sophisticated.

Google

Google has repeatedly topped the rankings of the World's Most Attractive Employers and their global reputation as a "great place to work" is behind their success. Google presents itself as a place for growth and innovation. The Life at Google G+ page has more than 2.2m followers, which it updates with information about the unique events that they hold for their employees such as their Googleween Halloween event. Google has also shown that they care about the wellbeing of their staff by conducting their own study, to learn how their employees differentiate work life and personal life and implement different solutions to solve the problem of home/work life balance.



When it comes to facilities, working environment and benefits, work-life balance, very few companies can compete with Google. The company makes sure the employees get the right environment to grow to their true potential. Google has done an excellent job of employer branding itself as a company that thrives on innovation and creativity. Photos of their campus are shared across Instagram and Face book, and they are known for their employee-friendly policies, such as allowing employees go to the gym while at work.

Google's 'work hard, play hard' values are well known by the public through continually updating the internet about the employee perks such as Free breakfast, lunch, and dinner. The organic food is chef-prepared, Free health and dental, Free haircuts, Free dry cleaning, Subsidized massages, Gyms and swimming pools, Hybrid car subsidies, Nap pods ,Video games, football, ping pong, On-site physicians, Death Benefits.

Combined with their careers tagline of 'Do cool things that matter,' Google promotes an enjoyable environment to work in. The Company's image is mostly responsible for attracting the diverse, talented team.

IX. CONCLUSION

A strong employer brand shows what a powerful mode of differentiation employer branding can be. "Look after your employees first and then customers last" because if you take care of your employees better than anyone else and they will take care of your customers better than anyone else. To successfully acquire and manage future, potential, existing and previous employees, organizations will have to go a long way in establishing a brand strategy.

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SUSTAINABLE BUSINESS THROUGH CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Today, more and more companies are realizing that in order to stay productive, competitive, and relevant in rapidly changing business world, they have to become socially responsible. In the last decade, globalization has blurred national borders, and technology has accelerated time and masked distance. Given this sea change in the corporate environment, companies want to increase their ability to manage their profits and risks, and to protect the reputation of their brands. Because of globalization, there is also fierce competition for skilled employees, investors, and consumer loyalty. How a company relates with its workers, its host communities, and the market place can greatly contribute to the sustainability of its business success. There are scores of CSR organizations and business associations promoting corporate social responsibility, with a collective membership of thousands of companies—big, small, and medium-sized—in diverse industries. In the United States, San Francisco-based Business for Social Responsibility alone has 1,400 corporate members that globally employ more than six million workers; and account for total annual revenue of US\$1.5 trillion. Corporate social responsibility (CSR) is a topic that is increasingly capturing the interest and imagination of people in the business world. However, despite all of the attention that has been given to this issue, there is still much confusion and many misperceptions surround it. The objective of this paper is to briefly and concisely add clarity to the understanding of CSR and how can we achieve sustainability through CSR.

Key words: Corporate Social Responsibility, sustainable Business, Global economy.

I. INTRODUCTION

The idea of CSR first came up in 1953 when it became an academic topic in HR Bowens Social Responsibilities of the Business. Since then, there has been continuous debate on the concept and



its implementation. Although the idea has been around for more than half a century, there is still no clear consensus over its definition.

The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

Indian entrepreneurs and business enterprises have a long tradition of working within the values that have defined our nation's character for millennia. India's ancient wisdom, which is still relevant today, inspires people to work for the larger objective of the well-being of all stakeholders. These sound and all-encompassing values are even more relevant in current times, as organizations grapple with the challenges of modern-day enterprise, the aspirations of stakeholders and of citizens eager to be active participants in economic growth and development. While there is no universal definition of corporate social responsibility, it generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet.¹ “People” constitute the company’s stakeholders: its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business. In the business community, CSR is alternatively referred to as “corporate citizenship,” which essentially means that a company should be a “good neighbor” within its host community.

First, let's clear up one misconception. CSR is not all about philanthropy or doing charity services for the community. This is not to say that such activities are unimportant. The sections



on the part of a firm can help establish good relations with community members and leaders; however philanthropy and related actions are at best superficial manifestations of CSR. Restricting CSR to philanthropy can even have a negative impact on the organizational climate. For example, employees may become cynical if it becomes apparent that while the organization is generous in terms of charities, it does not express adequate sensitivity to working conditions or employees' safety; the public might become critical if it turns out that the organization does not show responsibility to environmental issues.

II. CSR IN INDIA

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship.

As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports.

III. CSR AND SUSTAINABILITY

Sustainability (corporate sustainability) is derived from the concept of sustainable development which is defined by the Brundtland Commission as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Corporate sustainability essentially refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic progress, social progress and environmental stewardship.



CSR in India tends to focus on what is done with profits after they are made. On the other hand, sustainability is about factoring the social and environmental impacts of conducting business, that is, how profits are made. Hence, much of the Indian practice of CSR is an important component of sustainability or responsible business, which is a larger idea, a fact that is evident from various sustainability frameworks. An interesting case in point is the NVGs for social, environmental and economic responsibilities of business issued by the Ministry of Corporate Affairs in June 2011. Principle eight relating to inclusive development encompasses most of the aspects covered by the CSR clause of the Companies Act, 2013. However, the remaining eight principles relate to other aspects of the business. The UN Global Compact, a widely used sustainability framework has 10 principles covering social, environmental, human rights and governance issues, and what is described as CSR is implicit rather than explicit in these principles.

Globally, the notion of CSR and sustainability seems to be converging, as is evident from the various definitions of CSR put forth by global organisations. The genesis of this convergence can be observed from the preamble to the recently released draft rules relating to the CSR clause within the Companies Act, 2013 which talks about stakeholders and integrating it with the social, environmental and economic objectives, all of which constitute the idea of a triple bottom line approach. It is also acknowledged in the Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by the DPE in April 2013.

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. *Sustainability* refers to an organization's activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders.

It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules, and business models. To understand and enhance current efforts, the most



socially responsible organizations continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges.

In addition, a stark and complex shift has occurred in how organizations must understand themselves in relation to a wide variety of both local and global stakeholders. The quality of relationships that a company has with its employees and other key stakeholders—such as customers, investors, suppliers, public and governmental officials, activists, and communities—is crucial to its success, as is its ability to respond to competitive conditions and corporate social responsibility (CSR). These major transformations require national and global companies to approach their business in terms of sustainable development, and both individual and organizational leadership plays a major role in this change.

Organizations have developed a variety of strategies for dealing with this intersection of societal needs, the natural environment, and corresponding business imperatives. Organizations can also be considered on a developmental continuum with respect to how deeply and how well they are integrating social responsibility approaches into both strategy and daily operations worldwide. At one end of the continuum are organizations that do not acknowledge any responsibility to society and the environment. And on the other end of the continuum are those organizations that view their operations as having a significant impact as well as reliance on society at the economic, social, and ecological levels, thus resulting in a sense of responsibility beyond the traditional boundaries of the organization. Most organizations can be placed somewhere in between.

Corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management. Management education can be an important source of new ideas about shifting toward an integrated rather than fractured knowledge economy, but this means also that the role and meaning of socially responsible leadership needs to be updated. Much further research is needed to create a clearer understanding of what is required, both in leadership itself and in the field of leadership development.

Companies that are socially responsible in making profits also contribute to some, although obviously not all, aspects of social development. Every company should not be expected to be involved in every aspect of social development. That would be ludicrous and unnecessarily restrictive. But for a firm to be involved in some aspects, both within the firm and on the outside will make its products and services (for example financial services) more attractive to consumers as a whole, therefore making the company more profitable. There will be increased costs to



implement CSR, but the benefits are likely to far outweigh the costs. Corporate social responsibility is not a new issue.

Moreover, poor social performance will drive away potential investors. The increase in litigation, especially in the United States (arising from corporate lawbreaking), has strengthened the penalties for professionals and has made the conduct of business hazardous occupation. Because of the explosion in litigation, business now faces a battle on two fronts: increases in both the number of multimillion dollar verdicts and in the number of actions being filed. Expanded third party liability means that many more professional groups are being held liable, including underwriters, accountants and lawyers. The first year in which substantial awards were accorded to corporate whistle-blowers was 1992. Since then, the increased focus on business conduct has coincided with a growing public perception that business should be more socially responsible. Corporate social responsibility (CSR) is a doctrine that promotes expanded social stewardship by businesses and organizations. CSR suggests that corporations embrace responsibilities toward a broader group of stakeholders (customers, employees and the community at large) in addition to their customary financial obligations to stockholders. A few examples of CSR include charitable giving to community programs, commitment to environmental sustainability projects, and efforts to nurture a diverse and safe workplace.

As more attention is being paid by outsiders to the social impact of businesses, corporations have acknowledged the need for transparency regarding their social efforts. In a recent survey, 74 percent of the top 100 U.S. companies by revenue published CSR reports last year, up from 40 percent in 2015. Globally, 80 percent of the world's 250 largest companies issued CSR reports last year.

IV. CONCLUSION

Being Responsible...and Profitable

Modern theoretical and empirical analysis indicates that firms can strategically engage in socially responsible activities to increase private profits. Given that the firm's stakeholders may value the firm's social efforts, the firm can obtain additional benefits from these activities, including: enhancing the firm's reputation and the ability to generate profits by differentiating its product, the ability to attract more highly qualified personnel or the ability to extract a premium for its products. The question of whether firms can use CSR to achieve a sustainable competitive advantage is another important question. A paper by Reinhardt (1998) finds that a firm



engagingin a CSR-based strategy can only generate an abnormal return if it can prevent competitors fromimitating its strategy. In competitive markets this is unlikely, since CSR is highly transparent,with little causal ambiguity. Other theoretical studies show that any early mover advantages that might be gained by offeringhigher quality products.

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